PORSCHE SE

2023

Annual Report

Result for the fiscal year 2023

5,096 million €

Net debt as of 31 December 2023

5,717 million €

Dividend per preference share for fiscal year 2023[1]

2.560 €

[1] Proposal to the annual general meeting of Porsche SE

PORSCHE AUTOMOBIL HOLDING SE

Core investments

Stake of ordinary shares: 53.3 %
(Represents a stake of subscribed capital: 31.9 %)

VOLKSWAGEN GROUP

Stake of ordinary shares: 25 % plus one ordinary share
(Represents a stake of subscribed capital: 12.5 %)

PORSCHE

Portfolio investments

European Transport Solutions S.à r.l.

Stake of subscribed capital: 35.5 %

Umovity

PTV LOGISTICS

ABB (ABB E-mobility)

AEVA

AURORALABS

celestial AI

DTCP Growth Equity III

ETHERNOVIA

INRIX

isar aerospace

Markforged

proteanTecs

QUANTUM MOTION

SEURAT

XANADU

Status 31 December 2023

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To our investors
WOB ID70E

To our investors

Letter to our shareholders

Dear shareholders,

Porsche SE can look back on a successful fiscal year 2023. Following the acquisition of 25% plus one share of the ordinary shares of Porsche AG, the focus this year was on continuing to develop our financial and investment strategy. One important part of this was the repayment and long-term financing of our financial debt. We accomplished this in an impressive manner with the placement of a Schuldschein loan in a record amount of around 2.7 billion euro and bond placements totaling 2.0 billion euro. These successful issuances underline the high level of confidence that we enjoy among long-term investors, also in the debt capital market.

Our business developed positively in 2023: The group result after tax of Porsche SE amounted to 5.1 billion euro. This group result after tax was significantly influenced by the result of our core investments in Volkswagen AG and Porsche AG accounted for at equity of 4.8 billion euro and 0.4 billion euro, respectively. Overall, Volkswagen AG and Porsche AG achieved good results despite the continuing difficult economic situation due to the war in Ukraine, ongoing supply chain issues and above-average inflation. Porsche SE consistently supports the strategic orientation of both Volkswagen AG and Porsche AG. We are convinced that these two core investments will successfully drive forward the transformation of the automotive industry.

The net debt position of the Porsche SE Group decreased to 5.7 billion euro as of 31 December 2023, compared to 6.7 billion euro as of 31 December 2022. In addition to the dividends from our core investments Volkswagen and Porsche AG, Porsche SE received tax-related refunds of around 500 million euro. This has further strengthened our liquidity position and increased the financial headroom to repay financial debt and make value-increasing investments. In order to maintain a sound financial profile, we continue to focus on an investment grade profile. In the long term, we aim to achieve a low double-digit loan-to-value ratio.

In the portfolio investments segment, we have made further investments in companies in the mobility and industrial technology sector. Amongst others, our portfolio companies also serve the growth markets for electrified and connected mobility and high-performance computing.

We were successful on the legal side as well. In March 2023, the Higher Regional Court of Stuttgart issued a model case ruling in a capital markets model case in connection with the diesel issue. In its ruling, the Higher Regional Court did not side with the plaintiffs and the establishment objectives sought against Porsche SE were overwhelmingly not made. On the basis of the establishments objectives made in the model case ruling and the current status of the matter in dispute in the initial proceedings, all investor claims against Porsche SE are expected to be dismissed. The ruling is not yet legally binding.

Hans Dieter Pötsch
Chairman of the board
of management

Looking to the fiscal year 2024, we expect Porsche SE to generate a group result after tax of between 3.8 billion euro and 5.8 billion euro. We also aim to further reduce the group's net debt by 31 December 2024. The group's net debt is estimated to amount to between 5.0 billion euro and 5.5 billion euro.

As in prior years, the board of management and the supervisory board would like you, our shareholders, to participate in our company's success. We continue to pursue a dividend policy based on reliability and stability. For the fiscal year 2023, we therefore propose a dividend of 2.56 euro per share to be distributed to the holders of preference shares and of 2.554 euro per share to the holders of ordinary shares. This is equivalent to a total distribution of 783 million euro.

Porsche SE pursues the overarching goal of creating sustainable value for our shareholders. This requires investing in companies that contribute to the mid- and long-term profitability of the Porsche SE Group. At the same time, we want to ensure the availability of sufficient liquidity reserves. Our existing core investments in Volkswagen AG and Porsche AG make a significant contribution to this. In the long term, we will expand our investment activities and further develop Porsche SE as an investment platform. This also includes intensifying our partnerships with leading global investors. Diversifying the investment portfolio will increase the resilience of Porsche SE.

Annual investments in the low triple-digit million range are planned for the further expansion of the portfolio investments segment. In addition to the mobility and industrial technology sectors, we will also be investing in related areas. Sustainability aspects are an integral part of our corporate governance and the strategy of the Porsche SE Group.

Our strong group result, the positive development of net debt and the successful investments show that we have successfully developed Porsche SE in the past year. We will consistently pursue this path in 2024. While doing so, Porsche SE continues to count on your trust and support.

Hans Dieter Pötsch

Board of management

Hans Dieter Pötsch
Chairman of the board
of management

Dr. Manfred Döss
Legal affairs and
compliance

Dr. Johannes Lattwein
Finance and IT

Lutz Meschke
Investment management

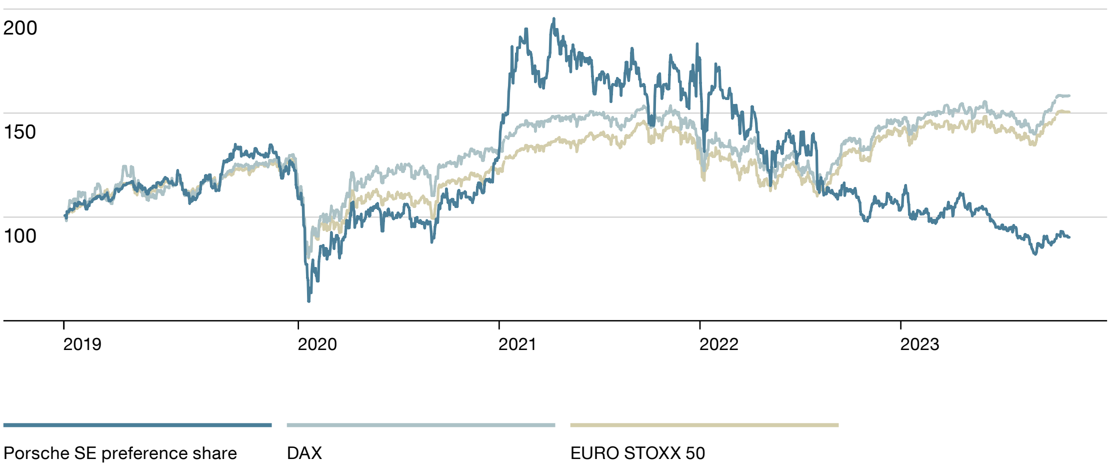
Porsche SE on the capital market

Development of the international stock markets and indices

The stock market year 2023 was largely influenced by three main factors: Russia's war against Ukraine, the measures taken by central banks to curb inflation and the escalation of the situation in the Middle East and the associated nervousness on the financial markets. Despite these geopolitical uncertainties and economic challenges, the international stock markets posted strong gains in 2023, particularly in the fourth quarter. Stock markets rallied at the end of the year on the prospect of lowered key interest rates and confidence that a recession in the USA could be avoided. Technology stocks in particular posted significant gains.

Development of the Porsche SE preference share price 2019 to 2023

(Indexed to 31 December 2018)



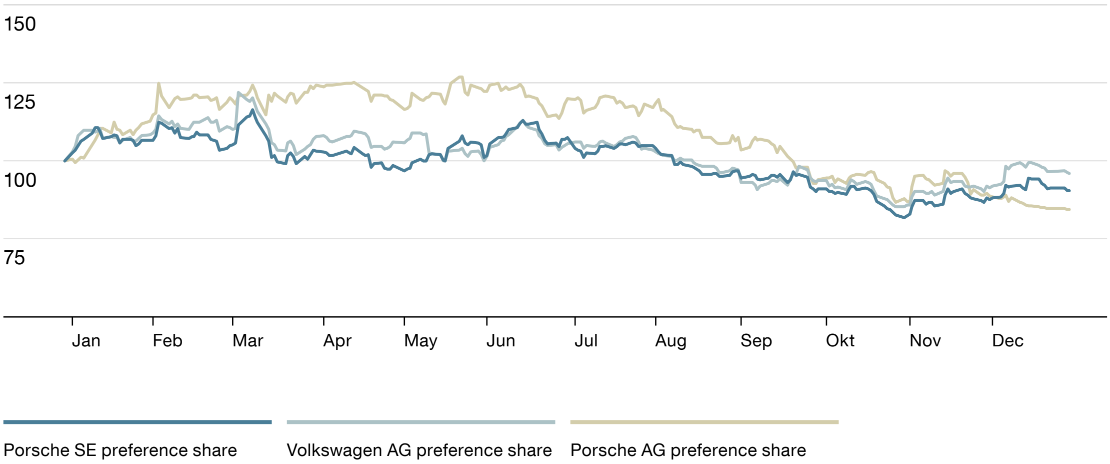
The German stock index (DAX) got off to a modest start and reached a high of 16,469.75 points on 28 July 2023. From this point onwards, a downward trend set in, which ended on 27 October with an annual low of 14,687.41 points. In expectation of falling interest rates, the DAX experienced a dynamic price rally from November onwards, reaching its annual high of 16,794.43 in December. At the end of the year, it recorded growth of around 20% compared to the closing price in 2022 (13,923.59 points) and stood at 16,751.64 points.

The Euro Stoxx 50 closed 2023 at 4,521.65 points, an increase of around 19% compared to the closing price for 2022 (3,793.62 points). The annual high of 4,549.44 points was recorded on 15 December 2023. The annual low of 3,793.62 points was recorded on 2 January 2023.

The price of the Porsche SE preference share hit an annual high of €59.76 on 8 March 2023. On 31 October 2023, it reached its annual low of €42.15. At year-end 2023, the share price stood at €46.32, down 11% compared to the prior year (€51.24), after recovering from its low in the last two months of 2023 and increasing by around 10%.

Development of the Porsche SE preference share price 2023

(Indexed to 31 December 2022)



Porsche SE preference share: basic data

ISIN	DE000PAH0038
WKN	PAH003
Stock codes	PSHG_p.DE, PAH3:GR
Stock exchange	All German stock exchanges
Trading segment	General Standard
Sector	Automotive
Key indices	DAX, CDAX, General All Share, MSCI Euro Index, STOXX Europe 600 Index, STOXX All Europe 800, EURO STOXX Auto & Parts
Subscribed capital	€306,250,000
Denomination	153,125,000 ordinary and preference shares respectively
Class of shares	No-par value bearer shares

Porsche SE share key figures

		2023	2022	2021	2020	2019
Closing price[1,2]	€	46.32	51.24	83.44	56.40	66.64
Annual high[1,2]	€	59.76	94.94	101.20	69.86	70.00
Annual low[1,2]	€	42.15	50.20	54.98	30.27	50.28
Number of ordinary shares issued (31 December)		153,125,000	153,125,000	153,125,000	153,125,000	153,125,000
Number of preference shares issued (31 December)		153,125,000	153,125,000	153,125,000	153,125,000	153,125,000
Market capitalization (31 December)[3]	€	14,185,500,000	15,692,250,000	25,553,500,000	17,272,500,000	20,408,500,000
Earnings per ordinary share from continuing operations[4]	€	16.64	17.62[5]	14.90	8.59	14.39
Earnings per preference share from continuing operations[4]	€	16.64	17.62[5]	14.90	8.59	14.39
Dividend per ordinary share	€	2.554[6]	2.554	2.554	2.204	2.204
Dividend per preference share	€	2.560[6]	2.560	2.560	2.210	2.210
Dividend distributions	€	783,081,250	783,081,250	783,081,250	675,893,750	675,893,750
Dividend distributions per ordinary share	€	391,081,250	391,081,250	391,081,250	337,487,500	337,487,500
Dividend distributions per preference share	€	392,000,000	392,000,000	392,000,000	338,406,250	338,406,250
Dividend yield[7]	%	5.53	4.99	3.07	3.92	3.32

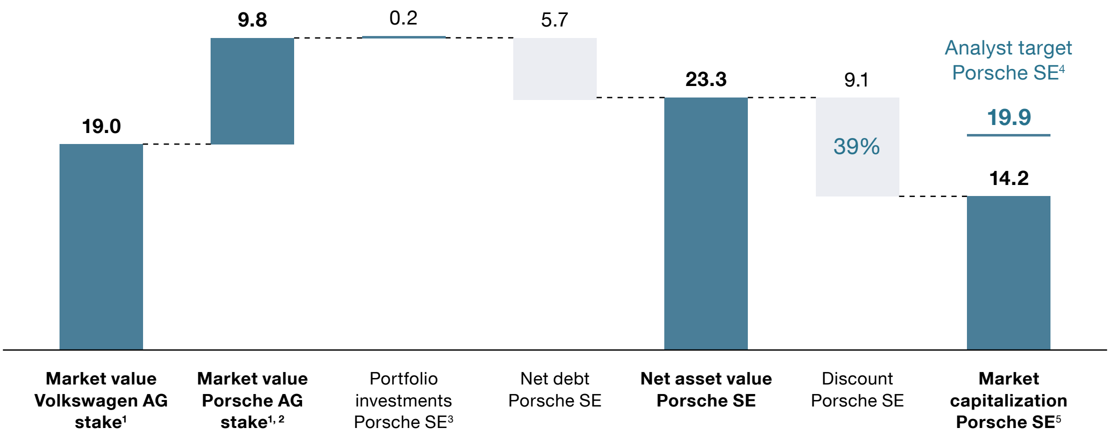
1 Preference share in Xetra trading
2 Based on the closing price
3 Assuming ordinary shares are valued at the market price of the preference shares
4 Basic and diluted
5 Adjusted
6 Proposal to the annual general meeting of Porsche SE
7 Calculation basis for the preference shares corresponds to the Xetra year-end closing price

Net asset value and market capitalization of Porsche SE

The basis for the valuation of holding companies is the net asset value. This is the sum of the market values of all investments, taking net debt into account. Holding companies such as Porsche SE are generally valued slightly lower by the capital market than the sum of their investments. This is referred to as the holding discount. The holding discount of Porsche SE is calculated as the difference between its net asset value and its current market capitalization.

As of 31 December 2023, the net asset value of Porsche SE amounted to around €23 billion. The market capitalization of Porsche SE at the end of the year was around €14 billion. This equates to a holding discount of around 39%. This gives investors the opportunity to invest in attractive assets via Porsche SE at a discount.

Porsche SE shares were traded at a 39 percent discount to net asset value as of 31 December 2023
(€ billion)



Share prices as of 31 December 2023, Volkswagen AG ordinary shares €118.45, Volkswagen AG preference shares €111.80, Porsche AG preference shares €79.90, Porsche SE preference shares €46.32
Net debt and portfolio investments as of 31 December 2023

[1] Porsche SE share of capital: Volkswagen AG 31.9%; Porsche AG 12.5%
[2] Share price ordinary shares = Share price preference share incl. 7.5% premium
[3] Valued at IFRS consolidated book values
[4] Based on €65.00 median target price by 15 analysts
[5] Ordinary shares valued at the stock price of the preference shares

Annual general meeting 2023

Porsche SE's annual general meeting was held on 30 June 2023 – virtually as in the prior years. The shareholders resolved to distribute a dividend of €2.56 per preference share and of €2.554 per ordinary share for the fiscal year 2022. Unchanged compared to the prior year, this represents a total payout of €783 million.

The shareholders also reelected current supervisory board members Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath and Peter Daniell Porsche for a further term of office and elected Sophie Piëch to the supervisory board for the first time.

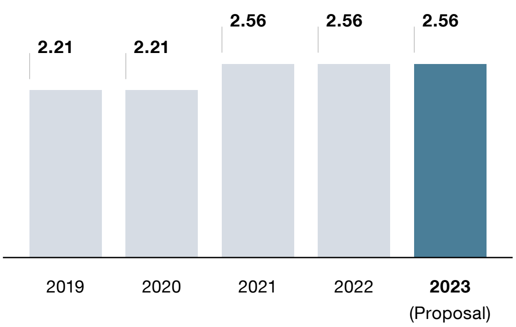
The members of the board of management and those of the supervisory board holding office in the fiscal year 2022 were exonerated. The proposed amendment to the articles of association that allows the board of management of Porsche SE to hold annual general meetings virtually for the next five years was unanimously adopted.

Dividend

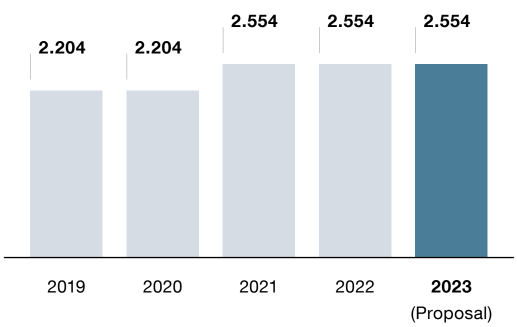
The board of management of Porsche SE enables shareholders to participate in the company's success via the dividend. For the fiscal year 2023, the board of management and supervisory board propose an unchanged dividend compared to the prior year of €2.560 per share to be distributed to the holders of preference shares and of €2.554 per share to the holders of ordinary shares. This is equivalent to a total distribution of €783 million. The annual general meeting, which will take place on 11 June 2024, will decide on the dividend proposal.

Dividend

Dividend per preference share
(€)



Dividend per ordinary share
(€)



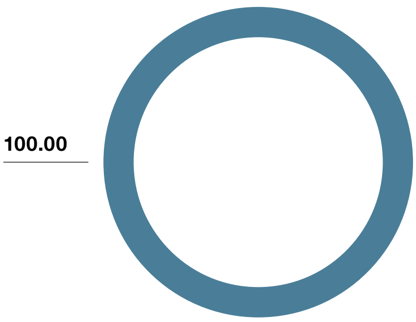
Porsche SE is a reliable dividend payer

Shareholder structure as of 31 December 2023

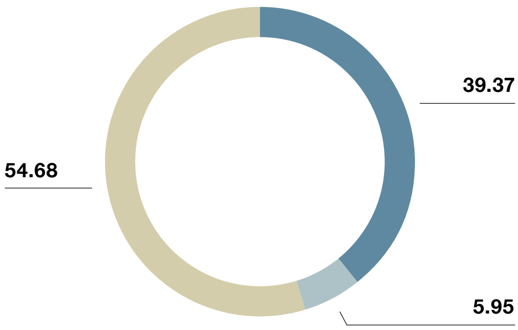
Porsche SE's subscribed capital in the form of no-par value bearer shares comprises 153,125,000 ordinary shares and 153,125,000 non-voting preference shares, each share arithmetically representing a 1 euro notional value of the share capital. According to the information available to Porsche SE, the ordinary shares are indirectly held exclusively by members of the Porsche and Piëch families. More than half of the preference shares are held by institutional investors – mainly with a principal office outside Germany. The further free float preference shares are distributed between private investors.

Shareholder structure of Porsche SE

Ordinary shares
(%)



Preference shares[1]
(%)



- Ordinary shares

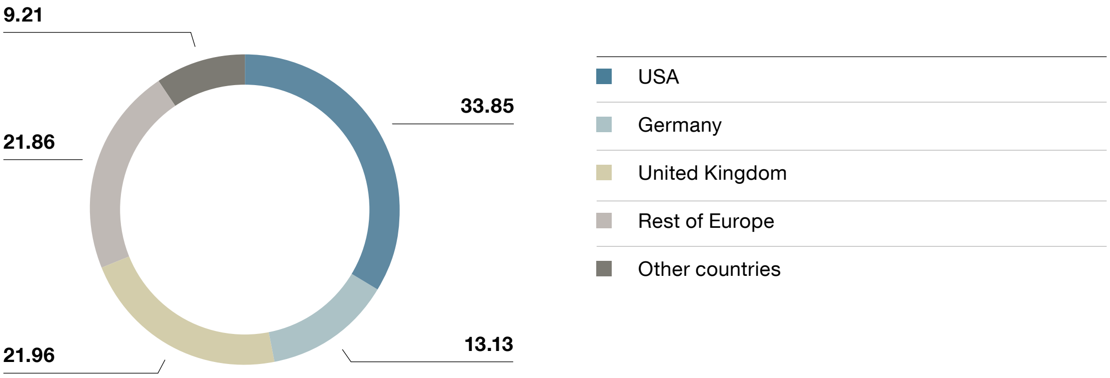
According to the information available to Porsche SE, the ordinary shares are indirectly held exclusively by members of the Porsche and Piëch families.

- Institutional investors abroad
- Institutional investors domestic
- Retail investors/Others

[1] Based on all identifiable shareholders

As of 31 December 2023

Geographical distribution of institutional investors[1]
(%)



[1] Based on all identifiable shareholders

As of 31 December 2023

Capital market communication

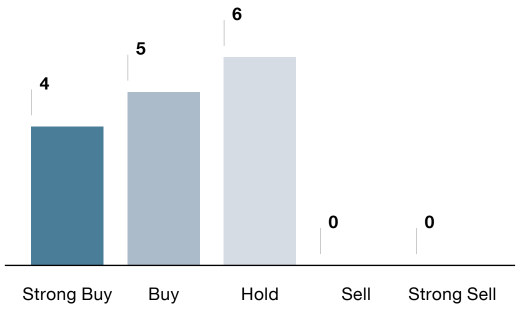
Over the course of the fiscal year 2023, the board of management and the investor relations department of Porsche SE continued to maintain intensive communication relationships with share analysts and investors. Porsche SE is committed to comprehensive, prompt and open communication with private and institutional investors and financial analysts. Porsche SE's investor relations work therefore complies with the transparency guidelines of the German Corporate Governance Code. It is particularly important to Porsche SE to treat all shareholders equally. Accordingly, communication with the capital market in 2023 took place in virtual formats and through face-to-face meetings on site. Communication with private investors took place primarily by telephone and via digital channels.

The assessments of financial analysts are of great importance for both institutional and private investors when it comes to investment decisions. By the end of the fiscal year on 31 December 2023, nine analysts had issued a positive assessment of Porsche SE with a buy recommendation, four of which even issued a particularly strong buy recommendation. Six analysts favored a neutral position with a hold recommendation.

The primary goal of the investor relations work of Porsche SE is to provide market participants on the equity and debt side, as well as other stakeholders, with comprehensive information on the latest business developments and the corporate, financial and investment strategy.

Sustainability aspects and ESG topics are of central importance for the investor relations work. For instance, Porsche SE does not produce a printed version of its annual report for sustainability reasons.

Analyst recommendations

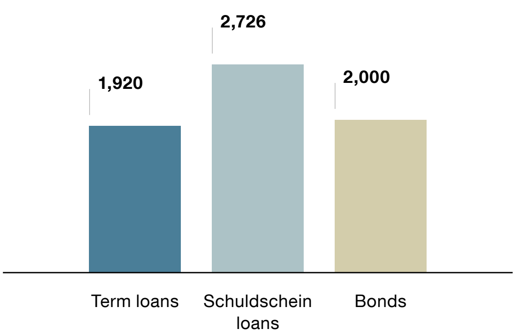


As of 31 December 2023

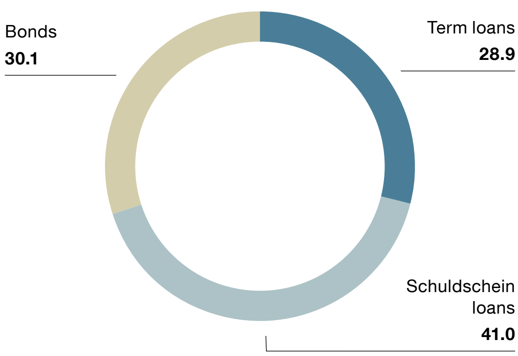
Debt financing

Financial structure of Porsche SE as of 31 December 2023

Nominal volume
(€ million)



Relative distribution of financing instruments
(%)



Acquisition financing for the purchase of shares in Porsche AG

To finance the acquisition of 25% plus one share of the ordinary shares of Porsche AG, Porsche SE entered into a financing agreement with an international banking syndicate on 18 September 2022 for a total volume of €8.9 billion, consisting of bridge loan of €3.9 billion, fixed-term bank loans of €4.0 billion and a revolving credit line of €1.0 billion.

By utilizing the bridge loan of €3.9 billion and fixed-term bank loans of €3.2 billion, Porsche SE initially drew down an amount of €7.1 billion. Over the fiscal year 2023, the bridge loan was repaid ahead of schedule through repayments and refinancing measures.

At the end of the fiscal year 2023, liabilities from bank loans of €0.2 billion with a term of three years and €1.8 billion with a term of five years still exist from the original acquisition financing. In addition, the undrawn revolving credit line of €1.0 billion is still available. This was extended prematurely in the fiscal year 2023 by one year until 18 September 2026.

Refinancing in the fiscal year 2023

In the fiscal year 2023, Porsche SE carried out extensive refinancing measures with a total volume of €4.7 billion to replace the acquisition financing. By placing a Schuldschein loan and three bonds, Porsche SE created broader access to new investor groups.

Schuldschein loan

In March 2023, Porsche SE placed a Schuldschein loan totaling €2.7 billion. The total volume is divided into eight tranches with terms of three, five, seven and ten years, for each of which fixed and variable interest rates were offered. A total of some 120 institutional investors, including banks, pension funds and insurance companies, participated in the Schuldschein loan. The volume of €2.7 billion marks a new record on the promissory note market.

Bonds

For institutionalized access to the capital market on the debt side, Porsche SE established a bond program with a volume of €5 billion in April 2023. In April 2023, Porsche SE issued the first bond under this bond program. The bond was oversubscribed several times and was placed at attractive conditions with a volume of €750 million and a term until 2028. Based on the solid performance of the first bond and high demand on the secondary market, Porsche SE issued a further bond in June 2023. The total volume of €1.25 billion is divided into two bonds with maturities of 2027 and 2030. The terms of the bonds were also very attractive.

The bonds are admitted to trading on the Luxembourg Stock Exchange and are also listed on other stock exchanges.

With its bonds, Porsche SE addresses a wide range of potential investors, including banks, insurance companies, pension funds, asset managers and investment funds. Thanks to the €1,000 denomination of the bonds, private investors can also invest in the bonds of Porsche SE.

The following bonds were outstanding as of the reporting date:

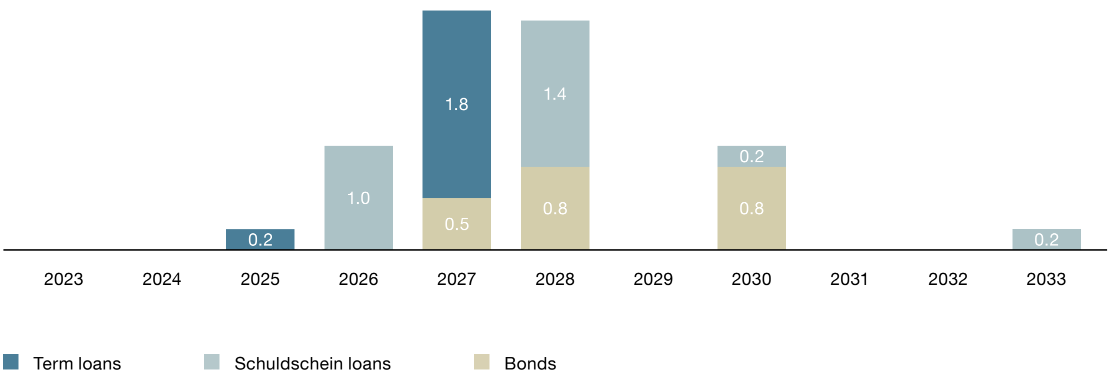
Bonds

Nominal	Coupon	Period	ISIN	Year-end closing price 2023
EUR 750 million	4.500 %	27/04/2023–27/09/2028	XS2615940215	105.91
EUR 500 million	4.125 %	04/07/2023–27/09/2027	XS2643320018	103.96
EUR 750 million	4.250 %	04/07/2023–27/09/2030	XS2643320109	104.00

Financing instruments and maturity profile

The financing profile of Porsche SE is characterized by a balanced ratio of financing instruments. The maturity profile is characterized by a balanced maturity structure with a first maturity in 2025.

Maturity profile
(€ billion)



Corporate governance

Corporate governance

Company boards of Porsche SE and their appointments

Members of the supervisory board

Dr. Wolfgang Porsche
Chairman

Chairman of the supervisory board
of Dr. Ing. h.c. F. Porsche AG

Appointments:
- ● AUDI AG, Ingolstadt
- ● Dr. Ing. h.c. F. Porsche AG, Stuttgart (chairman)[1]
- ● Volkswagen AG, Wolfsburg[1]
- o Familie Porsche AG Beteiligungsgesellschaft, Salzburg (chairman)
- o Porsche Holding Gesellschaft m.b.H., Salzburg
- o Schmittenhöhebahn AG, Zell am See

Dr. Hans Michel Piëch
Deputy chairman

Member of the supervisory board
of Volkswagen AG

Appointments:
- ● AUDI AG, Ingolstadt
- ● Dr. Ing. h.c. F. Porsche AG, Stuttgart[1]
- ● Volkswagen AG, Wolfsburg[1]
- o Porsche Holding Gesellschaft m.b.H., Salzburg
- o Schmittenhöhebahn AG, Zell am See

● Membership in German statutory supervisory boards
o Comparable appointments in Germany and abroad
[1] Listed company

All appointments are outside the Group.

Appointments as of 31 December 2023 or as
of the date of departure from the supervisory board
of Porsche Automobil Holding SE

Prof. Dr. Ulrich Lehner

Member of the supervisory board of
Porsche Automobil Holding SE

Dr. Ferdinand Oliver Porsche

Member of the board of management of
Familie Porsche AG Beteiligungsgesellschaft

Appointments:
- ● AUDI AG, Ingolstadt
- ● Dr. Ing. h.c. F. Porsche AG, Stuttgart[1]
- ● Volkswagen AG, Wolfsburg[1]
- o Porsche Holding Gesellschaft m.b.H., Salzburg
- o Porsche Lifestyle GmbH & Co. KG, Ludwigsburg

Mag. Josef Michael Ahorner

Member of the supervisory board of AUDI AG

Appointments:
- ● AUDI AG, Ingolstadt
- o Automobili Lamborghini S.p.A., Sant'Agata Bolognese

Mag. Marianne Heiß

Member of the supervisory board of Volkswagen AG

Appointments:
- ● AUDI AG, Ingolstadt
- ● Flix SE, Munich (since 27 June 2023)
- ● Volkswagen AG, Wolfsburg[1]

Dr. Günther Horvath

Managing director and
self-employed attorney at
Dr. Günther J. Horvath Rechtsanwalt GmbH

Appointments:
- ● Volkswagen AG, Wolfsburg (since 28 February 2023)[1]

● Membership in German statutory supervisory boards
o Comparable appointments in Germany and abroad
[1] Listed company

All appointments are outside the Group.

Appointments as of 31 December 2023 or as
of the date of departure from the supervisory board
of Porsche Automobil Holding SE

Sophie Piëch
(since 30 June 2023)

Managing director at Dr. Hans Michel Piëch GmbH

Appointments:
- o Porsche Holding Gesellschaft m.b.H., Salzburg (since 8 March 2023)

Dr. Stefan Piëch
(until 30 June 2023)

Managing director at Dr. Hans Michel Piëch GmbH

Appointments:
- o Kartoon Studions, Inc., Los Angeles (formerly Genius Brands International, Inc.)[1]
- o SEAT S.A., Barcelona
- o Siemens Aktiengesellschaft Österreich, Vienna
- o TTTech Computertechnik AG, Vienna (since 29 June 2023)

Peter Daniell Porsche

Member of the supervisory board of Porsche Automobil Holding SE as well as member of additional control bodies of domestic and foreign commercial enterprises

Appointments:
- o Porsche Holding Gesellschaft m.b.H., Salzburg
- o Porsche Lifestyle GmbH & Co. KG, Ludwigsburg
- o ŠKODA AUTO a.s., Mladá Boleslav

Prof. TU Graz e.h. KR Ing. Siegfried Wolf

Member of the supervisory board of Schaeffler AG as well as member of additional control bodies of domestic and foreign commercial enterprises

Appointments:
- ● Schaeffler AG, Herzogenaurach[1]
- ● Vitesco Technologies Group AG, Regensburg (chairman)[1]
- o MIBA AG, Mitterbauer Beteiligungs AG, Laakirchen (in accordance with Sec. 28a (5) No. 5 Austrian Banking Act a position on the supervisory board)
- o Steyr Automotive GmbH, Steyr (chairman)

● Membership in German statutory supervisory boards
o Comparable appointments in Germany and abroad
[1] Listed company

All appointments are outside the Group.

Appointments as of 31 December 2023 or as of the date of departure from the supervisory board of Porsche Automobil Holding SE

Current committees of the supervisory board of Porsche Automobil Holding SE and their members

Executive committee:
- Dr. Wolfgang Porsche (chairman)
- Dr. Hans Michel Piëch
- Dr. Ferdinand Oliver Porsche

Audit committee:
- Prof. Dr. Ulrich Lehner (chairman)
- Dr. Hans Michel Piëch
- Dr. Ferdinand Oliver Porsche

Nominations committee:
- Dr. Wolfgang Porsche (chairman)
- Dr. Hans Michel Piëch
- Dr. Ferdinand Oliver Porsche

Phoenix committee (until 25 September 2023):
- Dr. Ferdinand Oliver Porsche (chairman)
- Dr. Wolfgang Porsche
- Dr. Hans Michel Piëch
- Dr. Stefan Piëch
  (until 30 June 2023 – end of his term of office)
- Dr. Günther Horvath

Members of the board of management

Hans Dieter Pötsch

Chairman of the board of management
of Porsche Automobil Holding SE

Chairman of the supervisory board
of Volkswagen AG

Appointments:
- ● AUDI AG, Ingolstadt
- ● Bertelsmann Management SE, Gütersloh
- ● Bertelsmann SE & Co. KGaA, Gütersloh
- ● Dr. Ing. h.c. F. Porsche AG, Stuttgart[1]
- ● TRATON SE, Munich (chairman)[1]
- ● Volkswagen AG, Wolfsburg (chairman)[1]
- ● Wolfsburg AG, Wolfsburg
- o Autostadt GmbH, Wolfsburg
- o Porsche Austria Gesellschaft m.b.H., Salzburg (chairman)
- o Porsche Holding Gesellschaft m.b.H., Salzburg (chairman)
- o Porsche Retail GmbH, Salzburg (chairman)
- o VfL Wolfsburg-Fußball GmbH, Wolfsburg (deputy chairman)

Dr. Manfred Döss

Member of the board of management
responsible for legal affairs and compliance
of Porsche Automobil Holding SE

Member of the board of management responsible
for integrity and legal affairs of Volkswagen AG

Appointments:
- ● AUDI AG, Ingolstadt (chairman)
- ● TRATON SE, Munich[1]
- o Grizzlys Wolfsburg GmbH, Wolfsburg

● Membership in German statutory supervisory boards
o Comparable appointments in Germany and abroad
[1] Listed company

All appointments are outside the Group.

Appointments as of 31 December 2023

Dr. Johannes Lattwein

Member of the board of management
responsible for finance and IT
of Porsche Automobil Holding SE

Appointments:
- o European Transport Solutions S.à r.l., Luxembourg

Lutz Meschke

Member of the board of management
responsible for investment management
of Porsche Automobil Holding SE

Deputy chairman of the board of management and member of the board of management responsible for finance and IT of Dr. Ing. h.c. F. Porsche AG

Appointments:
- ● Porsche Leipzig GmbH, Leipzig
- o European Transport Solutions S.à r.l., Luxembourg
- o FlexFactory GmbH, Munich (until 30 November 2023)
- o MHP Management und IT-Beratung GmbH, Ludwigsburg (chairman)
- o Porsche Consulting GmbH, Bietigheim-Bissingen (chairman)
- o Porsche Deutschland GmbH, Bietigheim-Bissingen
- o Porsche Digital GmbH, Ludwigsburg (chairman until 31 October 2023)
- o Porsche eBike Performance GmbH, Ottobrunn (chairman)
- o Porsche Engineering Group GmbH, Weissach
- o Porsche Engineering Services GmbH, Bietigheim-Bissingen
- o Porsche Enterprises Inc., Atlanta
- o Porsche Financial Services GmbH, Bietigheim-Bissingen (chairman)
- o Porsche Investment Management S.A., Luxembourg (chairman) (since 1 April 2023)
- o Porsche Lifestyle GmbH & Co. KG, Ludwigsburg (chairman)
- o Porsche Werkzeugbau GmbH, Schwarzenberg (until 16 January 2023)
- o P3X GmbH & Co. KG, Gilching (until 31 December 2023)
- o Rimac Group d.o.o., Sveta Nedelja

● Membership in German statutory supervisory boards
o Comparable appointments in Germany and abroad
[1] Listed company

All appointments are outside the Group.

Appointments as of 31 December 2023

Report of the supervisory board

Ladies and gentleman,

Porsche Automobil Holding SE, Stuttgart (“Porsche SE”), is a holding company with investments in the areas of mobility and industrial technology, whose preference shares are listed on the German stock exchange index (DAX).

The corporate strategy of Porsche SE aims to create sustainable value for its shareholders while maintaining a balanced risk profile. In addition to managing its existing investments, Porsche SE makes targeted investments to grow and diversify its portfolio. It therefore intends to expand its investment activities in the long term and to further expand its existing investment platform. Porsche SE is also intensifying its cooperation with leading global investors as strong partners with the aim of positioning the company as a renowned global investment platform. The investments of Porsche SE fall into the categories core investments and portfolio investments.

As core investments, Porsche SE holds the majority of the ordinary shares in Volkswagen Aktiengesellschaft, Wolfsburg (“Volkswagen AG” or “Volkswagen”), and 25% plus one share of the ordinary shares in Dr. Ing. h.c. F. Porsche AG, Stuttgart (“Porsche AG”). Porsche SE sees itself as a long-term oriented anchor investor in Volkswagen AG and Porsche AG. Both core investments achieved solid results in the past fiscal year, despite continuing to be confronted with difficult economic conditions: the war against Ukraine, supply chain problems and above-average inflation. The transition to e-mobility and autonomous driving will also be a key strategic topic in the future. Porsche SE supports the strategic focus of both Volkswagen AG and Porsche AG. It is convinced that both core investments have vast potential for value creation.

As portfolio investments, Porsche SE holds non-controlling interests in more than ten technology companies based in North America, Europe and Israel. Investments in private equity and venture capital funds are also allocated to this category.

Tasks of the supervisory board

Pursuant to the articles of association, the supervisory board has ten members (shareholder representatives) to be appointed by the annual general meeting. The composition of the supervisory board can be found in the section “Company boards of Porsche SE and their appointments” of the annual report of Porsche SE.

Dr. Wolfgang Porsche
Chairman of the supervisory board

In the fiscal year 2023, the supervisory board of Porsche SE performed all the tasks assigned to it by law, the articles of association and rules of procedure for the supervisory board. During the fiscal year 2023, the supervisory board held four ordinary meetings in March, May, September and December. Three of the meetings were held in person, with the supervisory board members who were not present on premise participating via video link. One meeting of the supervisory board was held solely as a video conference. There were no extraordinary meetings of the supervisory board in the fiscal year 2023.

Individual resolutions of the supervisory board were passed by way of circular resolutions. These included a resolution to prepare an investment partnership with Deutsche Telekom Capital Partners Management GmbH and Digital Transformation Capital Partners Luxembourg S.à r.l.

Within the framework of its control and advisory responsibilities, the supervisory board was informed in depth about company's performance during the fiscal year 2023 by means of written reports from the board of management as well as verbally in meetings, and was also involved in all fundamental decisions. Reporting focused on Porsche SE's economic situation and its investments (in particular Volkswagen AG and Porsche AG), business results, the development of the results of operations, financial position and net assets and the opportunity and risk situation.

The supervisory board also monitored the economic efficiency of the company. Furthermore, the supervisory board reviewed the annual and consolidated financial statements for the fiscal year 2022 each supplemented by the combined management report and group management report ("combined management report") issued with unqualified auditor's reports, ratified the 2022 annual financial statements of Porsche SE and approved the 2022 consolidated financial statements of Porsche SE. The supervisory board also reviewed the non-financial group report for the fiscal year 2022 and the report on related companies ("dependent company report") for the fiscal year 2022; here too, no objections were raised.

One focus of the supervisory board's monitoring activities in the past fiscal year related to the company's financing strategy. The supervisory board received comprehensive and ongoing reports about the financing measures, in particular the issue of a Schuldschein loan of around €2.7 billion in March 2023, and approved a bond program with a volume of up to €5 billion, under which Porsche SE issued a bond for the first time in April 2023.

The supervisory board also obtained regular reports about the development and status of the various legal disputes (especially the claims for damages concerning the increase of the investment in Volkswagen AG in 2008 and the diesel issue as well as the status proceedings under German stock corporation law).

The supervisory board also dealt with the impact of the war against Ukraine, price increases on the energy and commodity markets and the limited availability of parts, energy and other raw materials on the business operations of Porsche SE and its investments, and regularly had the board of management inform it about any developments.

The supervisory board also discussed the business plan. Furthermore, the supervisory board also monitored the compliant conduct of business by the board of management. Monitoring also encompassed appropriate measures for risk provisioning and compliance. The supervisory board checked that the board of management carried out the measures for which it is responsible in accordance with Sec. 91 (2) and (3) AktG in an appropriate form, in particular whether the board of management has set up a monitoring system that ensures that any developments jeopardizing the ability of the company to continue as a going concern are identified at an early stage, and whether the board of management has set up internal control and risk management systems that are appropriate and effective with regard to the scope of the business activities and risk situation of the company.

In performing its duties, the supervisory board also took into account ESG aspects (Environmental, Social and Governance), as the supervisory board considers these to be particularly relevant for the business activity of Porsche SE. As the designated ESG expert on the supervisory board, Mag. Marianne Heiß was in regular contact with the board of management.

As a matter of principle, the members of the supervisory board take responsibility for obtaining the training required for their tasks and are supported in this by Porsche SE. In addition, Porsche SE arranged for its supervisory board members to attend a training event on the topic of vehicle batteries in the fiscal year 2023. Porsche SE also provides extensive support to new supervisory board members, including consulting internal and, if necessary, also external experts when they take office. In the fiscal year 2023, Ms. Sophie Piëch, who was elected to the supervisory board on 30 June 2023, was given an in-depth presentation of the company's business operations and strategic issues when she took office.

As certain matters are determined by the supervisory board to be subject to its approval, it also discussed in particular the voting behavior of Porsche SE at the annual general meetings of Volkswagen AG and Porsche AG.

Disclosure of attendance at meetings of the entire supervisory board in the fiscal year 2023:

2023	Meeting attendance	Attendance (%)	Type of participation	
			Presence	Video
Full supervisory board				
Dr. Wolfgang Porsche (chairman)	4/4	100	3	1
Dr. Hans Michel Piëch (deputy chairman)	4/4	100	2	2
Mag. Josef Michael Ahorner	4/4	100	0	4
Mag. Marianne Heiß	4/4	100	3	1
Dr. Günther Horvath	4/4	100	3	1
Prof. Dr. Ulrich Lehner	3/4	75	2	1
Dr. Stefan Piëch (member of the supervisory board until 30 June 2023)	2/2	100	1	1
Sophie Piëch (member of the supervisory board since 30 June 2023)	2/2	100	2	0
Dr. Ferdinand Oliver Porsche	3/4	75	2	1
Peter Daniell Porsche	3/4	75	1	2
Prof. KR Ing. Siegfried Wolf	4/4	100	2	2

Committees

In the fiscal year 2023, the supervisory board established a total of four committees (executive committee, audit committee, nominations committee and Phoenix committee) to carry out its duties. The Phoenix committee, which had been set up in 2022 as a temporary ad hoc committee in light of the IPO of Porsche AG as well as the associated acquisition of ordinary shares in Porsche AG by Porsche SE ("Project Phoenix"), was dissolved in the current fiscal year following the acquisition of the investment in Porsche AG and the conclusion of the long-term funding of the corresponding acquisition financing.

The committees support the supervisory board and prepare supervisory board resolutions as well as topics for discussion by the entire supervisory board. Moreover, decision-making authority of the supervisory board may be transferred to the individual committees to the extent permitted by law.

The executive committee decides in urgent cases on business matters requiring the approval of the supervisory board. It also functions as a personnel committee and makes recommendations to the supervisory board on concluding, amending and terminating contracts of employment for members of the board of management. Since the fiscal year 2023, the executive committee has also been responsible for preparing supervisory board resolutions and handling topics of discussion that are necessary or appropriate for implementing the investment strategy drawn up by the board of management.

The executive committee prepares resolutions of the supervisory board on the remuneration system for the board of management as well as its regular review. In accordance with the recommendation of the executive committee, the supervisory board updated and revised the remuneration system for the board of management in the fiscal year 2023. The revised remuneration system is to be presented to the annual general meeting for approval in 2024. In the fiscal year 2023, the executive committee also discussed the long-term succession planning in the board of management.

In addition, the executive committee drafts a proposal for the amount of each board of management member's variable remuneration for each full fiscal year, taking into account the respective business and earnings situation and based on the performance of the individual member of the board of management. This proposal is submitted to the supervisory board of Porsche SE for decision. The executive committee is also responsible for the approval of ancillary activities of the board of management members.

The audit committee supports the supervisory board in monitoring management of the company and pays particular attention to reviewing financial reporting, monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system and the internal audit and compliance management system, the statutory audit, in particular the selection and independence of the auditor, the quality of the audit and the services rendered by the auditor. In the past fiscal year, the audit committee regularly reviewed whether the risk early warning system in place is suitable for identifying at an early stage any developments jeopardizing the ability of the company to continue as a going concern. It satisfied itself as to the efficiency of the risk management system, including the internal control system, as well as the activities of internal audit and obtained regular reports on these. The audit committee was informed about changes in legal requirements. The audit committee passed its findings on to the entire supervisory board in regular reports.

The audit committee's review of accounting relates in particular to the annual and consolidated financial statements each supplemented by the combined management report. The audit committee deals with the half-yearly financial report and the group quarterly statements for the supervisory board and discusses them with the board of management and, in the case of the half-yearly financial report, also with the independent auditor. As applicable, the audit committee also focuses on the non-financial group report, the dependent company report and the proposal for profit appropriation and prepares them for review by the supervisory board.

In connection with the audit, the audit committee submits to the supervisory board a recommendation for the appointment of the auditor, which – except in cases where the auditor is reappointed – is prepared following a selection procedure within the meaning of Art. 16 (3) Regulation (EU) No 537/2014, comprises at least two candidates and is explained. The audit committee recommended to the supervisory board that it propose to the annual general meeting, and thus reappoint, Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf ("Grant Thornton AG"), as the auditor for the fiscal year 2024. Before submitting its recommendation to the supervisory board, the audit committee carefully examined the independence of the auditor.

In addition, the audit committee constantly monitors the independence of the auditor and in particular ensures that the auditor's non-audit services assigned by the board of management do not give rise to any indications of grounds for exclusion or disqualification or that endanger the independence of the auditor. The audit committee is authorized on behalf of the supervisory board to award the audit engagement to the auditor selected by the annual general meeting, to agree on the fee with the auditor and to determine the key topics of the audit. It also examines the key audit matters and regularly assesses the quality of the audit.

The nominations committee makes recommendations for the supervisory board's proposals to the annual general meeting concerning the election of supervisory board members.

At the beginning of the fiscal year 2023, the nominations committee discussed the succession planning for the members of the supervisory board, Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath, Dr. Stefan Piëch and Mr. Peter Daniell Porsche, as the term of office of the respective members of the supervisory board ended after the annual general meeting on 30 June 2023. The nominations committee proposed to the supervisory board that Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath and Mr. Peter Daniell Porsche be re-elected because of their many years of service on the supervisory board of Porsche SE, their extensive experience in multiple supervisory bodies and their professional expertise. As Dr. Stefan Piëch was not available for an additional term of office, the nominations committee recommended Ms. Sophie Piëch as a candidate for the supervisory board. The recommendation took into account both the profile of skills and expertise developed for the composition of the supervisory board and the diversity concept pursued by the supervisory board, which aims to represent both genders, an appropriate age structure and various educational and professional backgrounds in the supervisory board.

The supervisory board set up the Phoenix committee, initially comprising five members (four members from 30 June 2023), as a temporary ad hoc committee for the period from 13 May 2022 to 25 September 2023 to facilitate regular monitoring, exchange of information and coordination with the board of management in connection with Project Phoenix. The Phoenix committee was authorized by the supervisory board to make decisions promoting the project to the extent permissible by law as a preparatory committee. The supervisory board dissolved the Phoenix committee on 25 September 2023 upon completion of Project Phoenix with acquisition of the investment in Porsche AG and conclusion of the corresponding financing agreements.

At its meeting in the fiscal year 2023, the Phoenix committee primarily addressed the status of financing and interest rate hedging as well as the funding of the acquisition financing by placing a Schuldschein loan and issuing bonds.

The composition of the individual committees of the supervisory board is described in more detail in the section “Company boards of Porsche SE and their appointments” of the annual report and also in the declaration of compliance, as part of the combined management report.

The executive committee and the audit committee each held four ordinary meetings in the fiscal year 2023. Three of the meetings of the executive committee and one meeting of the audit committee were held in person, with the committee members who were not present on premise participating via video link. One meeting of the executive committee and three meetings of the audit committee were held (solely) as a video conference. The nominations committee and the Phoenix committee each held one ordinary meeting in the fiscal year 2023, with each of these meetings being held as a video conference. No committee held extraordinary meetings. The full supervisory board was always informed about the work of all committees.

Disclosure of attendance at meetings of the committees in the fiscal year 2023:

2023	Meeting attendance	Attendance (%)	Type of participation	
			Presence	Video
Executive committee				
Dr. Wolfgang Porsche (chairman)	4/4	100	3	1
Dr. Hans Michel Piëch	4/4	100	2	2
Dr. Ferdinand Oliver Porsche	3/4	75	2	1
Audit committee				
Prof. Dr. Ulrich Lehner (chairman)	4/4	100	1	3
Dr. Hans Michel Piëch	4/4	100	0	4
Dr. Ferdinand Oliver Porsche	4/4	100	1	3
Nominations committee				
Dr. Wolfgang Porsche (chairman)	1/1	100	0	1
Dr. Hans Michel Piëch	1/1	100	0	1
Dr. Ferdinand Oliver Porsche	1/1	100	0	1
Phoenix committee				
Dr. Ferdinand Oliver Porsche (chairman)	1/1	100	0	1
Dr. Günther Horvath	1/1	100	0	1
Dr. Hans Michel Piëch	1/1	100	0	1
Dr. Stefan Piëch (member of the supervisory board until 30 June 2023)	1/1	100	0	1
Dr. Wolfgang Porsche	1/1	100	0	1

Cooperation with the board of management

The chairman of the supervisory board and the chairman of the audit committee were in regular contact with the board of management to exchange ideas and information, thus ensuring that they were kept directly informed about significant events and developments of the company and the group.

The supervisory board gave its approval as required for individual transactions, such as in particular the voting behavior of Porsche SE at the annual general meetings of Volkswagen AG and Porsche AG.

Corporate governance

The supervisory board and board of management have repeatedly and intensively discussed the recommendations and suggestions of the German Corporate Governance Code. In December 2023, they submitted the annual declaration on conformity in accordance with Sec. 161 AktG on the recommendations of the German Corporate Governance Code and made it permanently accessible to shareholders on the company's website at www.porsche-se.com/en/company/corporate-governance/. The current declaration on conformity is reproduced in full in the declaration of compliance, as part of the combined management report.

Due to the influence of individual members of the supervisory board of Porsche SE on ordinary shareholders of Porsche SE or the fact that individual supervisory board members are also members of the supervisory boards of Porsche SE, Volkswagen AG and Porsche AG or other Volkswagen subsidiaries, conflicts of interest may arise for these members of the supervisory board in certain cases.

To the extent that concrete conflicts of interest exist or are feared, the particular conflict of interest is reported to the supervisory board by the member concerned. If a subsequent review finds that there is a conflict of interest, suitable measures are taken to resolve it. The specific measures depend on the type of conflict and the circumstances of the individual case. One conceivable option is that the supervisory board members concerned do not participate in the discussion of the relevant resolution or to abstain from voting. In the past fiscal year, conflicts of interest could not be ruled out in the case of resolutions of the company at the annual general meetings of Volkswagen AG and Porsche AG regarding the approval of the acts of members of the supervisory board of each company for the fiscal year 2022. If supervisory board members are also on the supervisory board of Volkswagen AG or Porsche AG, they abstained from voting in the resolutions on Porsche SE's voting behavior in the annual general meeting of Volkswagen AG or Porsche AG regarding their own exoneration.

Comments on the result of the audit of the financial statements and on the proposal for the appropriation of profit

The annual general meeting on 30 June 2023 elected Grant Thornton AG to audit the annual financial statements and consolidated financial statements for the fiscal year 2023. Prior to the supervisory board issuing its recommendation for appointment to the annual general meeting, the auditor submitted a declaration of independence to the supervisory board, which was reviewed by the audit committee.

Alongside the key audit matters identified by the auditor in the auditor’s report, the audit committee set the key topics as “Presentation of legal risks in the combined management report”, “Accounting for financing including interest rate hedges in the annual and consolidated financial statements” and “Accounting for the retrospective application of IAS 28 in relation to the preference shares of Volkswagen AG in the consolidated financial statements”.

The auditor issued an unqualified auditor’s report for both the annual financial statements and the consolidated financial statements (each supplemented by the combined management report) of Porsche SE for the fiscal year 2023. The audit committee discussed the audit risk assessment, the audit strategy, key audit matters and the audit planning with the auditor during preparations for the audit. The audit committee also consulted with the auditor without the board of management. In the course of preparing for and performing the audit, the chairman of the audit committee regularly exchanged information with the auditor on the status of the audit, the provisional audit results and on the quality of the audit. He reported on these exchanges in the committee. The auditors also attended both the audit committee meeting and the supervisory board meeting at which the annual and consolidated financial statements and the combined management report for the fiscal year 2023 were discussed. In preparation, the members of the audit committee and supervisory board were provided with extensive documents and the audit reports of the auditor. The audit committee examined and discussed all reports made available to it and inquired about them in a critical manner. These were also discussed in great detail in the presence of the auditor. The auditors reported on the results of their audits, also referring to the key audit matters, the respective procedures during the audit, including the conclusions and additional key topics set by the audit committee and were available to answer any additional questions or provide information. Furthermore, the auditor confirmed that the risk early warning system implemented by the board of management is suitable for identifying at an early stage any risks jeopardizing the ability of the company to continue as a going concern. After its own audit, the audit committee concurred with the result of the audits by the auditor.

The chairman of the audit committee and the auditor reported on the results of their audits to the supervisory board and were available to answer any additional questions or provide information. After its own audit, the supervisory board concurred with the result of the auditor’s and audit committee’s audits. It determined that it had no objections to raise, approved the consolidated and annual financial statements as well as the combined management report prepared by the board of management for the fiscal year 2023 and thus ratified the annual financial statements for the fiscal year 2023 of Porsche SE.

Based on this, the supervisory board endorsed the suggestion of the board of management for the appropriation of profit available for distribution.

Remuneration report

The supervisory board and the board of management prepared the remuneration report pursuant to Sec. 162 AktG for the fiscal year 2023 and made it available at www.porsche-se.com/en/company/corporate-governance/. The remuneration report is also included in the annual report. Exceeding the legal requirements, the remuneration report was subject to a voluntary audit of its content by Grant Thornton AG, who issued an unqualified audit opinion thereon.

Audit of the dependent company report

Pursuant to Art. 9 (1) lit. c (ii) SE Regulation (SE-VO) and Sec. 312 AktG, the board of management prepared a dependent company report for the fiscal year 2023. Grant Thornton AG audited the dependent company report and rendered the following opinion:

“Based on our audit performed in accordance with professional standards and our professional judgment, we confirm that:

(1) the factual statements made in the report are correct,

(2) the consideration paid by the company for the legal transactions stated in the report was not excessive.”

The supervisory board concurred with the result of the audit by the auditor of the dependent company report. According to the concluding results of its own review, the supervisory board had no objections to raise with respect to the closing declaration of the board of management in the dependent company report.

Composition of the board of management and supervisory board

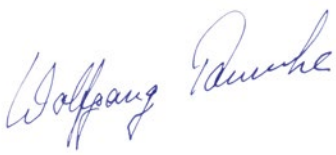
There were no personnel changes within the board of management of Porsche SE in the fiscal year 2023.

The term of office of the supervisory board members Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath, Dr. Stefan Piëch and Mr. Peter Daniell Porsche, elected by the annual general meeting on 15 May 2018, ended at the end of the annual general meeting on 30 June 2023. Dr. Stefan Piëch was not available for an additional term of office. At the proposal of the supervisory board – based on the recommendation of the nominations committee – the annual general meeting therefore elected Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath and Mr. Peter Daniell Porsche for an additional term and Ms. Sophie Piëch for the first time as members of the supervisory board until the end of the annual general meeting that resolves on the approval of the acts of the members of the supervisory board for the fiscal year 2027.

Acknowledgment

The supervisory board expresses its gratitude to the board of management and all employees in acknowledgment of the work they have done and their unflagging commitment.

Stuttgart, 14 March 2024



The supervisory board
Dr. Wolfgang Porsche
Chairman

Publication of the declaration of compliance

Porsche SE has issued the declaration of compliance as required by Secs. 289f and 315d HGB. The declaration of compliance is published in the combined group management report of Porsche SE and at www.porsche-se.com/en/company/corporate-governance/.

Remuneration report

I. Introduction

The remuneration report prepared by the board of management and supervisory board of Porsche Automobil Holding SE (“Porsche SE” or the “company”) describes the main features of the remuneration systems applicable in the fiscal year 2023 for members of the board of management and supervisory board of Porsche SE in the fiscal year 2023, and explains in detail the individual remuneration awarded and due to every single current or former member of the board of management and supervisory board in the reporting year. Awarded and due remuneration relates to the amounts that the individual member of the board of management or supervisory board actually received or amounts that were due for payment in the reporting period. Additionally, the remuneration earned in the fiscal year 2023, which also contains remuneration components, that was neither received nor fell due in the reporting period is included for the members of the board of management. In addition, the report contains disclosures on benefits promised to members of the board of management in the event of regular or early termination of their service.

The disclosures comprise the remuneration awarded and due to the members of the board of management and supervisory board for their board activities at Porsche SE in accordance with its remuneration system. This also includes activities at Porsche Beteiligung GmbH, Porsche Zweite Beteiligung GmbH, Porsche Dritte Beteiligung GmbH, Porsche Vierte Beteiligung GmbH and in the prior year at PTV Planung Transport Verkehr GmbH. It does not include activities of Porsche SE’s board members within the Volkswagen Group, including Dr. Ing. h.c. F. Porsche AG (“Porsche AG”). The remuneration that board members of Porsche SE receive from the Volkswagen Group for activities within the Volkswagen Group is therefore not included in the disclosures below.

The remuneration report complies with the requirements of the AktG [“Aktiengesetz”: German Stock Corporation Act] as well as the recommendations of the German Corporate Governance Code (“GCGC”). The presentation currency is the euro (“€”). Unless otherwise stated, all figures are presented in thousands of euro (€ thousand). All figures and percentages are rounded according to customary business practice, so minor discrepancies may arise from the addition of these amounts. The comparative prior-year figures are presented in parentheses alongside the figures for the current reporting period and were determined using the same methods as for the current reporting year figures.

This remuneration report is subject to a voluntary audit of its content pursuant to IDW Auditing Standard “Examination of Financial Statements or their Components (IDW AuS 490)” by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf.

II. Significant events and developments in the fiscal year 2023

1. Business development and development of key performance indicators in the fiscal year 2023

Porsche SE's main corporate goal is to invest in companies that contribute to the mid- and long-term profitability of the Porsche SE Group while securing sufficient liquidity. In line with this corporate goal, the IFRS group result after tax and group net debt/net liquidity are the core management indicators in the Porsche SE Group.

By definition, net debt of the Porsche SE Group is calculated as financial liabilities less cash and cash equivalents, time deposits and securities each derived from the consolidated balance sheet. Net debt of the Porsche SE Group corresponds to negative net liquidity. The terminology of net liquidity was adjusted accordingly following the raising of debt capital in the prior year. There were no changes to the management system in the fiscal year 2023.

The group result after tax of Porsche SE came to €5,096 million (€5,492 million[1]) in the fiscal year 2023, relating entirely to continuing operations (€5,396 million[1]). In the prior year, €96 million related to discontinued operations. In turn, of the result after tax from continuing operations, €5,107 million (€5,399 million[1]) relates to the core investments segment and minus €12 million (minus €3 million) to the portfolio investments segment. The decrease in the group result after tax is due in particular to a non-cash valuation effect in connection with the acquired Volkswagen preference shares in the amount of €597 million in the prior year.

Net debt of the Porsche SE Group decreased to €5,717 million (€6,672 million) compared to 31 December 2022.

2. Change in the composition of the board of management and the supervisory board

Existing supervisory board members Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath and Mr. Peter Daniell Porsche were reelected for a further term of office and Ms. Sophie Piëch was elected to the supervisory board for the first time by the shareholders at the annual general meeting of Porsche SE on 30 June 2023. Dr. Stefan Piëch left the supervisory board on 30 June 2023. There were no changes to the composition of the board of management in the reporting year.

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17.

3. Approval of the remuneration report by the annual general meeting 2023

At the ordinary general meeting on 30 June 2023, the remuneration report for the fiscal year 2022 prepared and audited in accordance with Sec. 162 AktG was approved unanimously. There were thus no aspects that had to be taken into account with regard to the remuneration system, its implementation or the reporting in the reporting period.

4. Adjustment of remuneration and revision of the remuneration system by the supervisory board

The board of management service contract of Dr. Lattwein was adjusted with effect from 1 January 2023. Dr. Lattwein's annual fixed salary was increased from €600 thousand to €800 thousand and his annual bonus target amount from €500 thousand to €700 thousand. The board of management service contracts of Mr. Pötsch and Mr. Meschke were also adjusted as of 1 April 2023. Mr. Pötsch's annual fixed salary was increased from €700 thousand to €800 thousand and his annual bonus target amount from €500 thousand to €750 thousand. Mr. Meschke's annual fixed salary was increased from €540 thousand to €600 thousand and his annual bonus target amount from €250 thousand to €500 thousand. His annual pension contribution was also increased from €60 thousand to €180 thousand. The increases for Mr. Pötsch and Mr. Meschke applied pro rata temporis in the fiscal year 2023.

At its meeting on 4 December 2023, the supervisory board decided – based on the recommendations of the executive committee – to further develop the remuneration system. Based on the recommendation of its executive committee, the supervisory board proposes that the further developed remuneration system be submitted to the annual general meeting on 11 June 2024 for approval. The remuneration system adopted on 4 December 2023 will then apply retroactively from 1 January 2024. In particular, the further developed remuneration system contains new individual key performance indicators for environmental, social and governance ("ESG") aspects. The changes also limit the influence of the discretionary modifier used to calculate the bonus amount, update the fringe benefit arrangements and clarify various matters, such as the expansion of the peer group used for the horizontal comparison of board of management remuneration to include 40 DAX companies instead of 30.

III. Remuneration of current or former members of the board of management

1. General principles of the remuneration system

Establishing and implementing the remuneration system

The remuneration system for the board of management is established by the supervisory board in accordance with Sec. 87a (1) AktG. The supervisory board is assisted in this by the executive committee, which prepares proposals and recommendations with respect to both the structure and the further development of the remuneration system for the board of management. External advisors may be consulted as needed. If the supervisory board retains remuneration consultants, it must make sure in particular that the consultants are independent.

Other than the changes described in “II. 4. Adjustment of remuneration and revision of the remuneration system by the supervisory board”, no adjustments were made in the fiscal year 2023.

With a view to avoiding potential conflicts of interest, the requirements of the AktG and the recommendations of the GCGC apply to the establishment, implementation and review of the remuneration system. The members of the supervisory board and of all committees are required to notify the supervisory board of any conflicts of interest. In such cases, the individuals concerned must not be involved in decisions on the matters subject to conflicts of interest.

Guidelines of the board of management remuneration system 2021

The remuneration system for the members of the board of management approved by the supervisory board of Porsche SE on 3 December 2020 and approved by the annual general meeting on 23 July 2021 (“board of management remuneration system 2021”) is to further the strategic goal of Porsche SE through targeted individual incentives for the board of management members and by aligning the interests of the board of management and shareholders. Furthermore, the remuneration system is to create incentives for implementing the corporate strategy in a sustainable way and thus contribute to positive corporate development. Accordingly, the remuneration system is to apply the following principles:

- Promoting Porsche SE as a profitable and competitive holding company
- Horizontal compatibility: appropriateness and market conformity of the remuneration of the board of management members in relation to comparable corporate groups and holding companies
- Vertical compatibility: taking into consideration the board of management members’ remuneration in proportion to the remuneration of the first management level and to the relevant total workforce.

Application of the board of management remuneration system 2021

The board of management remuneration system 2021 applied to all board of management service contracts in the reporting year 2023. When their contracts were extended, Dr. Döss and Mr. Pötsch were switched to the board of management remuneration system 2021 effective 1 January 2021 and 1 January 2022, respectively. The board of management remuneration system 2021 had not previously applied for these two board of management members. For this reason, the remuneration components awarded for fiscal years up to and including 2020 that were paid out to Dr. Döss in the fiscal year 2023 are not yet based on the board of management remuneration system 2021. For Mr. Pötsch, there were no special features for the reporting period from the former remuneration principles applying to his remuneration until the end of 2021.

The board of management remuneration system 2021 of Porsche SE is published at

www.porsche-se.com/en/company/corporate-governance/.

Any former remuneration principles differing from the board of management remuneration system 2021 that are of relevance for this remuneration report are explained separately. Unless noted separately, the information relates to the board of management remuneration system 2021.

Review of the appropriateness of the remuneration system

The board of management remuneration system is reviewed on a regular basis by the supervisory board – based on the preparatory work and recommendations of the executive committee – with regard to necessary adjustments and its further development and, in the event of material changes, but no later than every four years, is again submitted to the annual general meeting for approval.

The appropriateness of the remuneration is assessed in particular in light of the tasks and performance of the individual board of management member and the situation of the company. Additionally, the supervisory board makes sure that the remuneration is aligned with the company's long-term sustainable development and that customary remuneration is not exceeded unless there are special reasons. When determining what is customary, both the horizontal compatibility with peer group companies and the vertical compatibility with remuneration structures within Porsche SE are taken into account.

The peer group used to assess the market conformity of the remuneration is identified with reference to the following criteria: market capitalization, total assets, location of the registered office and comparability of the industry sector. For this purpose, on the one hand, DAX-listed peer group companies are used with respect to market capitalization (DAX peer group) and, on the other, selected investment holding companies based in Western Europe are used with respect to the industry sector of investment management (holding peer group).

In the course of the further development of the board of management remuneration system 2021, a horizontal compatibility check was carried out in the fiscal year 2023 using the following peer group companies:

Company	Peer group	Company	Peer group
Adidas AG	Dax	Heidelberg Materials AG	Dax
Airbus SE	Dax	Henkel AG & Co. KGaA	Dax
Allianz SE	Dax	Indus Holding AG	Holding
Aurelius Equity Opportunities SE & Co. KGaA	Holding	Infineon Technologies AG	Dax
BASF SE	Dax	Linde PLC	Dax
Bayer AG	Dax	Mercedes-Benz Group AG	Dax
Bayerische Motoren Werke AG	Dax	Merck KGaA	Dax
Beiersdorf AG	Dax	MTU Aero Engines AG	Dax
Brenntag SE	Dax	Münchener Rückversicherungs-Gesellschaft AG	Dax
Continental AG	Dax	Porsche AG	Dax
Covestro AG	Dax	Qiagen NV	Dax
Daimler Truck AG	Dax	RWE AG	Dax
Deutsche Bank AG	Dax	SAP SE	Dax
Deutsche Beteiligungs AG	Holding	Sartorius AG	Dax
Deutsche Börse AG	Dax	Siemens AG	Dax
Deutsche Post AG	Dax	Siemens Energy AG	Dax
Deutsche Telekom AG	Dax	Siemens Healthineers AG	Dax
E.ON SE	Dax	Symrise AG	Dax
Eurazeo S.A.	Holding	Volkswagen AG	Dax
Fresenius Medical Care AG & Co. KGaA	Dax	Vonovia SE	Dax
Fresenius SE & Co. KGaA	Dax	Wendel SE	Holding
Hannover Rück SE	Dax	Zalando SE	Dax

The vertical comparison considers the board of management remuneration in relation to the remuneration of the first management level and also to the remuneration of the relevant total workforce, in each case also considering the development of the remuneration over time. The relevant total workforce used for the purpose of the vertical comparison is the entire staff of Porsche SE below the board of management, i.e., including the first management level (but not including the employees of group companies) (the “total workforce”).

2. Components of board of management remuneration in the fiscal year 2023

Fixed remuneration

The fixed remuneration consists of the fixed salary, fringe benefits and, in principle, also pension benefits. The rationale for fixed and thus non-performance-based remuneration is to provide the board of management members with an appropriate base income. In the supervisory board's view, such base income reduces the likelihood that board of management members will take risks that are inappropriate from the company's point of view.

Fixed salary

The fixed salary is cash-based remuneration set for the entire year that is paid out in twelve equal monthly installments. The amount of each board of management member's fixed salary varies depending on each member's area of responsibility, professional background and the general market conditions affecting the department represented by that member, and taking into account that member's overall time commitment also with respect to any sideline activities.

Fringe benefits

In addition, each board of management member receives benefits in kind and other earnings ("fringe benefits"). In particular, the following benefits are awarded as fringe benefits:

- As a rule, each board of management member is provided with a company car, which may also be used for private purposes. Such a company car may not be provided, if the board of management member is already entitled to use a company vehicle based on a sideline activity for a third-party company. The tax values are used to quantify the provision of a company car in the remuneration tables.
- Each board of management member also has the possibility to use other company vehicles privately for a discounted usage charge according to the terms applicable to the first management level.
- Each board of management member is covered by the insurance taken out by Porsche SE, i.e., legal protection insurance (covering civil and criminal liability) and financial loss liability insurance for board of management members ("D&O insurance"), and also by the group occupational accident insurance taken out by Porsche SE unless the board of management member is already covered by occupational accident insurance through a sideline activity for a third-party company.
- Each board of management member receives an allowance for health and long-term care insurance up to the amount of the employer's share of the statutory health and long-term care insurance unless the board of management member already receives or received such an allowance under another service contract due to (former) double employment.
- Each board of management member is entitled to continued payment of remuneration in the event of illness for no longer than twelve months. In the event of death, the surviving dependents are entitled to receive death grants equivalent to six monthly installments of the fixed salary.
- The board of management members receive certain perks and benefits to a limited extent, equal to what is also awarded to the first management level from time to time.
- Furthermore, Porsche SE bears the accommodation and food costs for staying at the location of the registered office of Porsche SE on the day before or after their business-related stay at Porsche SE's registered office.

In general, all board of management members are equally entitled to the benefits in kind and the other earnings; whether or not individual benefits are awarded and the specific amounts may vary depending on the board of management member's circumstances/department responsibility.

The current chairman of the board of management is additionally allowed to travel by charter flight to and from the registered office of Porsche SE at the expense of Porsche SE in order to perform his tasks.

Variable remuneration (board of management remuneration system 2021)

Principles of variable remuneration

In addition, the board of management members receive variable, performance-based remuneration in the form of a performance bonus that depends on whether or not specific financial and non-financial performance targets are reached. The bonus consists of a short-term incentive ("STI") and a long-term incentive ("LTI"). The parameters for both components are for the most part identical. However, the long-term incentive is tied to additional long-term performance criteria, the payment of which depends on whether or not these are fulfilled ("payout hurdle"). The aim of variable remuneration is to create incentives for implementing the corporate strategy in a sustainable way through targeted individual incentives for the board of management members and thus to promote Porsche SE as a profitable and competitive holding company.

The performance targets for the bonus are set in individual target agreements concluded with the individual board of management members. A target agreement is concluded between the board of management member and the supervisory board in each case before the relevant fiscal year starts; a target agreement stipulates several individual performance targets set by the supervisory board based on the business strategy, in addition to stipulating the relative weighting of the targets. The individual performance targets comprise primarily non-financial individual targets but may also be supplemented by financial performance targets related to that board of management member's department and tasks.

Besides the performance targets stipulated in the target agreement on an annual basis, a discretionary modifier is used to calculate the amount of the bonus. The modifier is set by the supervisory board at its reasonable discretion on the basis of an evaluation of the economic situation and development of the company and the general performance of the board of management member to the extent that these factors have not already been taken into account in the specific individual targets stipulated in the target agreement.

The basis for the calculation of the bonus is a target amount specified in the service contract, which is based on a target achievement of 100% ("bonus target amount"). The total payment amount for the bonus is limited to 150% of the bonus target amount ("bonus cap").

A board of management member's specific performance relating to the individual targets set in the target agreement and the corresponding degree of target achievement are assessed based on a scale in 25% increments with target achievement levels from 0% to 150% with the aim of achieving measurability of target achievement wherever possible. Where no provision is made for the measurability of target achievement, the supervisory board determines the degree of target achievement at its due discretion.

In accordance with the relative weighting of the individual performance targets, an overall degree of target achievement is determined based on the individual levels of target achievement determined, on the basis of which an intermediate amount is calculated using the bonus target amount.

The intermediate amount calculated in this way is multiplied by the modifier and the result is the total bonus amount, which is subject to the bonus cap:

> Overall degree of target achievement x bonus target amount (in EUR) x modifier = total bonus amount (but not exceeding the bonus cap)

If the overall degree of target achievement is less than 50%, no bonus will be paid for the relevant fiscal year (neither the STI nor LTI component).

In the event of extraordinary developments, the supervisory board may, at its reasonable discretion, increase or reduce the calculated total bonus amount by up to 20% by setting a special adjustment factor of 0.8 to 1.2; in that case, such an increase is not limited by the bonus cap.

Target achievement and the total bonus amount (taking into account the modifier and special adjustment factor) are generally determined within three months of the end of the bonus-relevant fiscal year ("set total bonus amount").

Short-term incentive

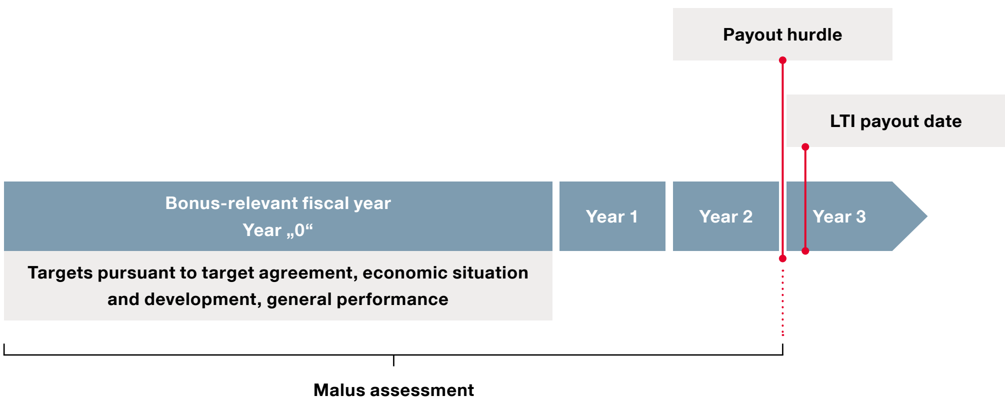
A share of 40% of the set total bonus amount constitutes the STI, which, subject to any applicable malus mechanisms (see section "III. 6. Compliance with remuneration ceiling"), is paid out three months after the end of the bonus-relevant fiscal year, but not before expiry of the third day following the day of the supervisory board meeting in which the consolidated financial statements of Porsche SE are approved.

Long-term incentive

A share of 60% of the set total bonus amount constitutes the LTI, which is retained for another two years after the end of the bonus-relevant fiscal year.

It will be paid out after the end of the two-year deferral period unless any malus mechanisms (see section "III. 6. Compliance with remuneration ceiling") during the three-year assessment period (i.e., including the two-year deferral period) result in a forfeiture or reduction and only if the payout hurdle is met.

The payout hurdle is met if, in the second fiscal year following the bonus-relevant fiscal year, a positive group result before tax or other group result before tax previously determined by the supervisory board is generated. If this payout hurdle is not reached, the entire LTI is forfeited. If the payout hurdle is met, the LTI (subject to any applicable malus mechanisms) will be due for payment two years after the corresponding STI falls due for payment, but not before the end of the third day following the day of the supervisory board meeting in which the consolidated financial statements of Porsche SE are approved that are decisive for determining whether or not the payout hurdle has been met.



Special bonus

At its due discretion, the supervisory board may, based on a special bonus target agreement, offer a special bonus to individual board of management members for the coming fiscal year with respect to special issues that require particular achievements. The same applies to special issues arising due to extraordinary developments during an ongoing fiscal year.

Variable remuneration (former remuneration principles relevant in the reporting year)

Up to and including the fiscal year 2021, Mr. Pötsch's service contract did not provide for any variable remuneration.

Dr. Döss also received variable remuneration in accordance with the formerly applicable remuneration principles. The amount of variable remuneration was specified by the supervisory board at its discretion, taking into account the achievement of targets set in target agreements as well as the business and earnings situation of the company. 40% of the variable remuneration set by the supervisory board for each completed fiscal year is due for payment three months after the fiscal year relevant for the bonus ends (short-term variable remuneration). The remaining 60% is generally due for payment two years after the short-term variable remuneration falls due (long-term variable remuneration). Payment is largely dependent on the Porsche SE Group generating a positive group result before tax in the most recent fiscal year concluded before the long-term variable remuneration fell due. In contrast to the board of management remuneration system 2021, the former remuneration agreement in place with Dr. Döss thus in particular did not include a definition of the determination of target achievement using a scale in 25% increments with target achievement levels from 0% to 150% as well as a modifier. The LTI 2020 long-term variable remuneration for Dr. Döss paid out in the reporting year is based on the former remuneration agreement.

The variable remuneration for the former board of management member Mr. von Hagen paid out in the fiscal year 2023 was generally subject to the same former remuneration principles that were applied to Dr. Döss. However, as an additional disbursement requirement for the long-term variable remuneration, positive net liquidity[1] of Porsche SE was required in addition to a positive group result after tax. In connection with Mr. von Hagen leaving the board of management of Porsche SE as of 30 June 2020, it was agreed that these disbursement requirements would no longer apply.

[1] Negative net liquidity corresponds to net debt.

3. Benefits and benefit commitments in connection with the termination of board of management activity

Benefits paid upon early contract termination

In the event of early termination of the service contract (and of the board of management activity), any payments due to the board of management member are limited to the value of twice the total annual remuneration ("severance cap"); the payments must not in any event exceed the remuneration due for the remaining term of the service contract. The total annual remuneration corresponds to the total remuneration for the purpose of ensuring compliance with the maximum remuneration (see section "III. 6. Compliance with remuneration ceiling"). The severance cap is calculated on the basis of the total remuneration for the past full fiscal year and, if appropriate, also the expected total remuneration for the current fiscal year.

If the service contract is terminated for a reason for which the board of management member is responsible, no severance payment will be made to the board of management member. Any severance payment will be set off against any non-competition compensation that is payable in the event that a post-contractual prohibition of competition has been agreed.

Benefit commitments for board of management members in the event of regular termination of their service

The pension schemes applicable to the board of management members vary depending on the date the member joined the board of management.

Mr. Pötsch does not receive any company pension benefits from Porsche SE.

Dr. Döss is awarded a salary-based retirement pension commitment that gives rise to a retirement pension entitlement equivalent to 25% of an agreed pensionable income. This increases by one percentage point for each active year of service as member of the board of management up to a maximum of 40%. As of 31 December 2023, Dr. Döss has reached a retirement pension entitlement of 33%. The retirement pension is payable after termination of the service contract when the board of management member reaches the age of 65 and if permanent inability to work occurs during the term of the service contract. The retirement pension is payable in twelve equal monthly installments. The surviving dependents' pension comprises a widows' pension of 60% of the retirement pension and orphans' benefits of 20% of the retirement pension for each child, reduced to 10% for each child if a widow's pension is paid. The total amount of the widows' pension and orphans' benefits must not exceed the amount of the retirement pension. Orphans' benefits are limited to a total of 80% of the retirement pension. Dr. Döss will continue to be entitled to a company car after retirement.

Dr. Lattwein and Mr. Meschke receive a direct commitment in the form of an employer-financed defined contribution benefit commitment, which will also be awarded to new members joining the board of management in accordance with the board of management remuneration system 2021.
Dr. Lattwein is entitled to an annual pension contribution of €270 thousand. Until 1 April 2023, Mr. Meschke was entitled to an annual pension contribution of €60 thousand. This was increased to €180 thousand following the amendment of the board of management service contract in the fiscal year. The increase in the pension contribution will apply pro rata temporis in the fiscal year 2023. The pension contribution is made on a pro rata basis for the year of joining as well as in the event of terminating the board of management service contract during the year. The pension contribution is paid for each year the service contract exists, but for no longer than until the member reaches the age of 62. The pension contributions together with the interest attributable to these contributions form the pension capital. The pension capital accumulated at the end of the preceding year bears interest of 4.0% on an

annual basis. The pension commitment covers three pensionable events: old age (reaching the age of 62), full or partial reduction in earnings capacity (within the meaning of the German statutory pension insurance scheme, but with respect to the service as member of the board of management, which is expected to last for at least six months) and death. The entitlement to pension payments exists only for the pensionable event that occurs first and also requires that the service contract has ended and that the board of management member has ceased to work for the company. Expectancy rights accruing from the defined contribution benefit commitment based on age are, in principle, subject to the applicable statutory vesting regulations (Sec. 1b (1) BetrAVG ["Betriebsrentengesetz": German Company Pension Act]) and therefore vest after three years; in derogation therefrom, contractual vesting applies with immediate effect for occupational disability and death. When a pensionable event occurs, the board of management member or their surviving dependents, as the case may be, will receive the pension capital as a one-time payment. Furthermore, after retirement, Dr. Lattwein continues to be entitled to a company car provided that he receives benefits from Porsche SE's pension scheme directly after his service contract ends as a result of reaching retirement age.

The table below contains the current service cost as well as the present value of the payment obligation of the board of management members active in the reporting year pursuant to IFRS.

€ thousand	Service cost IFRS **2023**	Present value IFRS **31/12/2023**
Dr. Manfred Döss	266	3,087
Dr. Johannes Lattwein[1]	298	568
Lutz Meschke	161	322
	725	**3,976**

[1] The amounts stated relate to the pension agreement in place between Porsche SE and Dr. Lattwein in connection with his board of management activities since 1 February 2022. Therefore, the amounts do not contain any pension commitments relating to a period until 31 January 2022. Such commitments led to a service cost of €29 thousand in the reporting year and relate to a present value of the payment obligation of €2,704 thousand as of the reporting date.

4. Awarded and due remuneration of the board of management members active in the fiscal year 2023

The tables below break down the remuneration awarded or due to the board of management members active in the fiscal year 2023 pursuant to Sec. 162 AktG. Awarded and due remuneration relates to the amounts that fell due in the reporting period and that were received. The figures thus represent the actual amounts received by each board of management member in the reporting year, regardless of which fiscal year the remuneration was set for and therefore earned. The remuneration awarded and due in the fiscal year 2023 thus comprises the fixed compensation as well as the fringe benefits for the fiscal year 2023, any short-term incentive ("STI") for the fiscal year 2022 as well as any long-term incentive ("LTI") for the fiscal year 2020. By contrast, the expense or contribution to the company pension scheme has not yet led to a cash outflow to the members of the board of management.

The total remuneration earned in the reporting period is additionally presented in section "III. 5. Board of management remuneration earned in the fiscal year 2023" and is used as a basis for ensuring compliance with the maximum remuneration.

Hans Dieter Pötsch
Chairman of the board of management (since 1 November 2015)

	2023[2] € thousand	**2023[1]** %	2022 € thousand	2022[1] %
Fixed compensation	775		700	
Fringe benefits	288		350	
Total fixed remuneration	**1,063**	**76.3**	**1,050**	**100.0**
Short-term bonus				
STI 2022	330	23.7		
Total variable remuneration	**330**	**23.7**		
Total remuneration acc. to Sec. 162 (1) AktG	**1,393**	**100.0**	**1,050**	**100.0**

1 The relative shares stated here relate to total remuneration pursuant to Sec. 162 (1) AktG.
2 The board of management service contract of Mr. Pötsch was adjusted as of 1 April 2023. The annual fixed salary was increased from €700 thousand to €800 thousand and the annual bonus target amount from €500 thousand to €750 thousand. The increases will apply pro rata temporis in the fiscal year 2023.

Until 31 December 2021, the remuneration agreement in place with Mr. Pötsch did not provide for any variable remuneration. Upon extending his contract as of 1 January 2022, Mr. Pötsch was switched to the board of management remuneration system 2021. Of the variable remuneration earned by Mr. Pötsch for the first time in the fiscal year 2022, the STI 2022 was paid in the fiscal year 2023. Subject to the payout hurdle being met, Mr. Pötsch will receive a long-term variable remuneration component for the first time in the fiscal year 2025 (LTI 2022). The supervisory board discussed the performance targets of Mr. Pötsch in detail. A decision on their achievement was made at its due discretion on the basis of an assessment of Mr. Pötsch's individual performance. The table below shows how the total bonus amount was derived for the fiscal year 2022, of which 40% relates to the STI 2022:

€ thousand			**2022**
Bonus target amount			500
Individual performance target	**Weighted %**	**Target achievement %**	
Development of strategic planning	30	150	
Digitization of business processes	20	150	
Strengthening capital market attractiveness	20	125	
Further development of employer attractiveness and employee satisfaction	15	150	
Development of a management succession plan	15	100	
Overall target achievement level of individual targets (%)			138
Intermediate amount			**688**
Modifier			1.0
Total bonus amount considering bonus cap			**688**
Special adjustment factor			1.2
Fixed total bonus amount			**825**
thereof STI 2022 (40%)			330

The modifier for the fiscal year 2022 was 1.0 and was determined by the supervisory board at its reasonable discretion in light of the economic situation and development of the company on the basis of the group result after tax for the fiscal year 2022 compared to the planned group result after tax for the fiscal year 2022 as well as in light of the general individual performance in the fiscal year 2022. The fiscal year 2022 was primarily shaped by the acquisition of 25% plus one share of Porsche AG's ordinary shares and the associated negotiations. On Porsche SE's board of management, it was largely Mr. Pötsch who oversaw this transaction, including its financing. In order to take into consideration this extraordinary development and the associated extraordinary achievement of Mr. Pötsch, who helped lead Porsche SE to an extremely successful result in the fiscal year 2022, the supervisory board used its reasonable discretion to set a special adjustment factor of 1.2 for Mr. Pötsch.

Dr. Manfred Döss

Member of the board of management responsible for legal affairs and compliance (since 1 January 2016)

	2023 € thousand	2023[1] %	2022 € thousand	2022[1] %
Fixed compensation	600		600	
Fringe benefits	57		58	
Total fixed remuneration	**657**	**47.0**	**658**	**48.7**
Short-term bonus				
STI 2022	321	23.0		
STI 2021			304	22.5
Long-term bonus				
LTI 2020	420	30.0		
LTI 2019			390	28.8
Total variable remuneration	**741**	**53.0**	**694**	**51.3**
Total remuneration acc. to Sec. 162 (1) AktG	**1,398**	**100.0**	**1,352**	**100.0**

1 The relative shares stated here relate to total remuneration pursuant to Sec. 162 (1) AktG.

The variable remuneration that Dr. Döss received in the fiscal year 2023 stems from the STI for the fiscal year 2022 as well as from the LTI for the fiscal year 2020. The variable remuneration for 2020 was determined by the supervisory board in prior years based on former remuneration principles (see section “III. 2. Components of board of management remuneration in the fiscal year 2023”, subsection “Variable remuneration (former remuneration principles relevant in the reporting year)”).

In both 2022 and 2020, the individual performance targets of Dr. Döss comprised successful and efficient litigation, the further development of the company’s legal affairs and compliance department as well as employee development. The supervisory board discussed the performance targets of Dr. Döss in detail with regard to the fiscal years 2022 and 2020. A decision on their achievement was made at its due discretion on the basis of an assessment of Dr. Döss’ individual performance.

With regard to the LTI 2020, the supervisory board awarded a bonus amount of €420 thousand (maximum bonus amount: €450 thousand). The payout hurdle of the LTI component 2020 was also met.

The table below shows how the total bonus amount was derived for the fiscal year 2022, of which 40% relates to the STI 2022:

€ thousand			2022
Bonus target amount			600
Individual performance target	**Weighted %**	**Target achievement %**	
Successful and efficient litigation	60	150	
Further development of the company's "legal affairs and compliance" department	25	100	
Employee development	15	125	
Overall target achievement level of individual targets (%)			134
Intermediate amount			**803**
Modifier			1.0
Total bonus amount considering bonus cap			**803**
Special adjustment factor			1.0
Fixed total bonus amount			**803**
thereof STI 2022 (40%)			321

The modifier for the fiscal year 2022 was 1.0 and was determined by the supervisory board at its reasonable discretion in light of the economic situation and development of the company on the basis of the group result after tax for the fiscal year 2022 compared to the planned group result after tax for the fiscal year 2022 as well as in light of the general individual performance in the fiscal year 2022. For Dr. Döss, there were no extraordinary developments causing the variable remuneration to increase or decrease, meaning that the special adjustment factor was not applied.

Dr. Johannes Lattwein

Member of the board of management responsible for finance and IT (since 1 February 2022)

	2023 € thousand	**2023**[1] %	2022 € thousand	2022[1] %
Fixed compensation	800		550	
Fringe benefits	122		107	
Total fixed remuneration	**922**	**75.0**	**657**	**100.0**
Short-term bonus				
STI 2022	308	25.0		
Total variable remuneration	**308**	**25.0**		
Total remuneration acc. to Sec. 162 (1) AktG	**1,230**	**100.0**	**657**	**100.0**

1 The relative shares stated here relate to total remuneration pursuant to Sec. 162 (1) AktG.

The variable remuneration that Dr. Lattwein received in the fiscal year 2023 stems from the STI for the fiscal year 2022. Subject to the payout hurdle being met, Dr. Lattwein will receive a long-term variable remuneration component for the first time in the fiscal year 2025 (LTI 2022). The supervisory board discussed the performance targets of Dr. Lattwein in detail. A decision on their achievement was made at its due discretion on the basis of an assessment of Dr. Lattwein's individual performance.

The table below shows how the total bonus amount was derived for the fiscal year 2022, of which 40% relates to the STI 2022:

€ thousand			2022
Bonus target amount (proportionate)			458
Individual performance target	**Weighted %**	**Target achievement %**	
Further development of the corporate financial management	40	150	
Further development of the company's finance organization	10	125	
Financial advice on investment projects	35	150	
Employee development	15	100	
Overall target achievement level of individual targets (%)			140
Intermediate amount			**642**
Modifier			1.0
Total bonus amount considering bonus cap			**642**
Special adjustment factor			1.2
Fixed total bonus amount			**770**
thereof STI 2022 (40%)			308

The modifier for the fiscal year 2022 was 1.0 and was determined by the supervisory board at its reasonable discretion in light of the economic situation and development of the company on the basis of the group result after tax for the fiscal year 2022 compared to the planned group result after tax for the fiscal year 2022 as well as in light of the general individual performance in the fiscal year 2022. The fiscal year 2022 was primarily shaped by the acquisition of 25% plus one share of Porsche AG's ordinary shares and the associated negotiations. On Porsche SE's board of management, it was largely Dr. Lattwein who oversaw this transaction, including its financing. In order to take into consideration this extraordinary development and the associated extraordinary achievement of Dr. Lattwein, who helped lead Porsche SE to an extremely successful result in the fiscal year 2022, the supervisory board used its reasonable discretion to set a special adjustment factor of 1.2 for Dr. Lattwein.

Lutz Meschke

Member of the board of management responsible for investment management (since 1 July 2020)

	2023[2] € thousand	**2023[1]** %	2022 € thousand	2022[1] %
Fixed compensation	585		540	
Fringe benefits	0		0	
Total fixed remuneration	**585**	**71.0**	**540**	**78.3**
Short-term bonus				
STI 2022	143	17.3		
STI 2021			150	21.7
Long-term bonus				
LTI 2020	96	11.7		
Total variable remuneration	**239**	**29.0**	**150**	**21.7**
Total remuneration acc. to Sec. 162 (1) AktG	**824**	**100.0**	**690**	**100.0**

1 The relative shares stated here relate to total remuneration pursuant to Sec. 162 (1) AktG.
2 The board of management service contract of Mr. Meschke was adjusted as of 1 April 2023. The annual fixed salary was increased from €540 thousand to €600 thousand and the annual bonus target amount from €250 thousand to €500 thousand. The annual pension contribution was also increased from €60 thousand to €180 thousand. The increases will apply pro rata temporis in the fiscal year 2023.

The variable remuneration that Mr. Meschke received in the fiscal year 2023 stems from the STI for the fiscal year 2022 as well as from the LTI for the fiscal year 2020. The supervisory board discussed the performance targets of Mr. Meschke in detail with regard to the fiscal years 2022 and 2020. A decision on their achievement was made at its due discretion on the basis of an assessment of Mr. Meschke's individual performance.

The table below shows how the total bonus amount was derived for the fiscal year 2022, of which 40% relates to the STI 2022:

€ thousand			2022
Bonus target amount			250
Individual performance target	**Weighted %**	**Target achievement %**	
Identification of investment opportunities	25	150	
Further development of the investment strategy	20	150	
Active value management of the investment portfolio	40	150	
Employee development	15	100	
Overall target achievement level of individual targets (%)			143
Intermediate amount			**356**
Modifier			1.0
Total bonus amount considering bonus cap			**356**
Special adjustment factor			1.0
Fixed total bonus amount			**356**
thereof STI 2022 (40%)			143

The modifier for the fiscal year 2022 was 1.0 and was determined by the supervisory board at its reasonable discretion in light of the economic situation and development of the company on the basis of the group result after tax for the fiscal year 2022 compared to the planned group result after tax for the fiscal year 2022 as well as in light of the general individual performance in the fiscal year 2022. For Mr. Meschke, there were no extraordinary developments causing the variable remuneration to increase or decrease, meaning that the special adjustment factor was not applied.

The table below shows how the total bonus amount was derived for the fiscal year 2020, of which 60% relates to the LTI 2020:

€ thousand			2020
Bonus target amount (proportionate)			125
Individual performance target	**Weighted %**	**Target achievement %**	
Revision of the current investment approach	30	125	
Reorganization of the corporate investment management	30	100	
Identification of investment opportunities	10	150	
Active value management of the investment portfolio	30	150	
Overall target achievement level of individual targets (%)			128
Intermediate amount			**159**
Modifier			1.0
Total bonus amount considering bonus cap			**159**
Special adjustment factor			1.0
Fixed total bonus amount			**159**
thereof LTI 2020 (60%)			96

The modifier for the fiscal year 2020 was 1.0 and was determined by the supervisory board at its reasonable discretion in light of the economic situation and development of the company on the basis of the group result after tax for the fiscal year 2020 compared to the planned group result after tax for the fiscal year 2020 as well as in light of the general individual performance in the fiscal year 2020. For Mr. Meschke, there were no extraordinary developments causing the variable remuneration to increase or decrease, meaning that the special adjustment factor was not applied. The payout hurdle of the LTI component 2020 was also met.

5. Board of management remuneration earned in the fiscal year 2023

In addition to fixed remuneration, the tables below contain the contractually agreed variable target, minimum and maximum amounts of the remuneration components, the one-year and multiple-year variable remuneration components, some of which are conditional, earned by the active members of the board of management in the fiscal years 2023 and 2022 as well as the service cost from pension commitments in accordance with IFRS. Unlike the amounts in section “III. 4. Awarded and due remuneration of the board of management members active in the fiscal year 2023”, the variable remuneration components do not show the amounts received in the reporting period, but rather the total bonus amounts that can be or have been set for the reporting period. The target remuneration corresponds to the remuneration that would be set if the overall target achievement level were 100%. The remuneration earned shows the remuneration actually set for the fiscal year. The total remuneration earned forms the basis for the review of compliance with the maximum remuneration (see section “III. 6. Compliance with remuneration ceiling”).

Hans Dieter Pötsch[1]
Chairman of the board of management (since 1 November 2015)

€ thousand	**2023** Target remuneration	**2023** min.	**2023** max.	**2023** earned	**2023** %	2022 earned	2022 %
Fixed compensation	775	775	775	775		700	
Fringe benefits	288	288	288	288		350	
Total fixed remuneration	**1,063**	**1,063**	**1,063**	**1,063**	**52.9**	**1,050**	**56.0**
Short-term bonus							
STI 2023	275	0	495	378	18.8		
STI 2022						330	17.6
Long-term bonus							
LTI 2023	413	0	743	567	28.2		
LTI 2022						495	26.4
Total variable remuneration	**688**	**0**	**1,238**	**945**	**47.1**	**825**	**44.0**
Service cost	**0**	**0**	**0**	**0**	**0.0**	**0**	**0.0**
Earned total remuneration	**1,751**	**1,063**	**2,301**	**2,009**	**100.0**	**1,875**	**100.0**

[1] The board of management service contract of Mr. Pötsch was adjusted as of 1 April 2023. The annual fixed salary was increased from €700 thousand to €800 thousand and the annual bonus target amount from €500 thousand to €750 thousand. The increases will apply pro rata temporis in the fiscal year 2023.

Dr. Manfred Döss

Member of the board of management responsible for legal affairs and compliance (since 1 January 2016)

€ thousand	**2023** Target remuneration	**2023** min.	**2023** max.	**2023** earned	**2023** %	2022 earned	2022 %
Fixed compensation	600	600	600	600		600	
Fringe benefits	57	57	57	57		58	
Total fixed remuneration	**657**	**657**	**657**	**657**	**38.2**	**658**	**33.4**
Short-term bonus							
STI 2023	240	0	432	318	18.5		
STI 2022						321	16.3
Long-term bonus							
LTI 2023	360	0	648	477	27.8		
LTI 2022						482	24.4
Total variable remuneration	**600**	**0**	**1,080**	**795**	**46.3**	**803**	**40.7**
Service cost	**266**	**266**	**266**	**266**	**15.5**	**512**	**26.0**
Earned total remuneration	**1,523**	**923**	**2,003**	**1,718**	**100.0**	**1,973**	**100.0**

Dr. Johannes Lattwein

Member of the board of management responsible for finance and IT (since 1 February 2022)

€ thousand	**2023** Target remuneration	**2023** min.	**2023** max.	**2023** earned	**2023** %	2022 earned	2022 %
Fixed compensation	800	800	800	800		550	
Fringe benefits	122	122	122	122		107	
Total fixed remuneration	**922**	**922**	**922**	**922**	**39.8**	**657**	**37.1**
Short-term bonus							
STI 2023	280	0	504	439	18.9		
STI 2022						308	17.4
Long-term bonus							
LTI 2023	420	0	756	658	28.4		
LTI 2022						462	26.1
Total variable remuneration	**700**	**0**	**1,260**	**1,097**	**47.4**	**770**	**43.5**
Service cost	**298**	**298**	**298**	**298**	**12.9**	**342**	**19.3**
Earned total remuneration	**1,919**	**1,219**	**2,479**	**2,317**	**100.0**	**1,768**	**100.0**

Lutz Meschke[1]
Member of the board of management responsible for investment management (since 1 July 2020)

€ thousand	**2023** Target remuneration	**2023** min.	**2023** max.	**2023** earned	**2023** %	2022 earned	2022 %
Fixed compensation	585	585	585	585		540	
Fringe benefits	0	0	0	0		0	
Total fixed remuneration	**585**	**585**	**585**	**585**	**43.2**	**540**	**55.5**
Short-term bonus							
STI 2023	175	0	315	243	17.9		
STI 2022						143	14.6
Long-term bonus							
LTI 2023	263	0	473	364	26.9		
LTI 2022						214	22.0
Total variable remuneration	**438**	**0**	**788**	**607**	**44.9**	**356**	**36.6**
Service cost	**161**	**161**	**161**	**161**	**11.9**	**77**	**7.9**
Earned total remuneration	**1,184**	**746**	**1,534**	**1,353**	**100.0**	**973**	**100.0**

[1] The board of management service contract of Mr. Meschke was adjusted as of 1 April 2023. The annual fixed salary was increased from €540 thousand to €600 thousand and the annual bonus target amount from €250 thousand to €500 thousand. The annual pension contribution was also increased from €60 thousand to €180 thousand. The increases will apply pro rata temporis in the fiscal year 2023.

To measure variable remuneration for the fiscal year 2023, the supervisory board assessed the achievement of the individual performance targets set for the fiscal year 2023.

The supervisory board discussed the performance targets in detail. A decision on their achievement was made on the basis of an assessment of the individual performance of the members of the board of management Where no provision was made for the measurability of target achievement, the supervisory board carried out this assessment at its due discretion. The individual performance targets of the board of management members for the fiscal year 2023 set by the supervisory board including their target achievement level are summarized in the table below.

	Individual performance targets 2023	Weighted %	Target achievement %
Hans Dieter Pötsch	Further development of strategic planning	30	150
	Strengthening capital market attractiveness	30	125
	Employee development	20	125
	Management development as part of the succession planning	20	150
	Overall target achievement level		**138**
Dr. Manfred Döss	Successful and efficient litigation	60	150
	Further development of the company's knowhow-management in the "legal affairs and compliance" department	10	125
	Further development of the company's legal risk management in the "legal affairs and compliance" department	15	100
	Employee development	15	100
	Overall target achievement level		**133**
Dr. Johannes Lattwein	Further development of finance strategy	25	150
	Further development of finance processes	25	150
	Digitalization of business processes	10	125
	Financial advice on investment projects	20	150
	Stakeholder management	20	125
	Overall target achievement level		**143**
Lutz Meschke	Identification of investment opportunities	25	150
	Further development of the partnering concept for portfolio investments	20	150
	Embedding ESG criteria in the investment process	15	125
	Active value management of the investment portfolio	25	150
	Employee development	15	100
	Overall target achievement level		**139**

With regard to determining the modifier for the fiscal year 2023, the economic situation and development of the company was assessed on the basis of the group result after tax for the fiscal year 2023 compared to the planned group result after tax for the fiscal year 2023. The general performance of the board of management members in the fiscal year 2023 was assessed at the supervisory board's due discretion provided this had not already been covered by the assessment of the individual targets.

In the fiscal year 2023, Porsche SE's capacities were particularly tied up with integration measures following the acquisition of the investment in Porsche AG, which Dr. Lattwein was also heavily involved in. Nevertheless, Dr. Lattwein was able to successfully conclude a highly complex tax project involving a refund of more than €200 million. This had not yet been taken into account in the targets set for Dr. Lattwein and resulted in a very positive result for Porsche SE in the fiscal year 2023. The supervisory board is therefore of the opinion that, in addition to his outstanding successes in the refinancing of Porsche SE, the highly complex tax project represents an extraordinary achievement by Dr. Lattwein during the year. To take account of this extraordinary achievement, the supervisory board used its due discretion to set a special adjustment factor of 1.1 for Dr. Lattwein. There were no extraordinary developments for Mr. Pötsch, Dr. Döss and Mr. Meschke in the fiscal year 2023, causing the variable remuneration to increase or decrease, meaning that the special adjustment factor was not applied. The payout hurdle for the LTI 2023 is met when a positive group result before tax is achieved in the fiscal year 2025. The table below presents the reconciliation of the bonus target amount to the fixed total bonus amount for each board of management member earned for the fiscal year 2023 and set by the supervisory board:

€ thousand	Hans Dieter Pötsch[1]	Dr. Manfred Döss	Dr. Johannes Lattwein	Lutz Meschke[1]
Bonus target amount	688	600	700	438
Overall target achievement level of individual targets (%)	138	133	143	139
Intermediate amount	**945**	**795**	**998**	**607**
Modifier	1.0	1.0	1.0	1.0
Total bonus amount considering bonus cap (150%)	**945**	**795**	**998**	**607**
Special adjustment factor	1.0	1.0	1.1	1.0
Fixed total bonus amount	**945**	**795**	**1,097**	**607**
thereof STI 2023 (40%)	378	318	439	243
thereof LTI 2023 (60%)	567	477	658	364

1 The bonus target amounts of Mr. Pötsch and Mr. Meschke were adjusted as of 1 April 2023. The increases will apply pro rata temporis in the fiscal year 2023.

The LTIs earned but not yet paid out as of 31 December 2023 comprised LTI components for the following fiscal years presented in the table below. They will be paid out after the end of a two-year deferral period unless any malus mechanisms during the three-year assessment period (i.e., including the two-year deferral period) result in a forfeiture or reduction and only if the payout hurdle is met (see also section “III. 2. Components of board of management remuneration in the fiscal year 2023”).

€ thousand	Date of disbursement	Hans Dieter Pötsch	Dr. Manfred Döss	Dr. Johannes Lattwein	Lutz Meschke	Philipp von Hagen until 30 June 2020
LTI 2023	2026	567	477	658	364	
LTI 2022	2025	495	482	462	214	
LTI 2021	2024		455		225	25[1]
		1,062	**1,414**	**1,120**	**803**	**25**

1 In connection with Mr. von Hagen leaving the board of management of Porsche SE in the fiscal year 2020, it was agreed that the benefits to which he is entitled under his service contract would be honored in full until the end of the term of the contract on 28 February 2021. As a result of this, Mr. von Hagen receives long-term variable remuneration of €25 thousand (LTI 2021) for the period from 1 January 2021 to 28 February 2021. The originally planned determination/disbursement requirements for the variable remuneration (positive group result before tax and positive net liquidity of Porsche SE) no longer apply.

6. Compliance with remuneration ceiling

Maximum remuneration

The supervisory board has set the maximum remuneration for the entire board of management at €24 million per year.

This maximum remuneration constitutes the maximum amount that may be awarded to the entire board of management under the board of management remuneration system 2021 for board of management activities for a given fiscal year and includes all of the fixed and variable remuneration components (i.e., including any special bonuses or bonus adjustments due to extraordinary developments). Accordingly, the amount of the maximum remuneration includes the fixed salary, the one-year and multiple-year variable remuneration components (STI and LTI and also including any special bonuses), some conditional, earned for the relevant fiscal year, all fringe benefits and the service cost for pension commitments.

The remuneration, some of which is conditional, earned by the entire board of management in the fiscal year 2023 totals €7 million and is therefore below the remuneration ceiling.

Malus and clawback provisions

Subject to the contractual provisions, the supervisory board is able under certain conditions to retain variable remuneration components that have not yet been paid out (“malus”) or – to the extent they have already been paid out – to reclaim such components (“clawback”).

In the fiscal year 2023, the supervisory board of Porsche SE did not retain or reclaim any variable remuneration components from individual members of the board of management. The prerequisites for a malus or clawback claim affecting variable remuneration components did not apply.

7. Remuneration of former board of management members in the fiscal year 2023

In connection with Mr. von Hagen leaving the board of management of Porsche SE as of 30 June 2020, it was agreed in the fiscal year 2020 that the benefits to which he is entitled under his service contract would be honored in full until the end of the term of the contract on 28 February 2021. As a result of this, in the fiscal year 2023, Mr. von Hagen received long-term variable remuneration of €150 thousand (€150 thousand) for the fiscal year 2020. The remuneration awarded and due in the fiscal year 2023 thus amounted to €150 thousand (€167 thousand), comprising 100% variable remuneration components.

The LTI 2020 was determined by the supervisory board in 2021 based on former remuneration principles (see section "III. 2. Components of board of management remuneration in the fiscal year 2023", subsection "Variable remuneration (former remuneration principles relevant in the reporting year)"). The individual performance targets of Mr. von Hagen comprised the successful heading and organizational as well as personal-related further development of investment management, the further development and operationalization of the investment strategy, the further development of the positioning of Porsche SE on the capital market as a powerful investment platform as well as the management and organization of the leadership of the investments being controlled. In this regard, the supervisory board discussed the performance targets in detail in the fiscal year 2021. A decision on their achievement was made at its due discretion on the basis of an assessment of Mr. von Hagen's individual performance. With regard to the LTI 2020, the supervisory board awarded a bonus of €150 thousand (maximum bonus amount: €180 thousand). The due date for payment is determined according to the usual points in time agreed in the service contract; the disbursement requirements (positive group result before tax and – in the case of the long-term variable remuneration – also positive net liquidity[1] of Porsche SE) no longer apply.

The former board of management member Mr. Müller was awarded remuneration of €14 thousand (€5 thousand) in the fiscal year 2023 in the form of a car for private use, to which he is entitled in accordance with his former service contract. The remuneration is thus made up entirely of fixed remuneration components.

[1] Negative net liquidity corresponds to net debt.

IV. Remuneration of the supervisory board

Supervisory board remuneration system in the fiscal year 2023

The remuneration of Porsche SE's supervisory board members is governed by Art. 13 of the articles of association and is described in the remuneration system for supervisory board members, which was confirmed by the annual general meeting in the fiscal year 2021. For their work, the members of the supervisory board exclusively receive fixed remuneration, the amount of which depends specifically on the tasks assumed on the supervisory board and its committees.

According to the provisions set out in the articles of association, the annual basic remuneration is €150 thousand for the chairman of the supervisory board, €100 thousand for his deputy and €75 thousand for every other member of the supervisory board. The chairman of the audit committee receives an additional €100 thousand annually and every other member of the audit committee each receives an additional €50 thousand annually. For the activities undertaken on the committees other than the nominations committee and the investment committee (currently not established), the chairman receives an additional €50 thousand and every other member an additional €25 thousand each. If a member of the supervisory board holds more than two offices on committees at the same time, that member receives only the remuneration for the two most highly remunerated offices.

Supervisory board members who are members of the supervisory board or of a committee or who act as (deputy) chairman for only a part of a fiscal year receive reduced remuneration proportionate to that period.

The members of the supervisory board are also covered by a D&O insurance policy maintained by the company; the premiums of the D&O insurance are paid by Porsche SE. In addition, the company reimburses each supervisory board member for their expenses as well as for any value added tax legally owed on their remuneration or on the reimbursement of their expenses.

The fixed remuneration is due and payable after each fiscal year ends. Expenses are to be reimbursed without undue delay. There are no further postponement periods for the payment of remuneration components.

The remuneration system for the supervisory board is designed to allow the company to continue to attract and retain independent, qualified candidates with valuable specialist and industry-specific expertise for its supervisory board. This is a prerequisite for the supervisory board to engage in its advisory and monitoring activities in the best possible way. The remuneration is set and designed in a way that materially promotes the strategy and long-term development of Porsche SE.

Awarded and due remuneration of the supervisory board members active in the fiscal year 2023

The remuneration for the current members of Porsche SE's supervisory board presented below relates to the remuneration awarded and due in the fiscal year 2023 or 2022, relating to the amounts actually received for their service on the supervisory board as well as for their service on committees of the supervisory board of Porsche SE in the fiscal year 2022 or 2021.

			2023	2022
€ thousand	Fixed compensation	Remuneration for committee activities	Total	Total
Dr. Wolfgang Porsche	150	66	216	200
Dr. Hans Michel Piëch	100	75	175	175
Prof. Dr. Ulrich Lehner	75	100	175	175
Dr. Ferdinand Oliver Porsche	75	82	157	150
Mag. Josef Michael Ahorner	75		75	75
Mag. Marianne Heiß	75		75	75
Dr. Günther Horvath	75	16	91	75
Dr. Stefan Piëch (until 30/6/2023)	75	16	91	75
Peter Daniell Porsche	75		75	75
Prof. KR Ing. Siegfried Wolf	75		75	75
Total	**850**	**355**	**1,205**	**1,150**

The remuneration awarded in the fiscal year 2023, which relates to the amounts actually received for their service on the supervisory board as well as for their service on committees of the supervisory board of Porsche SE in the fiscal year 2022, increased for Dr. Wolfgang Porsche, Dr. Ferdinand Oliver Porsche, Dr. Günther Horvath and Dr. Stefan Piëch as a result of setting up a committee with respect to the particular importance of the acquisition of ordinary shares in Porsche AG in the fiscal year 2022. Ms. Sophie Piëch was elected to the supervisory board of Porsche SE for the first time by the annual general meeting on 30 June 2023. As the supervisory board remuneration for the fiscal year 2023 is actually received in the fiscal year 2024, Ms. Sophie Piëch is not included in the table above.

V. Comparative presentation of the annual change in remuneration of members of the board of management and supervisory board to the earnings development of the company and to the average remuneration of employees at Porsche SE

The table below presents the percentage change in the remuneration of current or former board of management and supervisory board members awarded and due in each fiscal year, the earnings situation of Porsche SE and the average remuneration of full-time-equivalents at Porsche SE.

The development of the board of management's and the supervisory board's remuneration is based on the remuneration awarded and due within the meaning of Sec. 162 (1) Sentence 1 AktG, as stated in the tables in section "III. 4. Awarded and due remuneration of the board of management members active in the fiscal year 2023" and in sections "III. 7 Remuneration of former board of management members in the fiscal year 2023" and "IV. Remuneration of the supervisory board".

The earnings development of the company is generally presented using the development of net income for the year of Porsche SE pursuant to Sec. 275 (2) No. 17 HGB ["Handelsgesetzbuch": German Commercial Code]. As the group result after tax of Porsche SE serves as a key performance indicator and also influences the variable remuneration of the board of management, the development of the group result after tax is also presented.

For the development of the average remuneration of the employees, the group of employees at Porsche SE below the board of management, i.e., including the first management level (but not including the employees of group companies), is used as a basis. The remuneration of part-time staff is extrapolated to full-time equivalents.

	Annual change 2023 vs. 2022	Annual change 2022 vs. 2021	Annual change 2021 vs. 2020	Annual change 2020 vs. 2019	Annual change 2019 vs. 2018
Remuneration of the board of management					
Hans Dieter Pötsch	32.7%[1]	39.0%	–7.4%	–1.0%	–5.8%
Dr. Manfred Döss	3.4%	3.9%	43.1%	–3.1%	–17.1%
Dr. Johannes Lattwein (since 1/2/2022)	87.3%[1]				
Lutz Meschke (since 1/7/2020)	19.3%[1]	14.3%[1]	123.6%[2]		
Philipp von Hagen (until 30/6/2020)	–10.0%[2]	–52.2%[2]	–60.5%[2]	0.2%	3.4%
Matthias Müller (until 30/4/2018)	200.0%[3]		–100.0%[2]	–58.5%[2]	–99.0%[2]
Remuneration of the supervisory board					
Dr. Wolfgang Porsche	8.0%[4]	0.0%	0.0%	0.0%	50.2%
Dr. Hans Michel Piëch	0.0%	0.0%	0.0%	0.0%	103.1%
Prof. Dr. Ulrich Lehner	0.0%	0.0%	0.0%	0.0%	31.5%
Dr. Ferdinand Oliver Porsche	4.6%[4]	0.0%	0.0%	0.0%	50.2%
Mag. Josef Michael Ahorner (since 4/7/2018)	0.0%	0.0%	0.0%	101.7%[2]	
Mag. Marianne Heiß (since 15/5/2018)	0.0%	0.0%	0.0%	58.0%[2]	
Dr. Günther Horvath (since 13/3/2018)	21.3%[4]	0.0%	0.0%	24.1%[2]	
Dr. Stefan Piëch (since 4/7/2018; until 30/6/2023)	21.3%[4]	0.0%	0.0%	101.7%[2]	
Peter Daniell Porsche (since 4/7/2018)	0.0%	0.0%	0.0%	101.7%[2]	
Prof. KR Ing. Siegfried Wolf (since 11/4/2019)	0.0%	0.0%	37.7%[2]		
Earnings performance					
Annual result of Porsche SE (HGB)	–64.9%	398.0%	17.2%	–10.8%	64.1%
Group result after tax of Porsche SE	–7.2%[5]	20.3%[5]	74.0%	–40.5%	26.3%
Development of the average remuneration of the employees					
Total workforce Porsche SE	–16.5%	14.4%	1.7%	4.9%	–3.7%

1 Changes largely result from the first-time payment of short-term or long-term variable remuneration components.
2 Changes largely result from the time of joining or in connection with leaving the board of management or supervisory board.
3 The remuneration relates entirely to the provision of a car for private use. The change in 2023 compared to 2022 results from the utilization of this entitlement during the fiscal year 2022. This remuneration is therefore only pro rata temporis.
4 Changes result from the establishment of a committee with respect to the special significance of the acquisition of ordinary shares in Porsche AG.
5 The group result after tax of Porsche SE for the fiscal year 2022 was adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. As a result of this, the development of the group result after tax of Porsche SE reported in the prior year also increased from 4.8% to 20.3%.

Stuttgart, 14 March 2024

Porsche Automobil Holding SE

The board of management

The supervisory board

Sustainability at Porsche SE Group

Responsibility to act sustainably

The guiding principles of the Porsche SE Group are its entrepreneurial spirit and its commitment as a responsible investor. Based on its entrepreneurial tradition, the Porsche SE Group aspires to achieve a positive impact for creating sustainable value through its actions.

The Porsche SE Group is guided by its economic, social and environmental responsibility towards its employees, business partners and society. The Porsche SE Group believes that responsible and ethical conduct and acting with integrity are key drivers of business success. This is especially true as an investor. By setting itself high standards for environmental, social and governance (ESG or sustainability) aspects, the Porsche SE Group creates an environment that enables and promotes sustainable business practices.

The Code of Conduct, which is binding for all employees, including the board of management, lays the foundation for responsible and sustainable actions at Porsche SE Group. The Code of Conduct is available on the Porsche SE website at

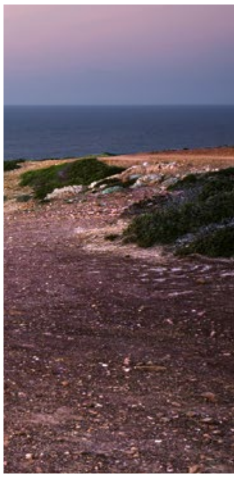
https://www.porsche-se.com/en/company/corporate-governance.

Basis of reporting

Sustainability aspects from environmental, social and governance areas are an important part of corporate governance and strategy at Porsche SE Group. The reporting focuses on relevant sustainability aspects for Porsche SE and the companies fully consolidated in the consolidated financial statements of Porsche SE, all of which are intermediate holding companies. Control[1] is not given with regard to the other investments of the Porsche SE Group (see consolidated financial statements of Porsche SE for the fiscal year 2023, note [3] “Scope of consolidation”).

Porsche SE is not required to prepare a non-financial (group) statement in accordance with Sec. 289b HGB [“Handelsgesetzbuch”: German Commercial Code] or Sec. 315b HGB for the fiscal year 2023 because it does not meet the relevant requirements. This report does not constitute a voluntary non-financial (group) statement. Rather, it serves to provide interested stakeholders with information on how Porsche SE addresses sustainability aspects.

[1] Control as defined by IFRS 10



Sustainability organization at the level of the Porsche SE Group

The chairman of the board of management of Porsche SE has overall responsibility for sustainability. In addition, the other members of the board of management are responsible for the sustainability aspects particularly relevant to their department.

The supervisory board has designated Mag. Marianne Heiß as its ESG expert, recognizing the importance of sustainability aspects. In performing its duties during the fiscal year, the supervisory board took sustainability aspects into account. Please refer to the report of the supervisory board published in the annual report.

The supervisory board has also included sustainability targets in the individual target agreements for the variable remuneration of members of the board of management in accordance with the system of remuneration for the members of the board of management. Please refer to the remuneration report published in the annual report.

Information on the composition and working methods of the board of management and supervisory board, including its competence profile, can be found in the declaration of compliance, which is published as part of the combined group management report in the annual report.

Sustainability strategy at the level of the Porsche SE Group

Porsche SE pursues the overarching goal of creating sustainable value for its shareholders. In order to strengthen Porsche SE's resilience, potential risks in connection with the negative effects of business activities on the environment and society should also be mitigated. Porsche SE therefore pursues the goal of sustainable corporate governance and the implementation of sustainability aspects both for its holding company operations and for its investment decisions.

As a pure holding company without control[1] over any of its operating investments, Porsche SE distinguishes in its sustainability strategy between its holding operations ("holding level") and its core and portfolio investments ("investment level").

The holding level comprises Porsche SE and the companies fully consolidated in the consolidated financial statements of Porsche SE, all of which are intermediate holding companies. Porsche SE pursues and implements its own sustainability strategy at holding level.

At investment level, on the other hand, the individual investment companies develop and implement their own sustainability strategies. Porsche SE's strategy is therefore limited to taking sustainability aspects into account in its investment decisions and subsequently exercising its role as a responsible investor accordingly.

[1] Control as defined by IFRS 10

Holding level

The interests of various stakeholder groups of the Porsche SE Group are taken into account when identifying relevant sustainability aspects. To do so, Porsche SE uses, among other things, insights from investor inquiries and roadshows, analyst talks, the shareholder dialog with investments, appraisal interviews and press inquiries.

As the qualifications, motivation and performance of Porsche SE's employees are key success factors, employee-related matters are a central aspect of the sustainability strategy at holding level. In addition to promoting health and advanced training, the primary aim is to attract and retain qualified employees. Accordingly, Porsche SE intends to further establish itself as a top employer.

Compliance is also considered to be particularly relevant at holding level. This includes the aspects of respecting human rights, anti-corruption and bribery matters, anti-money laundering and countering the financing of terrorism, avoiding conflicts of interest, tax honesty, information security, data protection, foreign trade and investment control as well as selecting and dealing with business partners. Porsche SE is fully committed to compliance as part of its corporate culture. Compliance with laws, other legal standards, the Code of Conduct, company guidelines and other internal company regulations is a basic principle of Porsche SE's corporate activities.

As the holding operation of the Porsche SE Group based in Germany does not include any companies from the manufacturing or commodity- and energy-intensive industries, environmental and social aspects are of little or no relevance at holding level. For example, the CO_2 emissions[1] caused exclusively by Porsche SE's holding company are comparatively low. Due to the key societal challenges arising in connection with climate change, CO_2 emissions at holding level are described in the "Climate change mitigation" section. The decarbonization strategies at the level of the core investments are also reported.

Porsche SE is continuously advancing its sustainability strategy, sustainability organization and sustainability reporting, particularly in preparation for the requirements of the new CSRD [Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive].

[1] The use of the term CO_2 emissions in this chapter includes the consideration of additional climate-damaging greenhouse gases such as methane (CH_4) and laughing gas (N_2O).

Investment level

Due to a lack of control[1], Porsche SE can only encourage sustainable corporate governance of its investments through the shareholder dialog and board work. Porsche SE assumes the role of a responsible investor in order to strengthen the resilience of its investment portfolio in cooperation with its partners, also with regard to potential sustainability risks. Porsche SE's corporate strategy centers around the investment strategy. Porsche SE's sustainability strategy therefore also aims to take sustainability aspects into account in investment decisions. This is intended to mitigate potential risks in connection with the negative effects of business activities on the environment and society.

Prior to acquiring investments, due diligence reviews are regularly carried out with the help of external consultants (including specialized sustainability consultants), which may also include sustainability aspects. Consideration of sustainability aspects is an integral part of the investment process and is enshrined in an internal company guideline.

Porsche SE invests in sustainable business models and thus provides growth capital for its portfolio companies, which can contribute to the transition to a sustainable economy. Besides the two core investments, the Porsche SE Group has invested over the past few years in several companies that have significant sustainability aspects built into their business models. With their software solutions and their data portfolio, European Transport Solutions S.à r.l. and INRIX Inc. aim to optimize traffic flows and transport routes, thereby making a significant contribution to reducing the consumption of resources and lowering emissions. A further example of contributing to sustainability are the innovative 3D printing solutions of our investments Markforged and Seurat Technologies, which allow for a more efficient use of resources in production and a reduction of emissions by shortening supply chains. Porsche SE also acquired shares in ABB E-mobility in the fiscal year 2023. With over 50,000 DC fast chargers sold, the company has the largest installed base of fast chargers in the market. As one of the world's leading suppliers of charging solutions for electric vehicles, ABB E-mobility makes an important contribution to growth in the area of electromobility.

Porsche SE's investments in private equity and venture capital funds are also allocated to the portfolio investments category. Funds subscribed to by Porsche SE are managed in accordance with sustainability-related investment guidelines and are classified at a minimum as an article 8 fund in accordance with the; SFDR [Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation)]. Some of the funds are also aligned with explicit sustainability objectives in accordance with article 9 of the SFDR.

Porsche SE supports the sustainability strategies of its core investments. As the largest investor in connection with the successful IPO of Porsche AG, Porsche SE played an active role in providing the Volkswagen Group with the capital required for Volkswagen's transformation into a provider of sustainable mobility and at the same time increasing the independence of Porsche AG. Porsche SE is convinced that the Volkswagen Group will play a leading role in the transformation of the automotive industry and for this reason also has considerable potential for increasing value.

[1] Control as defined by IFRS 10

Sustainability strategy and organization at the level of the core investments

Given the importance of the core investments for Porsche SE's investment portfolio, the sustainability strategy and organization at their level are presented in the following. These are based on extracts from the annual report as well as the sustainability report of the Volkswagen Group for the fiscal year 2023 and the annual and sustainability report of the Porsche AG Group for the fiscal year 2023.

Volkswagen AG

The Volkswagen Group can influence environmental, social and economic systems with long-term viability at global, regional and local level in various ways and actively takes responsibility to make a contribution to their sustainability. The Volkswagen Group has thus developed a sustainable style of company management and put in place the necessary management structures.

The goal to sustainably shape mobility for current and future generations has also been anchored in the Volkswagen Group strategy NEW AUTO. The decarbonization of the Volkswagen Group and in particular its portfolio of products is a major part of this group strategy, where it has been defined as one of the focus areas in the "ESG, Decarbonization and Integrity" base initiative. As a result of a materiality analysis, the Volkswagen Group identified the following focus areas: decarbonization, circular economy, supply chain and human rights, people in transformation, diversity and integrity.

The Volkswagen Group has established a group-wide sustainability management. The related structures, processes and responsibilities are codified in a specific Volkswagen Group policy. The core elements include assumption of cross-functional overall responsibility for sustainability by the chair of the board of management of Volkswagen AG as well as specification of the competence of the responsible board members for specific sustainability-related management concepts and the newly appointed chief sustainability officer at Volkswagen Group level. Sustainability is part of the Top 10 program at the level of the Volkswagen Group and is managed through the strategic management structure of the Volkswagen Group NEW AUTO strategy. The content is regularly evaluated and reported to the board of management of the Volkswagen Group.

Furthermore, the Volkswagen Group's sustainability function coordinates all sustainability-related activities and the group-wide and cross-functional network for sustainability. Communication with Volkswagen Group functions, brands and companies is structured via defined core processes.

At Volkswagen Group level, the sustainability council has a prominent position. It supports the Volkswagen Group with important, strategic sustainability issues and is made up of internationally renowned experts from the academic world, politics and society. The previous sustainability council's mandate ended at the end of 2022. In the reporting year, the Volkswagen Group began to reorganize its strategy and composition.

For more detailed information about sustainability at Volkswagen Group, please refer to the annual report as well as the sustainability report of the Volkswagen Group for the fiscal year 2023. These are available on the Volkswagen AG website at

https://www.volkswagen-group.com/en/financial-report-and-publications-16121.

Porsche AG

The Porsche AG Group developed the company systematically in line with the sustainability strategy 2030 and further expanded sustainability activities in the reporting year. The overarching goal is to embed sustainability even more deeply into all business activities.

The sustainability strategy 2030 classifies the key challenges facing the Porsche AG Group into six strategy fields: decarbonization, circular economy, diversity, partner to society, supply chain responsibility as well as governance and transparency. The work done by the Porsche AG Group is closely aligned with these fields of action. In doing so, the Porsche AG Group wants to embrace its responsibility, bolster sustainable and value-creating growth, and continuously reduce its environmental footprint. It remains focused on the impact of its own business activities and the expectations of stakeholders along the entire value chain.

Throughout the Porsche AG Group, sustainability is anchored in the organization with a clear internal structure and defined responsibilities. This is underpinned by corresponding group guidelines, which contain binding rules for the entire Porsche AG Group concerning the organization, internal processes, topic management, project implementation, and communication of relevant sustainability topics. Sustainability is the responsibility of the chairman of the executive board, supported by the member of the executive board responsible for production and logistics and the member of the executive board responsible for procurement. The sustainability department is responsible for implementing the sustainability strategy and works continuously to optimize it. It also serves as the interface with the Volkswagen Group, where it represents the Porsche AG Group's sustainability management. At Porsche AG Group level, other departments as well as steering committees, steering groups and working groups are also responsible for certain sustainability aspects, such as determining the direction of the strategy or communication. Another key body is the Porsche sustainability council. External specialists in business, science, politics, and civil society regularly advise the executive board and top management of the Porsche AG Group regarding the strategic focus of sustainability. The members are independent and not bound by instructions. The executive board has given the council far-reaching rights to information and consultation, as well as rights of initiative.

For more detailed information about sustainability at Porsche AG Group, please refer to the annual and sustainability report of the Porsche AG Group for the fiscal year 2023. This is available on the Porsche AG website at

https://investorrelations.porsche.com/en/financial-figures/.

Relevant sustainability aspects at holding level

Employee-related matters

Promoting health and safety

The health and safety of employees is a top priority for Porsche SE. Responsibility for personnel lies with the chairman of the board of management of Porsche SE, who also holds the position of (occupational) health and safety officer. Porsche SE guarantees a working environment that complies with the applicable occupational health and safety regulations. The health, performance and job satisfaction of its employees is ensured by Porsche SE by means of preventive measures and measures to promote health. These include workplace health promotion activities, medical examinations and prevention programs and fitness offerings. Furthermore, a modern workplace concept has been implemented in accordance with the latest ergonomic and health and safety recommendations. There were no work-related accidents, work-related injuries, ill health or fatalities in either the reporting year or the prior year.

Attractive working environment, training and professional development

A major factor in attracting and retaining employees is the attractiveness of Porsche SE as an employer. An essential part of an attractive working environment is a corporate culture that fosters respect and appreciation for one another.

Alongside an attractive and fair remuneration for all employees that is based on or exceeds collective agreements, Porsche SE has also set up a company pension scheme with employer-funded contributions as well as the possibility of adding employee-funded components. Individual professional development opportunities are available for employees, comprising internal and external advanced training and workshops, attending professional events and conferences, selected subsidized in-service training programs, the use of personal coaching sessions as well as needs-based language courses. All managers take part in an internal management development program to establish a uniform understanding of leadership.

Social protection and work-life balance

All employees of the Porsche SE Group enjoy social protection under German law and are especially safeguarded in the following areas: annual vacation, family-related leave, parental leave, retirement and loss of income due to illness, unemployment, employment injury and acquired disability. In addition to the company pension scheme, which includes a surviving dependents’ pension, Porsche SE also temporarily continues to pay the salary to surviving dependents in the event of death. Every employee of the Porsche SE Group is also covered by the group accident insurance taken out by Porsche SE. All employees of the Porsche SE Group are entitled to 30 days of annual vacation, which exceeds the statutory entitlement. The professional HR organization within the Porsche SE Group protects employee rights.

With regard to work-life balance, the Porsche SE Group offers flexible working time models (phased retirement and part-time working arrangements) in addition to flexible working hours. More flexibility and a better work-life balance were created for employees by the fundamental introduction of a permanent arrangement regarding mobile working.

Equal treatment and diversity

A working environment shaped by respect and tolerance is the foundation of the Porsche SE Group's success. The Porsche SE Group maintains, protects and promotes the equal treatment of all employees and a working environment with no place for discrimination based on personal background, age, gender, disability, race or ethnic origin, religion, sexual orientation or other personal characteristics. This primarily applies to all issues relating to employment, especially recruitment, promotion, remuneration and termination. Employees are selected, hired and promoted solely on the basis of their qualifications and skills.

Any form of harassment (e.g., sexual harassment or exclusion) and the use of improper means (e.g., threats, coercion or physical violence) are strictly prohibited and not tolerated under any circumstances. Mutual respect and trust are core values for the Porsche SE Group. Any behavior among and towards employees that could be humiliating, insulting or otherwise disrespectful is unacceptable.

These principles of working together apply not only to all employees of Porsche SE, but also when dealing with third parties.

In the company's opinion, the targets and the diversity concept for the composition of the supervisory board of Porsche SE, including the target for female representation, are currently met in full. The supervisory board has also resolved to introduce, among other things, a diversity concept aimed at diversifying the board of management. The board of management has also specified corresponding targets and deadlines for the female representation at the two management levels below the board of management. Please refer to the corresponding explanations in the declaration of compliance, which is published as part of the combined group management report in the annual report. As of 31 December 2023, the percentage of female employees at Porsche SE Group was 40.4% (31 December 2022: 43.9%). The age structure of the employees is as follows:

Age structure at the Porsche SE Group

in %	**31 December 2023**	31 December 2022
under 30 years	11	10
30 to 50 years	72	75
over 50 years	17	15

Compliance

Compliance management and organization

Compliance is a fundamental factor in sustainable corporate governance and has the highest priority for Porsche SE. Compliance with laws, other legal standards, the Code of Conduct, company guidelines and other internal company regulations is a basic principle of Porsche SE's corporate activities and part of the corporate culture. Furthermore, the board of management and supervisory board of Porsche SE base their work on the principles, recommendations and suggestions of the German Corporate Governance Code ("GCGC") for corporate management and supervision. Porsche SE follows the recommendations of the GCGC as regards both the individual entity and the group in the scope set out in the declaration on the GCGC and in any updates. Please also refer to the declaration of compliance, which is published as part of the combined group management report in the annual report. The declaration of compliance and the annual declaration on conformity with the recommendations of the GCGC are also available on the Porsche SE website at

https://www.porsche-se.com/en/company/corporate-governance.

For the management of compliance risks, Porsche SE has established a compliance management system, a core component of which is the Code of Conduct at Porsche SE. This contains the central principles for acting in compliance with the law and rules and provides orientation for employees in their day-to-day dealings with colleagues, business partners and third parties. The Code of Conduct is binding for all employees, including the board of management of Porsche SE. It is supplemented and specified by internal company guidelines on compliance. Furthermore, all company guidelines must be consistent with the Code of Conduct.

The compliance management system of Porsche SE comprises the compliance organization with defined roles and responsibilities, measures and processes set up in the company and corresponding reporting channels. These aim to preemptively ensure that employee conduct is in line with the rules and to avoid compliance violations. The compliance management system is also designed to clarify, to put an end to and to sanction potential instances of misconduct. The compliance management system is supplemented by the tax compliance management system ("Tax CMS") and the information security management system ("ISMS"), which are also part of Porsche SE's risk management. In this connection, please also refer to the section "Risk management and internal control system of the Porsche SE Group" in the chapter "Opportunities and risks of future development" in the combined group management report. Porsche SE employees are regularly informed about these systems and given appropriate basic and advanced training.

The board of management function responsible for legal affairs and compliance is responsible for Porsche SE's compliance organization. The member of the board of management responsible for legal affairs and compliance is tasked with reporting to the whole board of management of Porsche SE on all questions relating to compliance, taking preventive measures, managing these and monitoring compliance with regulations.

The member of the board of management responsible for legal affairs and compliance is also the company's compliance officer. In addition, Porsche SE has set up a compliance council, which comprises the member of the board of management responsible for legal affairs and compliance and executives from the departments. The compliance council supports the board of management member responsible for legal affairs and compliance in performing his duties, in particular in monitoring compliance with the legal provisions applicable to the company and its employees. Another focus of the compliance council is on preventing potential compliance violations and reacting to these. The internal company guideline on compliance specifies the organizational units and decision makers responsible for procedures relating to compliance. The compliance organization is also supported by the internal audit that is integrated in the risk management system.

In addition to the further development of Porsche SE's compliance management system, the compliance council's meetings in the fiscal year 2023 primarily dealt with general compliance matters.

The board of management informs the supervisory board regularly, without delay and comprehensively, about all aspects that are relevant to the company, including compliance. The supervisory board has set up an audit committee, which prepares the deliberations and resolutions of the supervisory board on specific topics, including compliance The audit committee monitors the effectiveness of the risk management system and the internal audit system and compliance management system. Further information on the working methods of the board of management and supervisory board can be found in the declaration of compliance, which is published as part of the combined group management report in the annual report.

Selected compliance aspects at Porsche SE are reported on below.

Respecting human rights

Adhering with and respecting human rights are non-negotiable principles for the Porsche SE Group, including its respective governing bodies. They are therefore regarded as an integral part of the activities of the Porsche SE Group and its employees. The Porsche SE Group respects, protects and promotes the dignity, equality and freedom of every individual by committing itself to respecting personal rights, in particular the right to freedom of expression and protection of privacy. It also promotes the equal treatment of all employees and diversity within the company. Every employee is expected to respect the dignity and personal rights of every individual. Business partners of the Porsche SE Group are also expected to adhere to these values and commitments.

Anti-corruption and bribery matters

Corruption undermines fair competition, hinders innovation and progress and is therefore detrimental to the economy and society. For this reason, Porsche SE rejects any form of corrupt conduct or behavior detrimental to the company, especially if it is intended to gain a competitive advantage. Porsche SE rejects bribery and any form of granting or accepting an inappropriate advantage. Even behavior that only appears to be inappropriate must be avoided.

The Porsche SE Group therefore expects its employees to act at all times in accordance with the relevant anti-bribery laws.

Employees of Porsche SE may not accept, demand, offer or grant any personal advantages in the form of financial or other incentives, especially if this could impair their ability to make appropriate, objective decisions. This applies in particular to gifts and invitations. These may be accepted and offered only to the extent customary in business and to a reasonable extent.

In its dealings with authorities, public officials and politicians, the Porsche SE Group behaves in a transparent, legally correct and proper manner and avoids any appearance of unlawful influence (corruption and bribery). This also means that no payments are made to accelerate routine official acts (facilitation payments), even if such incentives or payments are supposedly customary.

In addition, the Porsche SE Group does not make donations or contributions to political parties.

Anti-money laundering and countering the financing of terrorism

Money laundering and financing of terrorism are not only detrimental to the economy and society, but can also have considerable consequences for everyone involved. This is why Porsche SE takes the risk of money laundering and the financing of terrorism very seriously and supports the international community in their efforts to anti-money laundering and countering the financing of terrorism. It also wants to avoid being used for money laundering. Porsche SE makes sure that its cash flows are transparent and accountable. Whenever Porsche SE works with business partners, it acts with the utmost care and in accordance with national and international regulations to anti-money laundering and countering the financing of terrorism. Porsche SE has therefore implemented measures designed to ensure compliant conduct. For example, the Porsche SE Group uses a KYC (Know Your Customer) process to verify the identity and integrity of the business partners, companies and other third parties that it interacts with so that it can ensure the lawful origin of their resources. It does so particularly when identifying, acquiring, managing and selling investments. The Porsche SE anti-money laundering officer is contacted immediately if there are any indications of suspicious behavior by business partners or other third parties. Porsche SE employees receive regular training on anti-money laundering and countering the financing of terrorism.

Avoiding conflicts of interest

At Porsche SE, decisions are made in the interests of the company and its stakeholders to the best of our knowledge and belief on the basis of objective and factual criteria. This is incompatible with the pursuit or consideration of personal or individual financial interests, which may inappropriately influence judgment and prevent decisions from being made in the interests of the company. Even the appearance of a personal conflict of interest can harm the company and must therefore be avoided.

Under certain circumstances, a conflict of interest may already exist when carrying out a sideline activity, holding an office or investing in another company. Employees of the Porsche SE Group are obliged to disclose potential or actual conflicts of interest so that an appropriate solution can be developed together with the company. Certain cases require the employee to obtain approval in accordance with the employment contract or, in the case of members of the board of management, by the supervisory board. All members of the board of management must immediately disclose conflicts of interest to the supervisory board and inform the other members of the board of management accordingly. This applies in particular to members of the board of management who are also members of management or supervisory bodies of other companies, including the Volkswagen Group or the Porsche AG Group.

Tax honesty

Taxes are essential for the good of society. The Porsche SE Group is aware of its social responsibility to comply with tax regulations and complies with national and international tax and duty regulations and observes these in its business activities. Violations of tax and duty regulations may lead to significant corporate disadvantages for Porsche SE. Consistent compliance with the legal regulations creates trust among the stakeholders of the Porsche SE Group, the tax authorities and society. The Porsche SE Group affirms and promotes the principle of legal tax behavior, regardless of whether or not the group benefits from this. Porsche SE uses internal processes and structures to ensure that taxes and other duties are calculated correctly and promptly and that they are duly paid. This is intended to prevent the unauthorized reduction of taxes and other duties or the infringement of duties to cooperate.

The Porsche SE Group has a Tax CMS to manage compliance risks from tax matters. The Tax CMS of Porsche SE comprises the tax compliance organization with defined roles and responsibilities and the measures, processes and reporting channels set up in the company. Employees entrusted with the Tax CMS took part in external training courses on tax compliance in the reporting year.

For a transparent presentation of Porsche SE's taxation, please refer to the consolidated financial statements of Porsche SE for the fiscal year 2023.

Information security

Increasing digitalization also brings with it greater requirements for ensuring information security. Information security is the protection of information against a variety of threats in order to ensure maintenance of business operations, minimize business risks and thus safeguard the corporate strategy.

Porsche SE has implemented an ISO/IEC 27001-certified Information Security Management System (ISMS) to manage compliance risks relating to information security. This includes an information security organization with defined roles and responsibilities and the measures, processes and reporting channels set up in the company. It also has organizational and technical security measures in place, as well as a reporting system that is available at all times and appropriate back-up systems.

The ISMS is designed to ensure the availability, integrity, confidentiality and authenticity of information. It aims to prevent the unauthorized access, misuse, manipulation or loss of sensitive and confidential information.

In the reporting year, all employees completed training on the secure use of IT systems.

Data protection

Data protection includes protecting each individual's personal data from unauthorized collection, processing and distribution. Handling personal data is subject to strict legal requirements, but can also be seen as an indicator of trust. Guaranteeing the right to lawful, proper and confidential handling of the data of employees, business partners and all other persons associated with Porsche SE is therefore a top priority for Porsche SE. Personal data is always treated responsibly, confidentially and with the utmost care. In order to meet the requirements relating to data protection and to manage the corresponding risks, Porsche SE has defined roles and responsibilities and set up measures and processes, which are specified in a company guideline.

Porsche SE has also appointed a data protection officer, who works to protect the individual divisions from violations, regularly trains and informs employees about data protection and, in particular, gives advice to employees who deal with personal data in their day-to-day work. Porsche SE has also defined reporting processes and channels for logging data protection incidents. In the fiscal year 2023, there were no reportable data protection violations or data breaches at Porsche SE.

Foreign trade and investment control

Porsche SE adheres to all national and international regulations governing the movement of goods, services, capital or investments. Porsche SE observes the applicable foreign trade and investment control laws and the resulting approval procedures and reporting requirements. The same applies to the international sanction lists, embargoes against countries and against certain groups, individuals, organizations and companies in any country. Porsche SE does not tolerate the applicable regulations being bypassed.

Selecting and dealing with business partners

Porsche SE's business partners are selected impartially, without taking private or personal interests into account and based on offers that are assessed using objective and factual criteria. Unobjective preferential treatment or unfair advantage or disadvantage will not be tolerated.

In terms of carrying amounts[1], virtually 100% of Porsche SE's investments have their own codes of conduct with defined and binding sustainability standards for their employees and business partners. Business partners are accordingly expected to pass on the requirements formulated therein along the supply chain. Compliance with the requirements is reportedly reviewed by the core investments using sustainability ratings for relevant companies and suppliers, which is an explicit condition for the award of contracts. The codes of conduct of the two core investments and corresponding codes of conduct for their business partners are available on their websites at

https://www.volkswagen-group.com/en/policies-16116

and

https://www.porsche.com/international/aboutporsche/overview/compliance/overview/.

The ten largest suppliers and service providers of the Porsche SE Group, which account for around two-thirds of all supplies and services purchased by the Porsche SE Group[2], have all published their own codes of conduct.

[1] Carrying amounts of the investments in the consolidated financial statements of Porsche SE in accordance with IFRS in euro as of 31 December 2023

[2] Based on the supplies and services purchased in the fiscal year 2023 in euro

Dealing with compliance violations (whistleblower system)

Porsche SE's compliance management system includes measures and processes for dealing with indications of potential compliance violations. Employees of Porsche SE can use defined communication channels[1] to report potential compliance violations within the company, anonymously if desired.

Their first point of contact is their direct supervisor, and they can also contact the compliance officer at any time. Porsche SE has set up a compliance e-mail address (compliance-pse@porsche-se.com) for this purpose. Information can also be reported anonymously via a mailbox. Porsche SE's legal department and HR department, in particular for personnel issues, are also available as contacts.

Porsche SE has also set up an internal reporting office for employees as required by the HinSchG ["Hinweisgeberschutzgesetz": German Whistleblower Protection Act].

Employees can also contact the aforementioned people and reporting channels if they have questions about certain behaviors or about the Code of Conduct and compliance in general. The Porsche SE Group regularly makes its employees aware about these options.

In addition, external third parties can report potential compliance violations to Porsche SE's compliance e-mail address (compliance-pse@porsche-se.com).

If there is reason to suspect a potential violation of laws, other legal standards, the Code of Conduct, company guidelines or other internal company regulations, all employees are required to report this immediately.

Protecting whistleblowers is a top priority for Porsche SE. Any information or reports received are treated with the utmost confidentiality. Regardless of whether the suspicion is confirmed or not, the person who made the report will not suffer any disadvantages simply for making the report, provided there were reasonable grounds for the report. However, in the case of a voluntary self-report, this does not protect the individual from the consequences of the reported misconduct itself.

Porsche SE resolutely investigates all reports of potential compliance violations brought to its attention. If it detects a violation or misconduct, it immediately initiates corrective action and imposes appropriate consequences. Misconduct or violations of the principles set out in the Code of Conduct will not be tolerated.

No reports of potential compliance violations were received via Porsche SE's whistleblower system in either the reporting year or the prior year.

Climate change mitigation

The following explanations about CO_2 emissions are based on the principles of the internationally accepted Greenhouse Gas (GHG) Protocol[2] and are broken down accordingly into Scope 1 to Scope 3 emissions. Under these principles, CO_2 emissions from investment companies, i.e., mainly from Volkswagen AG and Porsche AG, are allocated to

[1] The reporting channels are available in both German and English. Porsche SE is based exclusively in Germany.
[2] GHG Protocol Corporate Standard (2004) and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)

Porsche SE in pro rata to its Scope 3 emissions (category 15).[1] Against this backdrop, the total emissions of the Porsche SE Group are almost exclusively attributable to the investments in Volkswagen AG and Porsche AG. The pure holding operations of the Porsche SE Group causes comparatively low CO_2 emissions, which is why exact emission measurements have not been carried out to date.

Regardless of this, Porsche SE as a company has a special responsibility towards the environment and complies with all relevant statutory provisions and binding standards on environmental and climate protection. Porsche SE is committed to the Paris Climate Agreement and therefore welcomes the European Union's climate targets of reducing CO_2 emissions by at least 55% by 2030, compared to 1990 levels, and achieving climate neutrality[2] by 2050. Porsche SE promotes resource-conserving business practices and strives to continuously optimize the use of resources. Every employee of Porsche SE is expected to use natural resources appropriately and sparingly in the course of their work and ensure that their activities have the smallest-possible impact on the environment.

The direct CO_2 emissions of the Porsche SE Group (Scope 1) relate exclusively to emissions resulting from business trips with Porsche SE company cars and lease vehicles. As of 31 December 2023, Porsche SE had 29 vehicles whose emissions are allocated to this category. To promote all-electric vehicles, Porsche SE offers special subsidies to such company cars and lease vehicles.

Indirect emissions of the Porsche SE Group from purchased energy (Scope 2) are caused by the energy supply for the rented office space and for charging Porsche SE's all-electric vehicles related to business trips. According to the information provided by the lessor, Porsche AG, the office space rented by Porsche SE, including the charging stations, is already run on a net carbon neutral[3] basis: the energy supply is provided by TÜV-certified green electricity[4], photovoltaic systems and highly efficient combined heat and power plants. With biomethane from organic waste and residues, the latter generate some of their energy in an environmentally friendly fashion. Residual Scope 2 emissions of Porsche SE are offset by Porsche AG as the lessor via carbon offset projects that are expected to meet strict, internationally recognized standards. The rented office space is also integrated into the lessor's certified management systems for the entire site, which monitor the impact on the environment, including as much relevant air and water pollution, energy consumption and waste. According to the information provided, the site of the rented office space by the Porsche SE Group meets the requirements of the Eco-Management and Audit Scheme (EMAS), the environmental management standard ISO 14001 and the energy management standard ISO 50001, which are regularly audited by independent third parties. In the reporting year, the recertifications required under ISO 14001 and ISO 50001 site were successfully carried out and revalidated under EMAS.

The CO_2 emissions of the Porsche SE Group in its upstream and downstream value chain (Scope 3) are categorized into 15 categories in accordance with the GHG Protocol, which are shown in the following table.

[1] Porsche SE's capital share in Volkswagen AG amounts to 31.9% and in Porsche AG to 12.5% as of 31 December 2023.
[2] Reduction of greenhouse gas emissions to net zero by balancing greenhouse gas emissions and removals in accordance with Regulation (EU) 2021/1119 Art. 2 (1)
[3] Net carbon neutrality will be achieved if anthropogenic CO_2 emissions are offset globally through avoidance, reduction and compensation over a specific period of time. This encompasses all other relevant greenhouse gases as well. Avoidance and reduction of such gases is a priority for the Volkswagen Group and the Porsche AG Group.
[4] These are exclusively electricity volumes where the purchase and guarantees of origin remain linked.

Scope 3 emissions of the Porsche SE Group according to the GHG Protocol

Category 1: Purchased goods and services	Mainly legal and consulting services, insurance services, services in connection with the annual general meeting and annual press conference as well as IT services
Category 2: Capital goods	Mainly office equipment, IT equipment and upstream emissions from company cars and lease vehicles
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	Upstream emissions in connection with the Porsche SE Group's Scope 1 and Scope 2 emissions
Category 4: Upstream transportation and distribution	The supply of office materials and equipment, among other things
Category 5: Waste generated in operations	Office waste
Category 6: Business travel	Mainly flights, driving services and business trips with third-party vehicles
Category 7: Employee commuting	Commuting of the Porsche SE Group's 42 employees (as of 31 December 2023)
Category 8: Upstream leased assets	The Porsche SE Group does not cause any emissions in this category. Emissions from leased assets over which it has operational control are included in Scope 1 and Scope 2.
Category 9: Downstream transportation and distribution	The Porsche SE Group does not cause any emissions in this category because it does not provide services or manufacture and sell products.
Category 10: Processing of sold products	The Porsche SE Group does not cause any emissions in this category because it does not provide services or manufacture and sell products.
Category 11: Use of sold products	The Porsche SE Group does not cause any emissions in this category because it does not provide services or manufacture and sell products.
Category 12: End-of-life treatment of sold products	The Porsche SE Group does not cause any emissions in this category because it does not provide services or manufacture and sell products.
Category 13: Downstream leased assets	Porsche SE does not act as a lessor, meaning that no emissions are caused by the Porsche SE Group in this category.
Category 14: Franchises	Porsche SE is not a franchisor or franchisee, meaning that no emissions are caused by the Porsche SE Group in this category.
Category 15: Investments	The total emissions (Scope 1 to 3) of the core and portfolio investments are allocated pro rata to the Porsche SE Group based on its capital share.

The entire Scope 1 and Scope 2 emissions as well as significant parts of the upstream Scope 3 emissions (categories 1 to 8) of the Porsche SE Group are attributable to goods and services of the Volkswagen Group, which is why these are also included in the total emissions of the Volkswagen Group and are therefore also allocated – and thus twice – to the Porsche SE Group on a pro rata basis in Scope 3 (category 15).[1]

The holding operations' relatively low CO_2 emissions could be reduced by Porsche SE's suppliers and service providers and Porsche SE itself switching to lower-emission alternatives. When deciding to hold the annual general meeting of Porsche SE virtually, sustainability aspects were one of various aspects that the board of management considered at its discretion. The CO_2 impact of a virtual annual general meeting is significantly lower than that of an in-person event. The ten largest suppliers and service providers of the Porsche SE Group, which account for around two-thirds of all supplies and services purchased by the Porsche SE Group[2], are already pursuing targets to reduce their CO_2 emissions and are currently offsetting some or all of their residual or unavoidable emissions.[3]

As the two core investments are responsible for almost all of the Porsche SE Group's CO_2 emissions, the decarbonization strategies and targets of the Volkswagen Group and the Porsche AG Group are presented in the following. These are based on extracts from the Annual Report as well as the Sustainability Report of the Volkswagen Group for the fiscal year 2023 and the Annual and Sustainability Report of the Porsche AG Group for the fiscal year 2023.

Volkswagen Group

As one of the world's largest automotive manufacturers, Volkswagen is aware of the responsibility this entails and is committed to the Paris Climate Agreement. The Volkswagen Group's comprehensive decarbonization program includes the whole life cycle of the vehicles and is characterized by a clear hierarchy of measures: The top priority is measures with which CO_2 emissions can be avoided. In second place follow measures with which the Volkswagen Group can gradually shift the energy supply in all steps of the value chain to renewable energy. Finally, unavoidable CO_2 emissions are offset in selected cases through climate protection projects that meet the highest international standards. The Volkswagen Group wants to become a net carbon-neutral company by 2050. To achieve this goal, offset action is also planned alongside carbon reduction measures and converting to renewable energies.

The Volkswagen Group has set itself the objective of reducing CO_2 emissions from the production of its passenger cars and light commercial vehicles by 50.4% by 2030 – compared with the base year of 2018. By 2030, the Volkswagen Group wants to emit 30% less CO_2 on average per vehicle (passenger cars and light commercial vehicles) over the entire life cycle than in 2018. The targets are to be achieved through pure CO_2 reduction. The Science Based Targets initiative ("SBTi") confirmed to the Volkswagen Group in the reporting year that the company is fulfilling the conditions for limiting global warming to 1.5 degrees Celsius with its objective for the production phase (Scope 1 and 2).

[1] To avoid double counting, either the Scope 1, Scope 2 and upstream Scope 3 emissions (categories 1 to 8) or the downstream Scope 3 emissions (category 15) would have to be adjusted.
[2] Based on the supplies and services purchased in the fiscal year 2023 in euro
[3] Based on publicly available information for the fiscal year 2022 or 2023

The SBTi has confirmed the aim of reducing CO_2 emissions by 30% in the use phase (Scope 3) to the Volkswagen Group as in line with the limitation of global warming to two degrees Celsius.

Decarbonization targets were also formulated in the area of heavy trucks and buses, and these represent sub-targets for the Group. For example, Scania is committed to reducing its absolute Scope 1 and Scope 2 greenhouse gas emissions by 50% by 2025 compared with the base year of 2015. The Scope 3 emissions from the use of vehicles sold are to be reduced by 20% per vehicle kilometer by 2025 at Scania, also compared with a 2015 baseline.

The SBTi confirmed to Scania that these targets are at a level that allow global warming to be limited to 1.5 degrees Celsius. MAN also received SBTi certification of its decarbonization target. Compared with 2019, by 2030 the Group wants to reduce its Scope 1 and Scope 2 emissions by 70% and its Scope 3 emissions by 28%. In addition, Scania and MAN have committed to the SBTi's Net-Zero Standard. Volkswagen Truck & Bus and Navistar have also set reduction targets and are working on having these validated by the SBTi.

Porsche AG Group

The Porsche AG Group is aware of its responsibility for climate change mitigation and is committed to the targets agreed in the Paris Agreement in 2015. For this reason, the Porsche AG Group structures its processes and products to build a net carbon neutral future in which resources are used as responsibly as possible. The focus here is on vehicle decarbonization, the development of alternative drive systems, reducing consumption of primary resources and making increasing use of more ecological materials[1] in vehicles and in their upstream supply chains.

The Porsche AG Group intends to lower its average CO_2 emissions along the value chain and over the vehicles' entire life cycles[2]. To continuously reduce CO_2 emissions over the entire life cycle of Porsche AG Group vehicles, two main levers are currently available: the electrification of the vehicle portfolio and the systematic implementation of measures along the entire life cycle of the vehicles — from the supply chain and production through to the downstream use phase.

The Porsche AG Group has developed its reduction pathway based on existing 1.5-degree climate scenarios and formulated specific targets at vehicle level and requirements at the component level. The Porsche AG Group intends to have its targets validated by the SBTi within two years, which is currently revising its scenarios. In October 2023, the SBTi published a draft version of the sectoral roadmap for the automotive industry, which is currently under consultation. The Porsche AG Group expects that the final reduction targets will be in line with the 1.5 degree target.

[1] For the Porsche AG Group, more ecological materials are reduced-carbon primary materials or circular materials. Reduced-carbon primary materials are characterized by the fact that they cause less CO_2 per kilogram of primary material than the average materials of the same type used in the EU. The Porsche AG Group uses the term circular to describe materials that are partly produced from pre- and post-consumer scrap or from renewable raw materials.

[2] Life cycle includes the CO_2 emissions of a vehicle in the supply chain, the Porsche AG Group's production, use phase of 200,000 km and recycling.

The Porsche AG Group aims to achieve net carbon neutrality[1] along the value chain (production, use, and end of life) of newly produced vehicles in 2030. To achieve this, the Porsche AG Group aims to systematically electrify its vehicle portfolio as a key lever for reducing CO_2 emissions. Electromobility is at the heart of Porsche AG's product strategy. The Porsche AG Group aims to deliver more than 80% of its new vehicles with all-electric drive systems by 2030 – depending on demand and the development of electromobility in the individual regions of the world. Primarily in the development and procurement of the new family of electric vehicles, synergies are created in particular through the use of platforms and modules by other brands of the Volkswagen Group. The Porsche AG Group aims to reduce CO_2 emissions in the use phase (Scope 3 emissions) of its vehicles in 2030 by 70% compared to 2022.

Porsche Automobil Holding SE
The board of management

[1] This target covers Scope 1, Scope 2 and Scope 3 emissions as defined by the GHG. Net carbon neutrality along the value chain of the newly produced vehicles describes the Porsche AG Group's ambition to avoid and reduce CO_2 emissions, especially during production (Scope 1 and Scope 2 emissions), in the supply chain and use phase of the vehicles delivered (upstream and downstream Scope 3 emissions), but also in other Scope 3 categories, such as professional travel. Avoided emissions and removals (offsets) through climate change mitigation projects are included in the Porsche AG Group's decarbonization strategy. Therefore, in order to achieve net carbon neutrality, the remaining emissions along the value chain of the newly produced vehicles should be offset. Emissions of vehicles produced prior to achieving net carbon neutrality along the value chain of the vehicles are not taken into account for the calculation of the carbon balance. Realizing the Porsche AG Group's ambition depends upon various factors, for example, technological progress that has not yet been fully developed, and also on regulatory or economic developments that are outside the Porsche AG Group's control and may therefore not be realizable.


ID.7 GTX
TOURER

Group management report and management report of Porsche Automobil Holding SE

Group management report and management report of Porsche Automobil Holding SE

Fundamental information about the group

The Porsche SE Group

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

Porsche SE, as the ultimate parent of the Porsche SE Group, is a European Company (Societas Europaea) and is headquartered at Porscheplatz 1 in 70435 Stuttgart, Germany. As of 31 December 2023, the Porsche SE Group had 42 employees (38 employees).

The Porsche SE Group is made up of the fully consolidated subsidiaries Porsche Beteiligung GmbH, Stuttgart, Porsche Zweite Beteiligung GmbH, Stuttgart, Porsche Dritte Beteiligung GmbH, Stuttgart, and Porsche Vierte Beteiligung GmbH, Stuttgart. The investments in Volkswagen AG, Porsche AG, European Transport Solutions S.à r.l., Luxembourg, Luxembourg ("ETS"), INRIX Inc., Kirkland, Washington, USA ("INRIX"), and Isar Aerospace SE, Ottobrunn (formerly Isar Aerospace Technologies GmbH, Ottobrunn, "Isar Aerospace"), are included in Porsche SE's IFRS consolidated financial statements as associates.

The management report for Porsche SE and the group management report for the Porsche SE Group are combined in this report ("combined group management report").

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

Goals and strategy

Porsche SE pursues the overarching goal of creating sustainable value for its shareholders. This requires investing in companies that contribute to the mid- and long-term profitability of the Porsche SE Group while securing sufficient liquidity.

In order to strengthen the basis for creating sustainable value with a balanced risk/return profile, investment activities are to be expanded in the long term and the existing investment platform scaled further. By further diversifying the investment portfolio Porsche SE aims to increase its resilience. In the long term, this does not rule out the evaluation of a possible reallocation both between the core investments and the portfolio investments and within the two categories.

Measures to strengthen Porsche SE's resilience also include the mitigation of potential risks in connection with the negative effects of business activities on the environment and society. Porsche SE therefore pursues the goal of sustainable corporate governance and the implementation of environmental, social and governance ("ESG" or sustainability) aspects both for its holding operations and with regard to its investment decisions.

An additional strategic goal of Porsche SE is to position itself as a partner of choice for investment partners. Porsche SE has access to an extensive network of experts in the mobility and industrial sectors. The benefit for Porsche SE lies in the identification and assessment of investment opportunities and in the development of the individual investments. It also makes Porsche SE attractive for investment partners.

A key success factor for Porsche SE in implementing its corporate strategy are its employees. Porsche SE has therefore set itself the strategic goal of further establishing itself as a top employer.

Investment strategy

Porsche SE currently intends to make annual investments in the low three-digit million-euro range to expand its portfolio investments. The sector focus on mobility and industrial technology is to be supplemented by investments in related areas. Acquisitions of core investments are also continually evaluated for opportunities.

A central component of the investment strategy is the cooperation with strong investment partners and co-investors for direct investments. In addition, the investment portfolio is to be expanded by investing further in private equity and venture capital funds.

With the investment in Porsche AG and the other investments in portfolio companies, an important step has been taken towards diversifying the investment portfolio. Porsche SE has also already gained strong investment partners in Bridgepoint Advisers Limited London, UK ("Bridgepoint"), Digital Transformation Capital Partners GmbH, Hamburg ("DTCP"), and EQT Partners AB, Stockholm, Sweden ("EQT").

Financing strategy

The aim of Porsche SE's financing strategy is to maintain a robust financial profile in order to strengthen its financial flexibility and preserve its ability to act strategically. The focus here is on securing sufficient liquidity, broad access to the capital market at attractive conditions and limiting financial risks. In order to ensure this, Porsche SE is currently aiming to further reduce its debt – subject to possible acquisitions – annually by a mid-triple-digit million-euro amount and continue to be geared towards an investment grade profile.

Since raising debt capital in the amount of €7.1 billion in September 2022 to finance the acquisition of ordinary shares of Porsche AG, financial liabilities have already been significantly reduced to €6.7 billion. As of 31 December 2023, group net debt had been reduced even more significantly from €6.7 billion to €5.7 billion. The loan-to-value ratio, i.e., the ratio of net debt to the market value of the core and portfolio investments, stands at 19.7% as of 31 December 2023. In the long term, Porsche SE aims to achieve a loan-to-value ratio in the low double-digit percentage range.

Dividend policy

Porsche SE's dividend policy is generally geared to stability. The shareholders should participate in the success of Porsche SE in the form of an appropriate dividend, while taking into consideration the systematic repayment of financial liabilities as well as the objective of securing sufficient liquidity, in particular for the purpose of acquiring future investments.

Sustainability strategy

Sustainability aspects are an important part of corporate governance and strategy at the Porsche SE Group. The Porsche SE Group's responsibility to act sustainably is set out in its Code of Conduct.

As a pure holding company without control over any of its operating investments as defined by IFRS, Porsche SE distinguishes in its sustainability strategy between its holding operations ("holding level") and its core and portfolio investments ("investment level").

The holding level comprises Porsche SE and the companies fully consolidated in the consolidated financial statements of Porsche SE, all of which are intermediate holding companies. Porsche SE pursues and implements its own sustainability strategy at holding level.

Due to the importance of the qualification, motivation and performance of Porsche SE's employees as key success factors, employee-related matters are a central aspect of the sustainability strategy at holding level. In addition to promoting health and advanced training, the primary aim is to attract and retain qualified employees. Accordingly, Porsche SE intends to further establish itself as a top employer.

Compliance is also considered to be particularly relevant at holding level. This includes the aspects of respecting human rights, anti-corruption and bribery matters, combating money laundering and terrorist financing, avoiding conflicts of interest, tax honesty, information security, data protection, foreign trade and investment control as well as selecting and dealing with business partners. Porsche SE is fully committed to compliance as part of its corporate culture. Compliance with laws, other legal standards, the Code of Conduct, company guidelines and other internal company regulations is a basic principle of Porsche SE's corporate activities.

At investment level, on the other hand, the individual investment companies develop and implement their own sustainability strategies. Porsche SE's strategy is therefore limited to taking sustainability aspects into account in its investment decisions and subsequently exercising its role as a responsible investor accordingly.

Prior to acquiring investments, due diligence reviews are regularly carried out with the support of external consultants (including specialized sustainability consultants), which may also include ESG aspects. Consideration of sustainability aspects is an integral part of the investment process and is enshrined in an internal policy. Porsche SE invests in sustainable business models and thus provides growth capital for its portfolio investments, which can contribute to the transition to a sustainable economy. Besides the two core investments, the Porsche SE Group has over the past few years invested in several companies that have significant sustainability aspects built into their business model.

Due to a lack of control as defined by IFRS, Porsche SE can only encourage sustainable corporate governance of its investments through the shareholder dialog and board work. Porsche SE assumes the role of a responsible investor in order to strengthen the resilience of its investment portfolio in cooperation with its partners, also with regard to potential sustainability risks.

Porsche SE supports the sustainability strategies of its core investments. As the largest investor in connection with the successful IPO of Porsche AG, Porsche SE played an active role in providing the Volkswagen Group (Volkswagen AG and its fully consolidated subsidiaries) with the capital required for Volkswagen's transformation into a sustainable mobility provider and at the same time increasing the independence of Porsche AG. Porsche SE is convinced that the Volkswagen Group will play a leading role in the transformation of the automotive industry and for this reason also has considerable potential for increasing value.

Core management and financial indicator system

Porsche SE's main corporate goal is to invest in companies that contribute to the mid- and long-term profitability of the Porsche SE Group while securing sufficient liquidity. In line with this corporate goal, the IFRS group result after tax and group net debt/net liquidity are the core management indicators in the Porsche SE Group.

By definition, net debt of the Porsche SE Group is calculated as financial liabilities less cash and cash equivalents, time deposits and securities each derived from the consolidated balance sheet. Net debt of the Porsche SE Group corresponds to negative net liquidity. The terminology of net liquidity was adjusted accordingly following the raising of debt capital in the prior year.

There were no changes to the management system in the fiscal year 2023.

In line with its investment strategy, the Porsche SE Group differentiates for management purposes between the two segments "core investments" and "portfolio investments". Porsche SE's holding operations, comprising Porsche SE's corporate functions, including the holding financing function, are all allocated to the "core investments" for the purpose of managing resources. Transactions between the segments, i.e., in particular intragroup financing transactions, are not managed separately and are therefore eliminated so that consolidated figures are always used for management purposes. For this reason, net debt is only relevant as a management indicator at the level of the "core investments" segment or the group as a whole.

Because the company is managed on the basis of consolidated figures, there is no separate management and forecast of the core performance indicators for Porsche SE as an individual entity.

The planning and budgeting process implemented in the Porsche SE Group is designed to enable management to take its decisions on the basis of the development of these indicators. In this context, an integrated multi-year plan is prepared for the results of operations, financial position and net assets of the Porsche SE Group.

In the course of the year, the development of the indicators is continuously tracked and made available to the board of management and supervisory board in regular reports.

With regard to compliance with the prior-year forecast, see also the "Overall statement on the economic situation of the Porsche SE Group" in the "Report on economic position". With regard to the forecast for the fiscal year 2024, see "Anticipated development of the Porsche SE Group" in "Forecast report and outlook".

Core investments

(as of 31 December 2023)

Volkswagen AG

With its stake of 53.3 % of the ordinary shares and 1.3 % of the preference shares and 31.9 % of the subscribed capital of Volkswagen Aktiengesellschaft, Porsche SE is the single largest shareholder of the Wolfsburg-based company. Porsche SE sees itself as a long-term anchor investor of Volkswagen AG.

The Volkswagen Group comprises ten brands from five European countries: Volkswagen, Volkswagen Commercial Vehicles, ŠKODA, SEAT, CUPRA, Audi, Lamborghini, Bentley, Porsche and Ducati. In addition, the Volkswagen Group offers a wide range of other brands and business areas, including financial services, involving dealer and customer financing, leasing, banking and insurance activities as well as fleet management.

Headquarters
Wolfsburg/Germany

Investment since
2005

VOLKSWAGEN GROUP

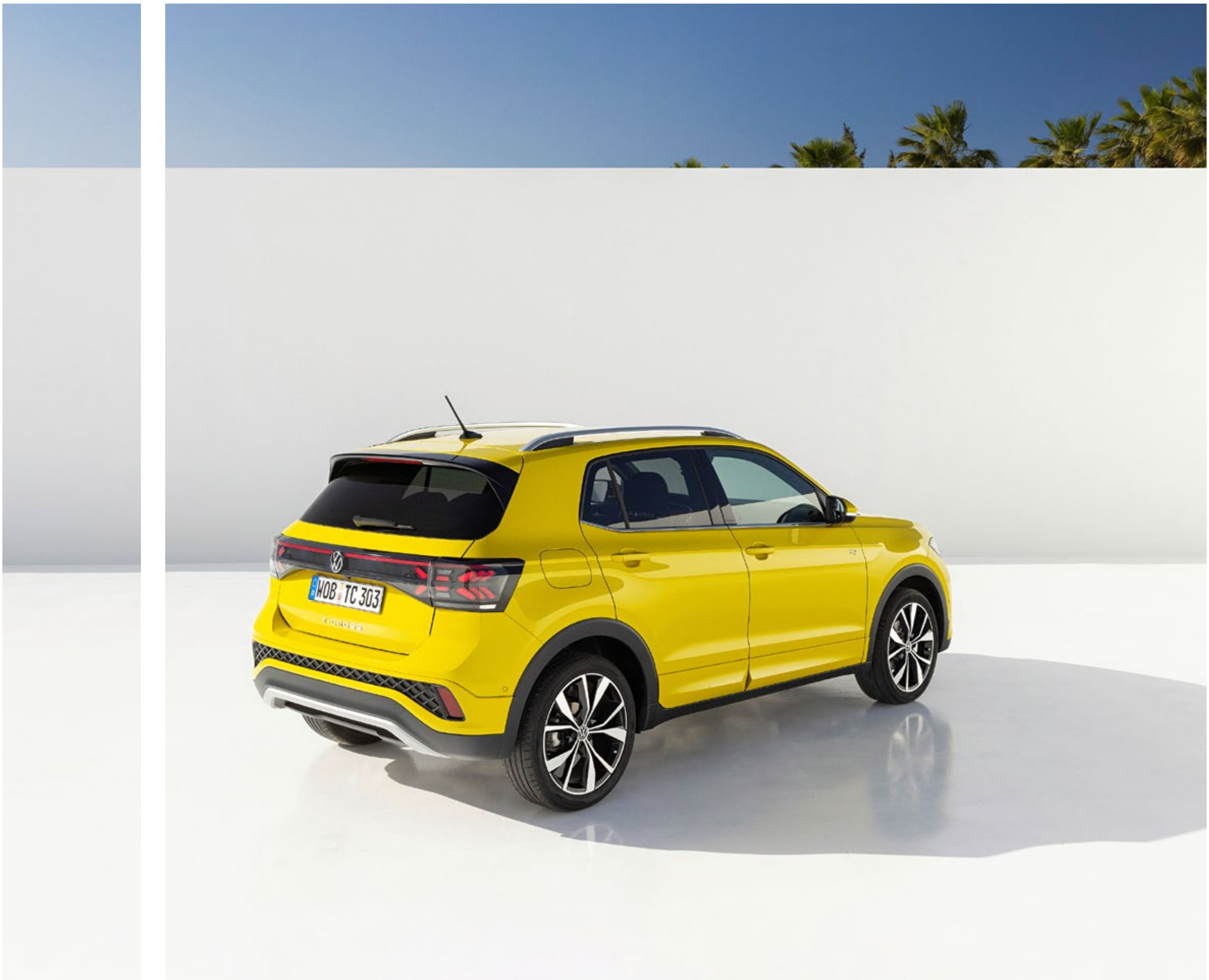
Porsche AG

Porsche SE directly holds 25.0 % plus one share of the ordinary shares and thus around 12.5 % of the subscribed capital of Porsche AG. Volkswagen AG indirectly holds, via Porsche Holding Stuttgart GmbH, 75.0 % of the ordinary shares less one ordinary share and 75.4 % of the subscribed capital of Porsche AG.

Porsche AG is one of the world’s most successful luxury automotive manufacturers. The “Porsche” brand is synonymous with design and engineering heritage, performance, modern and sustainable luxury, prestige, innovation, technological achievement and reliability.

Headquarters
Stuttgart/Germany

Investment since
2022



Volkswagen AG

Volkswagen AG is the parent company of the Volkswagen Group. Volkswagen AG’s subscribed capital of €1,283 million is made up of 59% ordinary shares and 41% non-voting preference shares. The ordinary and preference shares issued by Volkswagen AG have been admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard). The preference shares of Volkswagen AG are also included in the German Share Index (“DAX”). Volkswagen AG develops vehicles and components for the group brands, but also produces and sells vehicles, in particular passenger cars and light commercial vehicles for the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands. In its capacity as parent company, Volkswagen AG holds direct or indirect interests in AUDI AG, SEAT S.A., ŠKODA AUTO a.s., Porsche AG, TRATON SE (“TRATON”), Volkswagen Financial Services AG, Volkswagen Bank GmbH and a large number of other companies in Germany and abroad.

The Volkswagen Group is one of the leading multibrand groups in the automotive industry. The company’s business activities comprise the automotive and financial services divisions.

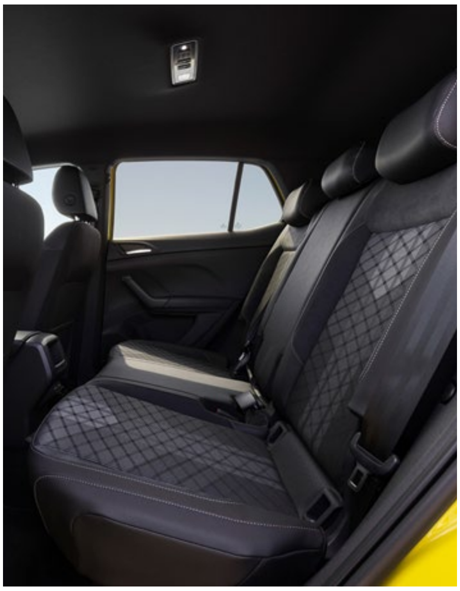
Volkswagen’s automotive division comprises the passenger cars, commercial vehicles and power engineering business areas.

Activities in the passenger cars business area focus on the development of vehicles, engines and vehicle software, the production and sale of passenger cars and light commercial vehicles, and the genuine parts business. The product portfolio ranges from compact cars to luxury vehicles and also includes motorcycles, and is supplemented by mobility solutions.

The commercial vehicles business area primarily comprises the development, production and sale of trucks and buses, the corresponding genuine parts business and related services. The commercial vehicles portfolio ranges from light vans to heavy trucks and buses. The collaboration between the commercial vehicle brands is coordinated within TRATON SE.

The power engineering business area combines the large-bore diesel engines, turbomachinery and propulsion components businesses.

The activities of Volkswagen's financial services division comprise dealer and customer financing, leasing, direct banking and insurance activities, fleet management and mobility services.



With its brands, the Volkswagen Group is present in all of the markets around the world that are relevant for the group. The key sales markets currently include Western Europe, China, the USA, Brazil, Türkiye, Mexico, Poland and the Czech Republic.

With the group strategy "NEW AUTO – Mobility for generations to come" adopted in May 2021 focusing on the world of mobility in 2030, the Volkswagen Group is preparing itself for the global changes in mobility and thus playing a substantial role in driving Volkswagen's transformation into a provider of sustainable mobility.

Volkswagen expects the market for electric vehicles to continue to grow in the next few years, meaning that the cost-efficient and sustainable production of battery systems and the expansion of the charging infrastructure are deemed to be crucial to success.

Volkswagen expects the shift to connected, intelligent and eventually self-driving vehicles, however, to bring more wide-reaching changes for the automotive industry. Autonomous driving will change the customer's mobility experience forever and lay the ground for new business models. Sources of revenue will gradually shift and will expand beyond the core product of the automobile. Increasing software development capabilities is the prerequisite for this.

In addition to technological trends, Volkswagen also expects the global economic and geopolitical environment to pose increased challenges in equal measure for the automotive industry. These include, for example, the economic influence of the largest mobility markets, China, the USA and Europe, and their diverging development. Furthermore, Volkswagen believes that sustainability will continue to be a recurring theme in the business world and will gain further pertinence.

The Volkswagen Group has established clearly defined group initiatives across the brand groups, with a focus on its central technology platforms “Architecture”, “Software”, “Battery, Charging & Energy” and “Volkswagen Group Mobility”. Furthermore, base initiatives form the foundation for the Volkswagen Group’s strategic realignment. The Volkswagen Group reports in detail on its strategy in its annual report for the fiscal year 2023 that is published on the Volkswagen website.

Porsche AG

Porsche AG is the parent company of the Porsche AG Group (Porsche AG and its fully consolidated subsidiaries). Porsche AG’s subscribed capital of €911 million is made up of 50% no-par value voting ordinary shares and 50% no-par value non-voting preference shares. The preference shares issued by Porsche AG have been admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) since 28 September 2022; the first trading day was 29 September 2022. On 19 December 2022, the preference shares of Porsche AG were included in the DAX.

The business purpose of the Porsche AG Group is to manufacture and sell luxury sports cars and engines of all kinds as well as other parts and components for these and other technical products. In addition, the purpose of the company includes performing development work and design engineering, including vehicle and engine construction; consulting and development in the field of data processing as well as the production and distribution of data-processing products; sale of merchandise and commercial exploitation of brand rights, including those containing the word “Porsche”. Also included are all other activities that are technically or economically related, including the commercial exploitation of intellectual property rights. Financial services are another business purpose, which include finance and mobility services for customers and dealers.

The Porsche AG Group consists of the automotive and financial services segments. The activities of the automotive segment cover the vehicles business field as well as the other business fields services and design. The vehicles business field includes the procurement, production, development and sale of vehicles as well as related services. The activities of the financial services segment include the leasing business, dealer and customer financing, service and insurance brokerage business as well as mobility services for vehicles of the Porsche brand. Within selected markets, the segment’s services are also offered for other brands of the Volkswagen Group, in particular the Bentley and Lamborghini brands.

Porsche AG aims to further expand its strong position as a profitable manufacturer of exclusive sports cars, in particular by systematically implementing Strategy 2030 of the Porsche AG Group. This consists of the cross-cutting strategies Customer, Products, Sustainability, Digitalization, Organization and Transformation. The cross-cutting strategies form the center of the Porsche AG Group’s strategy and are supplemented by the “Road to 20” program, which forms the basis for the Porsche AG Group’s long-term profitability target of an operating consolidated return on sales of more than 20%. Together, these contribute to the group’s corporate goals. The Porsche AG Group reports in detail on its strategy in its annual report for the fiscal year 2023 that is published on the Porsche AG website.

Portfolio investments
(as of 31 December 2023)

ABB E-mobility

ABB E-mobility is one of the world's leading suppliers of charging solutions for electric vehicles.

With over 50,000 DC fast chargers sold, the company has the largest installed base of fast chargers in the market.

Headquarters
Zurich/Switzerland

Investment since
2023

(ABB E-mobility)

AEVA

AEVA develops laser-based sensors (LiDAR light detection and ranging) sensors for environmental perception.

AEVA has been listed on the New York Stock Exchange since March 2021.

Headquarters
Mountain View/USA

Investment since
2018

Aurora Labs

Aurora Labs is a provider of remote software management, remote diagnostics and over-the-air updates.

Using its machine learning-based technology, the software can detect errors in the source code and transmit system updates to cars with zero downtime.

Headquarters
Tel Aviv/Israel

Investment since
2020

Celestial AI

Celestial AI develops a technology for optical data transmission between computer processors and memory modules.

The technology can make high-performance computing for AI models faster and more efficient.

Headquarters
Santa Clara / USA

Investment since
2023

DTCP Growth Equity III

The investment focus of the DTCP Growth Equity III fund is on companies in the cloud-based enterprise software sector.

The investment enables Porsche SE to further expand its network in the area of digitalization and software.

Investment since
2023

Ethernovia

Ethernovia develops ethernet technology based on advanced semiconductor processes for in-vehicle data transmission.

The technology allows for higher transmission rates, improved energy efficiency and additional safety features.

Headquarters
San Jose / USA

Investment since
2023

European Transport Solutions (ETS)

ETS is a holding company of Bridgepoint and Porsche SE, which combines the brands PTV Logistics and Umovity.

Umovity

The products and services of Econolite and PTV Mobility are integrated under the brand Umovity. Umovity's product portfolio includes hardware and software solutions in the field of traffic management as well as state-of-the-art software solutions for traffic planning, simulation and optimization.

Headquarters
Anaheim / USA

Investment since
2017

PTV Logistics

The PTV Logistics brand is a provider of logistics software. The product portfolio of PTV Logistics includes modern software solutions for route planning and optimization with powerful algorithms and data, as well as for additional use cases to save logistics costs and emissions.

Headquarters
Karlsruhe / Germany

Investment since
2017

INRIX

INRIX is a global provider of real-time traffic data.

INRIX draws on an extensive network of data sources comprising vehicles, smartphones and road sensors.

Headquarters
Kirkland / USA

Investment since
2014

Isar Aerospace

Isar Aerospace develops and produces launch vehicles for the transport of small and medium-sized satellites into Earth orbit, thus providing the basis for novel business models in commercial space.

Isar Aerospace aims to serve the steadily growing demand for cost-effective and flexible launches.

Headquarters
Ottobrunn/Germany

Investment since
2021

Markforged

Markforged manufactures 3D printing solutions for industrial users, offering materials ranging from carbon fiber reinforced plastic to metal.

Markforged has been listed on the New York Stock Exchange since July 2021.

Headquarters
Waltham/USA

Investment since
2017

proteanTecs

proteanTecs' technology enables the function and performance monitoring of semiconductors over their entire life cycle.

The technology can be used to increase the quality and reliability of new semiconductor generations and extend their lifespan.

Headquarters
Haifa/Israel

Investment since
2021

Quantum Motion Technologies

Quantum Motion Technologies is developing quantum computers using the silicon electron spin approach.

This approach enables a significantly more compact system with which quantum computers can be implemented on a microchip in the future.

Headquarters
London/UK

Investment since
2023

Seurat Technologies

Seurat Technologies is developing a novel technology in 3D printing which enables a significant increase in the speed of 3D metal printing.

Seurat Technologies thus promotes the use of 3D-printed components in small-series production.

Headquarters
Wilmington/USA

Investment since
2017

Xanadu Quantum Technologies

Xanadu Quantum Technologies is one of the world's leading quantum computing hardware and software companies.

Xanadu Quantum Technologies uses a photonics technology approach which offers considerable advantages in scaling computing power as well as its commercialization.

Headquarters
Toronto/Canada

Investment since
2022

Report on economic position

Significant events and developments

Significant events and developments at the Porsche SE Group

Refinancing

In March 2023, Porsche SE successfully placed a Schuldschein loan in a record amount of around €2.7 billion. The Schuldschein loan comprises eight tranches with terms of three, five, seven and ten years, each of which is subject to a fixed or variable interest rate. Of the total volume, €1.0 billion is subject to a term of three years, €1.4 billion to a term of five years, €0.2 billion to a term of seven years and €0.2 billion to a term of ten years. Around 120 institutional investors such as banks, pension funds and insurance companies participated in the Schuldschein loan.

As part of a debt issuance program set up in April 2023, Porsche SE issued a first bond with a total volume of €750 million, an annual coupon of 4.5% and a term until September 2028.

The proceeds from issuing the Schuldschein loan and this first bond were used by Porsche SE to refinance a significant part of the bridge loan of initially €3.9 billion raised for the acquisition of ordinary shares in Porsche AG. The bridge loan was repaid in full after the dividend of Volkswagen AG was paid out to Porsche SE in May 2023.

Furthermore, in June 2023 Porsche SE issued a bond with a volume of €500 million, a coupon of 4.125% and a term until September 2027 as well as a bond with a volume of €750 million, a coupon of 4.25% and a term until September 2030. This represents one of the world's largest unrated bond placements. The proceeds from these bonds were used for the partial repayment of the five-year bank loan.

The successful bond issues underline the confidence that Porsche SE enjoys among debt capital investors.

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

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

The group result after tax and non-controlling interests of the Volkswagen Group increased to €16.0 billion in the fiscal year 2023 compared to €14.9 billion in the prior-year period. For details on the development in the result at the Volkswagen Group, please refer to the sections “Business development” and “Results of operations of the Volkswagen Group”.

As of 31 December 2023, on the basis of the earnings forecasts there was no indication of an impairment of the carrying amount of the investment in Volkswagen AG accounted for at

equity. However, an impairment of the investment cannot be ruled out, particularly in the event of any sustained decline in earnings. This may also have consequences for the dividend policy of Volkswagen AG and therefore for the cash inflows at the level of Porsche SE. For explanations of the risks in connection with the investment in Volkswagen AG, please refer to the explanations in the section “Opportunities and risks of future development”.

On 10 May 2023, the annual general meeting of Volkswagen AG resolved to distribute a dividend for the fiscal year 2022 of €8.70 per ordinary share and €8.76 per preference share. The shares of Volkswagen AG held by Porsche SE thus entitled the latter to a dividend of €1.4 billion, which was collected in the second quarter of 2023.

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

Due to its share in capital of Porsche AG, Porsche SE is also influenced by the developments at the level of the Porsche AG Group. The group result after tax and non-controlling interests of the Porsche AG Group increased to €5.2 billion in the fiscal year 2023 compared to €5.0 billion in the prior-year period.

As of 31 December 2023, likewise for the investment in Porsche AG, no indication of an impairment of the carrying amount accounted for at equity was determined. However, an impairment of the investment cannot be ruled out, particularly in the event of any sustained decline in earnings. This may also have consequences for the dividend policy of Porsche AG and therefore for the cash inflows at the level of Porsche SE. For explanations of the risks in connection with the investment in Porsche AG, please refer to the explanations in the section “Opportunities and risks of future development”.

The dividend for the fiscal year 2022 of €1.00 per ordinary share and €1.01 per preference share resolved by the annual general meeting of Porsche AG on 28 June 2023 was received by Porsche SE on 3 July 2023, amounting to €114 million in proportion to the number of ordinary shares held.

Dividend proposal

Porsche SE’s dividend policy is generally geared to stability. Porsche SE’s board of management therefore proposes a resolution for the distribution of a dividend of €2.554 (€2.554) per ordinary share and €2.560 (€2.560) per preference share, i.e., a total distribution of €783 million (€783 million).

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

Porsche SE is involved in various legal proceedings. The main developments are described in the following. Porsche SE continues not to have reliable findings or assessments that would lead to a different evaluation of the legal risks.

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

A model case according to the Capital Markets Model Case Act (“KapMuG”) against Porsche SE initiated by an order of reference of the Regional Court of Hanover dated 13 April 2016 was pending with the Higher Regional Court of Celle. Subject of those actions were alleged damage claims based on alleged market manipulation and alleged inaccurate information in connection with Porsche SE’s increase of the investment in Volkswagen AG. In part these claims were also based on alleged violations of antitrust regulations. In the six initial proceedings suspended with reference to the model case, a total of 40 plaintiffs are asserting alleged claims for damages of about €5.4 billion (plus interest). By decision of 30 September 2022, all of the establishment objectives requested by the plaintiffs were dismissed or declared groundless by the Higher Regional Court of Celle.

The Higher Regional Court of Celle substantiates its decision on the opinion that Porsche SE cannot be deemed liable under any legal aspect and that the opposed pleading of the plaintiffs is inconclusive. With this decision, Porsche SE considers its legal position justified that the claims asserted in the suspended initial proceedings are without merit. The decision of the Higher Regional Court of Celle is not yet final. The plaintiffs filed an appeal against the decision with the Federal Court of Justice.

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

Since 2012, Porsche SE and two companies of an investment fund have been in dispute over the existence of alleged claims in the amount of about US$195 million and have filed lawsuits in Germany and England respectively. On 6 March 2013, the English proceedings were suspended at the request of both parties until a final decision had been reached in the proceedings commenced in the Regional Court of Stuttgart concerning the question of which court is the court first seized. A final decision on this issue continues to be outstanding. Currently, the proceedings are pending before the Higher Regional Court of Stuttgart. On 21 December 2021, the Higher Regional Court of Stuttgart decided that witnesses are to be interrogated in the United Kingdom by way of a request for mutual legal assistance. On 11 May 2023 one of the witnesses was interrogated by the

Oxford County Court. The other witness referred to his right to refuse to testify pursuant to German law via the High Court. The Higher Regional Court of Stuttgart will decide whether or not the right to refuse to testify applies. Only thereafter, and only if the Higher Regional Court of Stuttgart has decided that a right to refuse to testify does not apply, can the other witness be interrogated by the English courts. Porsche SE considers the action filed in England to be inadmissible and the asserted claims to be without merit.

Legal proceedings and legal risks in connection with the diesel issue

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

Before the Regional Court of Stuttgart 209 actions are currently pending at first instance. The actions pending at first instance concern payment of damages, if quantified, in the total amount of approximately €797 million (plus interest) and in part establishment of liability for damages. After various claims have been referred to and fro, eleven claims for damages against Porsche SE, with a claim volume (according to the current assessment of the partially unclear head of claims) of approximately €3.1 million (plus interest), are now pending before the Regional Court of Braunschweig. Proceedings at first instance, with a total amount of approximately €80.9 million (plus interest), are currently suspended, whereby the majority of the suspended proceedings are suspended with reference to a KapMuG proceeding meanwhile pending before the Federal Court of Justice. Porsche SE considers the actions filed against it before the Regional Court of Stuttgart to be without merit. The actions filed against Porsche SE before the Regional Court of Braunschweig are considered by Porsche SE to be inadmissible and without merit.

In addition, two further proceedings, in which a total of a further approximately €129 million (plus interest) in damages was claimed, are pending before the Higher Regional Court of Stuttgart on appeal. In one of the appeal proceedings in which approximately €5.7 million (plus interest) in damages was claimed, the Regional Court of Stuttgart had granted the action in the amount of approximately €3.2 million (plus interest) and otherwise dismissed the action on 24 October 2018. Porsche SE and the plaintiff filed appeals. The proceeding has been suspended in the meanwhile with reference to a KapMuG proceeding pending before the Federal Court of Justice. In the further proceeding, which is partly on appeal, plaintiffs object to the fact that the Regional Court of Stuttgart dismissed their actions as inadmissible on 26 August 2021. The amount in dispute is approximately €123 million (plus interest). Porsche SE considers these actions pending against it before the Higher Regional Court of Stuttgart to be without merit.

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

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

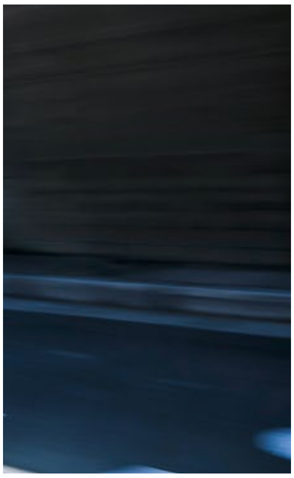
During the reporting period, no significant new developments occurred with regard to claims asserted out of court and not yet brought to court against Porsche SE with a total amount of approximately €63 million and in some cases without defined amounts as well as with regard to the waiver of the statute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

In connection with the diesel issue, in April 2021, two plaintiffs filed a derivative action against Porsche SE, current and former members of the management and supervisory boards of Volkswagen AG, current and former executives of Volkswagen AG and its subsidiaries, four Volkswagen AG subsidiaries and others in the Supreme Court of the State of New York, County of New York. The

plaintiffs claim to be shareholders of Volkswagen AG and allege claims of Volkswagen AG on its behalf. The action is based, inter alia, on an alleged violation of duties vis-à-vis Volkswagen AG pursuant to the AktG [“Aktiengesetz”: German Stock Corporation Act] and the German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK). The plaintiffs request, inter alia, a declaration that the defendants have breached their respective duties vis-à-vis Volkswagen AG, and an award to Volkswagen AG as compensation for the alleged damages it sustained as a result of the alleged violation of duties, plus interest. In September 2021, the parties filed a stipulation, which is subject to court approval, accepting service on behalf of certain defendants including Porsche SE, staying all discovery and setting a motion to dismiss briefing schedule.

Status proceedings regarding the composition of Porsche SE’s supervisory board

So-called status proceedings were initiated against Porsche SE before the Regional Court of Stuttgart. With applications dated 11 July 2021 and 18 July 2021, the applicant has asked the court to find that Porsche SE’s supervisory board is to be composed of half shareholder representatives and half employee representatives. In a ruling dated 24 January 2023, the Regional Court of Stuttgart dismissed these applications as inadmissible and without merit and determined that Porsche SE’s supervisory board is composed in accordance with the law. The applicant initially filed an appeal against this ruling, but later withdrew his appeal. The decision of the Regional Court is therefore final and the proceedings have ended.



Significant events and developments at the Volkswagen Group

Material transactions

Under the Volkswagen Group's North America strategy, Scout Motors Inc., Arlington, Virginia, USA, a wholly owned subsidiary of Volkswagen Finance Luxemburg, Strassen, Luxembourg, was established in the fiscal year 2022. A new vehicle brand is to be created under the name of Scout to distribute electrified all-terrain vehicles and pickups in the USA from 2026. In order to finance the creation of the Scout brand, as well as vehicle development and production planning, an amount of US$493 million was contributed to the company in the fiscal year 2023. The company has been included in the Volkswagen consolidated financial statements since 1 January 2023.

The process of winding down Argo AI, LLC, Pittsburgh, USA ("Argo AI"), was initiated in the third quarter of 2022. In this context, Volkswagen contributed US$60 million to the company in the first half of 2023. The contribution was written down in full. In the prior year, an expense of €1.9 billion had been recognized from the full impairment of the equity investment in Argo AI at the level of the Volkswagen Group.

In the fiscal years 2020 and 2021, the Volkswagen Group acquired new shares in QuantumScape Corporation, San José, USA ("QuantumScape"), through forward purchase agreements resulting from a capital increase. Due to QuantumScape's simultaneous listing on the New York Stock Exchange, the forward purchase agreements had to be measured at the respective closing prices. As a consequence, a non-cash gain of €1.4 billion was recognized at the level of the Volkswagen Group in the fiscal year 2020 and a non-cash expense of €0.6 billion in the fiscal year 2021. In total, there was a non-cash increase of €0.8 billion. Due to the share price performance, the Volkswagen Group conducted an impairment test on the shares in QuantumScape. The carrying amount was adjusted on the basis of the impairment test. This adjustment led to a non-cash expense of €0.3 billion at the level of the Volkswagen Group in the second quarter of 2023. An additional adjustment of €0.1 billion was identified in the third quarter of 2023. Overall, there was a non-cash expense of €0.4 billion at the level of the Volkswagen Group in the fiscal year 2023.

On 27 September 2023, the shareholders AUDI AG, Ingolstadt, Volkswagen (China) Investment Co., Ltd., Beijing, China, and China FAW Corporation Limited, Changchun, China, resolved amendments to the articles of association of Audi FAW NEV Co., Ltd., Changchun, China (Audi FAW NEV Co.), effective from 1 October 2023. With equity interests unchanged, the amendments led to a loss of control over the company by the Volkswagen Group and resulted in its deconsolidation. The company has since 1 October 2023 been jointly controlled within the meaning of IFRS 11. The investment in Audi FAW NEV Co. will consequently be included in Volkswagen's consolidated financial statements as a joint venture using the equity method. As a result of the change to the way the investment is accounted for, the cash and cash equivalents

previously reported declined by a low three-digit million-euro amount. Other than that, there were no material effects on the Volkswagen Group's net assets, financial position and results of operations.

On 6 December 2023, Volkswagen acquired 4.99% of the ordinary shares of the electric vehicle company XPeng Inc., Cayman Islands ("XPeng"), at a purchase price totaling US$706 million. The realization of a forward transaction dating from 26 July 2023 resulted in a non-cash gain of €74.2 million at the level of the Volkswagen Group in the fiscal year 2023. Along with the agreement to acquire the shares, a technological framework agreement was signed with Guangdong Xiaopeng Motors Technology Co. Ltd., Guangzhou, China, a subsidiary of XPeng, for the joint development of electric vehicles in China, among other things. The investment in XPeng is measured at fair value with recognition of fair value changes through other comprehensive income.

On 7 December 2023, Volkswagen acquired preference shares of Horizon Robotics Inc., Cayman Islands (Horizon Robotics), a leading provider of energy-efficient computing platforms for autonomous driving in China, from Horizon Robotics at a purchase price of US$200 million and issued a convertible loan to Horizon Robotics in an amount of US$800 million. Both investments are classified as debt instruments in the financial statements and measured at fair value through profit or loss. The measurement did not result in any significant effects at the level of the Volkswagen Group in the fiscal year 2023.

To promote the development of highly automated and autonomous driving in China, Volkswagen has also agreed the establishment of a joint venture with Horizon Robotics. On 14 December 2023, Volkswagen invested an amount of CNY 2 billion to this end in exchange for an ownership interest of 60% in the new company, CARIZON (Beijing) Technology Company Limited, Beijing, China. In addition, Volkswagen has committed to contribute capital in the future of up to CNY 8.4 billion to the joint venture.

Russia-Ukraine war

The start of the Russia-Ukraine war in February 2022 led not only to a humanitarian crisis but also brought market upheaval around the world. There have been substantial price rises, particularly on the energy and commodity markets, and significant increases in interest and inflation rates have been observed internationally. There were some signs of normalization in the markets during the course of fiscal year 2023.

Against the backdrop of the Russia-Ukraine war and the resulting consequences, Volkswagen had decided to suspend vehicle production in Russia for the time being. Vehicle exports to Russia have also been halted. In addition, the respective sanction requirements must also be complied with in relation to parts supplies and the provision of technical information.

There was again no easing of the Russia-Ukraine war in the fiscal year 2023. For this reason, the discontinuation of business activities in Russia continued to take concrete shape in the Volkswagen Group. In this context, further sales negotiations with a number of investors continued or were concluded.

On 18 May 2023, the Volkswagen Group completed the sale of its shares in OOO Volkswagen Group Rus, Kaluga, Russia (Volkswagen Group Rus), and that company's local subsidiaries (OOO Volkswagen Components and Services, Kaluga, Russia, OOO Scania Leasing, Moscow, Russia, OOO Scania Finance, Moscow, Russia, OOO Scania Insurance, Moscow, Russia) to OOO ART-FINANCE, Moscow, Russia, which is supported by the Russian dealer AO Avilon Automotive Group, Moscow, Russia. On registration of the transaction on 22 May 2023, ownership of the shares in Volkswagen Group Rus was transferred from the seller to the buyer. The transaction comprises the production facilities in Kaluga, the importer structure of the group brands Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, Škoda, Bentley, Lamborghini and Ducati for potential after-sales business and the warehouse activities, as well as Scania's financial services activities, including all associated employees.

In this context, the Volkswagen Group had already made significant impairments in the fiscal year 2022 and recognized appropriate provisions. The selling price amounted to €0.1 billion. The deconsolidation of the affected companies resulted in a loss of €0.4 billion in the fiscal year 2023 at the level of the Volkswagen Group.

Apart from winding down Volkswagen Group Rus and its subsidiaries, no additional material expenses were recognized in connection with the Russia-Ukraine war in the fiscal year 2023.

For further details, please refer to the sections "Business development", "Results of operations of the Volkswagen Group", "Opportunities and risks of the Volkswagen Group" and "Anticipated development of the Volkswagen Group".

Diesel issue

On 18 September 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 2.0 l diesel engines in the USA. In this context, Volkswagen AG announced that noticeable discrepancies between the figures recorded in testing and those measured in actual road use had been identified in type EA 189 diesel engines and that this engine type had been installed in roughly eleven million vehicles worldwide. On 2 November 2015, the EPA issued a notice of violation alleging that irregularities had also been discovered in the software installed in US vehicles with type V6 3.0 l diesel engines.

The so-called diesel issue is rooted in a modification of parts of the software of the relevant engine control units – which, according to Volkswagen AG's legal position, is only unlawful under US law – for the type EA 189 diesel engines that Volkswagen AG was developing at that time. This software function was developed and implemented from 2006 on without knowledge at the level of the board of management. Members of the board of management did not learn of the development and implementation of this software function until the summer of 2015.

No material special items in connection with the diesel issue were recognized at the level of the Volkswagen Group in the fiscal year 2023. For further information on the legal risks in connection with the diesel issue, please refer to the section "Opportunities and risks of future development" as well as note [2] of the notes to the consolidated financial statements for the fiscal year 2023.

Antitrust investigations

In 2011, the European Commission conducted searches at European truck manufacturers for suspected unlawful exchange of information during the period from 1997 to 2011; in November 2014, the Commission issued a statement of objections to MAN, Scania, and the other truck manufacturers concerned. In its settlement decision of July 2016, the European Commission assessed fines against five European truck manufacturers. MAN's fine was waived in full as the company had informed the European Commission about the irregularities as a key witness. In September 2017, the European Commission fined Scania €0.88 billion. In a judgment rendered in February 2022, the European General Court (Court of First Instance) rejected in its entirety the appeal filed by Scania in this connection. Scania's April 2022 appeal against this judgment was rejected in full by the European Court of Justice, the court of last resort, in February 2024.

Furthermore, antitrust lawsuits seeking damages have been received from customers. As is the case in any antitrust proceedings, this may result in further lawsuits for damages. No provisions have been recognized at the level of the Volkswagen Group for a large number of these legal disputes as they are not expected to result in final damage awards at the highest appeals level. For those actions in which, after re-assessing the risks, the final outcome at the highest appeals level appears more likely than not to result in the payment of damages by MAN or Scania, provisions have been recognized in an amount of €89 million at the level of the Volkswagen Group. Volkswagen AG has not disclosed contingent liabilities in its consolidated financial statements as it is currently not possible to quantify them. This applies in particular to the proceedings that are currently at an early stage – including those as to which the process of expert assessment is still at an early stage.

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 initiation of the proceedings 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 is responding to the European Commission’s information requests. Volkswagen Group UK is cooperating with the CMA. In this matter, CMA furthermore issued requests for information to Volkswagen AG. In July 2022, Volkswagen AG filed an action for judicial review challenging the CMA’s requests for information in particular because Volkswagen AG believes that they exceed the CMA’s jurisdiction. In February 2023, the court granted the claim. The CMA appealed this judgment in April 2023, and in January 2024 the appellate court ruled in the CMA’s favor. Volkswagen AG is considering whether to appeal this decision. Concurrent therewith, Volkswagen AG continues to examine the possibilities for reasonable cooperation with the CMA.

In addition, a few national and international authorities initiated antitrust investigations. Volkswagen is cooperating closely with the responsible authorities in these investigations. An assessment of the underlying situation by Volkswagen is not possible at this early stage.

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

The intention resolved at Porsche AG in September 2022 to sell two Russian sales companies in the passenger cars and light commercial vehicles segment, OOO Porsche Russland, Moscow, Russia, and OOO Porsche Center Moscow, Moscow, Russia, as well as one company assigned to the Financial Services segment, OOO Porsche Financial Services Russland, Moscow, Russia, continues to be in place. In view of the change in external conditions, the disposal project is expected to be completed within the fiscal year 2024. An impairment loss of €25 million was recognized at the level of the Volkswagen Group for the disposal group as of 31 December 2022. As of 31 December 2023, another minor impairment loss and offsetting currency translation effects were identified at the level of the Volkswagen Group.

It was resolved by Volkswagen in the fourth quarter of 2022 to sell the following fully consolidated subsidiaries allocated to the financial services segment: OOO Volkswagen Bank RUS, Moscow, Russia, OOO Volkswagen Group Finanz, Moscow, Russia, and OOO Volkswagen Financial Services RUS, Moscow, Russia. Once the resolution had been passed by the competent bodies, the implementation of a disposal plan was started and expected to be completed in 2023. However, it could not be finalized as an approval by the Russian authorities was still outstanding as of 31 December 2023. It is expected that the outstanding approval will ultimately be granted and the disposal plan therefore completed in the first half of 2024. Impairment losses of €186 million were recognized in this context at the level of the Volkswagen Group in the period up to 31 December 2023. The companies, OOO Volkswagen Group Finanz, Moscow, Russia, and OOO Volkswagen Financial Services RUS, Moscow, Russia, were sold after the end of the fiscal year, on 18 January 2024.

On 15 December 2022, the supervisory board of Volkswagen AG resolved to sell the MAN ES gas turbine business of MAN Energy Solutions SE, Augsburg, and MAN Energy Solutions Schweiz AG,

Zurich, Switzerland, by way of an asset deal to CSIC Longjiang GH Gas Turbine Co. Ltd., Harbin, China, and its subsidiaries under German and Swiss law. Following approval by the competent authorities, the transaction is expected to be completed within the fiscal year 2024.

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

Business development

The business development of the Porsche SE Group is largely shaped by its core investments, in particular the investment in Volkswagen AG, as well as the development of the actions pending. For the business development of the Porsche SE Group, please refer to the sections “Significant events and developments at the Porsche SE Group” and “Results of operations, financial position and net assets”. The following statements take into consideration factors influencing operating developments in the passenger cars and light commercial vehicles, commercial vehicles, financial services and power engineering business areas at the Volkswagen Group, which include the development of the Porsche AG Group.

Developments in the global economy

In the reporting year, general economic development was primarily shaped by the Russia-Ukraine war (see also section “Significant events and developments at the Volkswagen Group”).

After the slump in global economic output in 2020 and the incipient recovery due to baseline and catch-up effects in 2021 followed by a further normalization of economic activity in 2022, despite the Russia-Ukraine war, the global economy recorded positive overall growth of 2.7% in 2023 (3.1%). The slowdown in economic momentum versus the prior year was mainly due to weaker growth in the advanced economies, whereas the overall rate of change in the emerging markets increased somewhat.

At national level, developments depended on the one hand on the intensity with which central banks had to tighten monetary policy to curb the higher inflation, mainly by raising interest rates and reducing bond holdings, which had a negative impact on consumer spending and investment activity. On the other hand, the extent to which national economies were affected by the consequences of the Russia-Ukraine war was a decisive factor. Prices for energy and many other raw materials were lower than in the prior year, and shortages of intermediate products and commodities eased somewhat. Global trade in goods expressed in nominal terms decreased in the reporting year.

Trends in the markets for passenger cars and light commercial vehicles

In the fiscal year 2023, the volume of the passenger car market worldwide was noticeably higher than in the prior year at 76.6 million vehicles. Most markets registered growth, which together with weak prior-year figures was attributable to the fact that shortages and disruption in global supply chains eased restricting vehicle availability to a lesser extent. While the supply situation for intermediates improved compared with 2022, the trend in new registrations in individual markets dampened at the end of the prior year, partly as a consequence of the Russia-Ukraine war and pull-forward effects generated by state subsidies expiring.

Significant or strong growth was recorded in the overall markets of the Western Europe, Central and Eastern Europe, Middle East and North America regions. The markets of the South America region were slightly higher and the markets of the Asia-Pacific region noticeably higher than the prior-year level. The market in Africa fell slightly short of the prior-year volume.

In the reporting year, the global volume of new registrations for light commercial vehicles was on a level with the prior year (down 0.2%).

Trends in the markets for commercial vehicles

In the markets that are relevant for the Volkswagen Group, demand for mid-sized and heavy trucks with a gross weight of more than six tonnes experienced noticeable growth in the fiscal year 2023 versus the comparative period (up 8.5%). Global truck markets grew significantly, due in particular to a recovery of the Chinese market following the end of the country’s zero-Covid strategy.

Demand in the bus markets relevant for the Volkswagen Group was significantly higher than in the prior year (up 23.2%).

Trends in the markets for power engineering

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

In 2023, the marine market remained at a similar level to the prior year. There was reticence in the market for energy generation in 2023, particularly in Europe. This was due to the gas supply issues and the continued lack of a finalized framework for the future operation of power plants on the part of policymakers. There was more movement in the turbomachinery market than in the prior year.

Trends in the markets for financial services

Demand for automotive financial services was at a high level in the fiscal year 2023; however, higher interest rates put pressure on demand for financial services in almost all regions.

Volkswagen Group deliveries

The Volkswagen Group delivered 9.2 million vehicles to customers worldwide in the fiscal year 2023. This was 11.8% or 1.0 million units more than in the prior year, which had suffered in particular from the limited availability of Volkswagen Group models caused by the continued shortage of semiconductors, and from the Russia-Ukraine war. Parts supply shortages continued to have an adverse effect in the reporting year. In addition, disruptions in logistics chains had a negative effect; however, this effect diminished in the course of the year. Sales of both passenger cars and commercial vehicles were up year on year.

With the exception of Bentley, all brands in the passenger cars and light commercial vehicles business areas at the Volkswagen Group delivered more vehicles to customers than in the prior year. Volkswagen recorded an increase in deliveries to customers in all major individual markets as well as in all sales regions around the world.

The group's e-mobility campaign continued to move ahead successfully; Volkswagen delivered 0.8 million all-electric vehicles to customers worldwide in the reporting year. This was 0.2 million or 34.7% more units than in the prior year. Their share of the group's total deliveries rose to 8.3% (6.9%). Deliveries to customers of our plug-in hybrid models amounted to 0.3 million (up 4.4%). Total electric vehicle deliveries went up by 25.6% and their share of total Volkswagen Group deliveries rose year on year to 11.1% (9.9%).

In an overall global market that saw noticeable growth, the Volkswagen Group achieved a passenger car market share of 11.1% (11.0%).

In the fiscal year 2023, the Volkswagen Group delivered 10.7% more commercial vehicles to customers worldwide than in the prior year. Volkswagen handed over a total of 0.3 million commercial vehicles to customers.

Volkswagen Group deliveries from 1 January to 31 December[1]

	2023	2022	Change %
Regions			
Europe/Other markets	4,133,754	3,432,451	20.4
North America	993,082	842,619	17.9
South America	518,172	473,691	9.4
Asia-Pacific	3,594,504	3,514,000	2.3
Worldwide	**9,239,512**	**8,262,761**	**11.8**
by brands			
Volkswagen passenger cars	4,866,803	4,563,327	6.7
ŠKODA	866,820	731,262	18.5
SEAT	519,176	385,591	34.6
Volkswagen commercial vehicles	409,406	328,572	24.6
Audi	1,895,240	1,614,231	17.4
Lamborghini	10,112	9,233	9.5
Bentley	13,560	15,174	–10.6
Porsche	320,221	309,884	3.3
Passenger cars and light commercial vehicles total	**8,901,338**	**7,957,274**	**11.9**
Scania	96,568	85,232	13.3
MAN	115,653	84,372	37.1
Navistar	88,880	81,892	8.5
Volkswagen Truck & Bus	37,073	53,991	–31.3
Commercial vehicles total	**338,174**	**305,487**	**10.7**

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

Sales, production and inventories at the Volkswagen Group

The Volkswagen Group's unit sales to the dealer organization[1] increased in the reporting year by 10.4% to 9.4 million units (including the equity-accounted companies in China). The prior-year figure had been impacted in particular by the limited vehicle availability due to bottlenecks in the supply of parts caused by the shortage of semiconductors and the Russia-Ukraine war. Persistent parts supply shortages had a negative effect in the reporting year and disruption in the global logistics chains also led to delays, though these eased as the year progressed. Unit sales outside Germany rose by 9.5% to 8.2 million vehicles. Growth was seen above all in the USA, the United Kingdom and Türkiye, while fewer vehicles were sold in China. Unit sales in Germany increased by 17.2% year on year. The proportion of the group's total unit sales attributable to Germany increased to 12.6% (11.9%).

The Volkswagen Group produced 9.3 million vehicles (including the equity-accounted companies in China) in the period from January to December 2023, 6.8% more than in the comparative prior-year period, which had seen production being halted due to the disruption of supply chains caused by the Russia-Ukraine war and the Covid-19 pandemic. Parts supply shortages impacted production in the fiscal year 2023. Production in Germany increased by 16.2% to 1.9 million vehicles. The proportion of the group's total production accounted for by Germany increased to 20.6% (18.9%).

Global inventories of new vehicles at Volkswagen Group companies and in the dealer organization were higher at the end of the reporting year than at year-end 2022. The effect of disruption in the logistics chains continued to have a negative impact in the reporting year which eased as the year progressed.

Volkswagen Group financial services

The products and services of the Volkswagen Group's financial services division were popular in the fiscal year 2023. However, limited vehicle availability caused by parts supply shortages and disruptions in logistics chains weighed on demand. The number of new financing, leasing, service and insurance contracts signed worldwide increased by 11.3% to 9.5 million. The ratio of leased and financed vehicles to group deliveries (penetration rate) in the financial services division's markets stood at 32.8% in the reporting year, on a level with the prior year. The total number of contracts stood at 24.6 million (24.5 million) on 31 December 2023.

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

Results of operations, financial position and net assets

In the following explanations, the significant results of operations as well as the financial position and net assets of the Porsche SE Group are presented for the fiscal year 2023 and as of 31 December 2023. While the prior-year figures for the results of operations relate to the period from 1 January to 31 December 2022, the financial position and net assets use figures as of 31 December 2022 as comparative figures.

As a result of the first-time application of IFRS 17, which provides new guidance on the accounting for insurance contracts, adjustments were made to prior-year figures at the level of the Volkswagen Group including the Porsche AG Group. These changes are due primarily to the changed system for calculating provisions related to the insurance business. At the level of Porsche SE, there are no business transactions that fall within the scope of IFRS 17. However, as a result of applying the equity method to the investments in Volkswagen AG and Porsche AG for the consolidated financial statements of Porsche SE, the first-time application of IFRS 17 at the level of the Volkswagen Group also has an indirect impact on Porsche SE's consolidated financial statements. This caused the result from investments accounted for at equity for the fiscal year 2022 to increase by €5 million. With regard to the investments accounted for at equity, there were no material balance sheet effects as of 31 December 2022.

In the prior year, the preference shares of Volkswagen AG held by Porsche SE were accounted for as assets held for sale pursuant to IFRS 5, after the supervisory board of Porsche SE had approved a disposal plan in June 2022 for the total of 2.7 million preference shares as a financing component for the acquisition of ordinary shares in Porsche AG. In particular in light of the successful placement of the Schuldschein loan of around €2.7 billion in March 2023, which significantly exceeded the volume predictable on the basis of similar transactions in the past, circumstances arose in the fiscal year 2023 that made a sale of the preference shares of Volkswagen AG held by Porsche SE by June 2023 not seem highly probable anymore. Already in the first quarter of the fiscal year 2023, the preference shares were therefore no longer classified as assets held for sale, resulting in a retrospective application of the equity method. The capital share, which the at equity accounting for the investment in Volkswagen AG has since been based on, amounts to around 31.9% compared to the approximately 31.4% previously. The retrospective application of the equity method required the prior-year comparative figures to be adjusted. On the one hand, the preference shares are no longer recognized as assets held for sale previously amounting to €314 million. On the other hand, this resulted in an increase in the carrying amount of the investment in Volkswagen AG accounted for at equity of €1,040 million, an increase in deferred tax liabilities of €4 million as well as an increase in equity of €723 million. This increased the result from investments for the fiscal year 2022 by €703 million, while the deferred income tax income incurred thereon decreased by €3 million.

Results of operations of the Porsche SE Group

The result after tax of the Porsche SE Group came to €5,096 million (€5,492 million) in the fiscal year 2023, relating entirely to continuing operations (€5,396 million). In the prior year, €96 million related to discontinued operations. In turn, of the result after tax from continuing operations, €5,107 million (€5,399 million) relates to the core investments segment and minus €12 million (minus €3 million) to the portfolio investments segment. The decrease in the group result after tax is due in particular to a non-cash valuation effect in connection with the acquired Volkswagen preference shares in the amount of €597 million in the prior year. There were no direct significant currency, crisis or investment (or divestiture) effects at the level of Porsche SE in the reporting year. The combined group management report for the fiscal year 2022 forecast a group result after tax of between €4.5 billion and €6.5 billion for the fiscal year 2023. On 20 October 2023, Porsche SE also announced that it expects a group result after tax in the lower half of the forecast corridor. The group result after tax was within the forecast corridor.

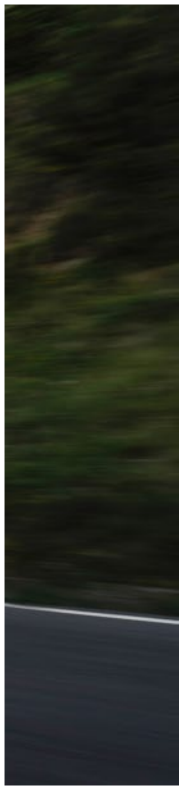
Other comprehensive income of the Porsche SE Group of minus €1,132 million (€3,652 million) mainly contains effects resulting from the investment in Volkswagen AG accounted for at equity totaling minus €1,033 million (€3,529 million) after taking deferred taxes into account. These effects result in particular from at equity accounting at the level of the Volkswagen Group amounting to minus €391 million (€15 million), currency translation amounting to minus €370 million (€162 million) and actuarial gains from the remeasurement of pension provisions amounting to minus €368 million (€3,250 million) after taking deferred taxes into account in each case. Effects resulting from the at-equity accounting of the investment in Porsche AG totaling minus €42 million (€78 million) relate in particular to actuarial gains from the remeasurement of pension provisions amounting to minus €35 million (minus €1 million) and currency translation amounting to minus €27 million (minus €69 million) and offsetting effects from the measurement of cash flow hedges amounting to €20 million (€148 million) after taking deferred taxes into account in each case. At the level of Porsche SE, other comprehensive income primarily contains effects from the measurement of interest rate hedging instruments concluded by Porsche SE under hedge accounting in an amount of minus €72 million (€90 million) after taking deferred taxes into account.

Consolidated income statement of Porsche SE by segment

€ million	Core investments	Portfolio investments	**Group 31/12/2023**	Group 31/12/2022
Result from investments accounted for at equity[2]	5,240	–11	5,229	5,263[1]
thereof Volkswagen AG	4,849		4,849	5,254[1]
thereof Porsche AG	391		391	12[1]
thereof portfolio investments		–11	–11	–3
Income from investment valuation		1	1	12
Expenses from investment valuation		–1	–1	–11
Result from investments	**5,240**	**–11**	**5,229**	**5,263[1]**
Other operating income	220	0	220	179[1]
Personnel expenses	–17		–17	–17
Amortization and depreciation	–1		–1	–1
Other operating expenses	–18	–1	–18	–25
Result before financial result	**5,424**	**–12**	**5,412**	**5,399[1]**
Financial result	–269		–269	–57
Result before tax	**5,155**	**–12**	**5,143**	**5,343[1]**
Income tax	–47	0	–48	53[1]
Result after tax from continuing operations	**5,107**	**–12**	**5,096**	**5,396[1]**
Result after tax from discontinued operations				96
Result after tax	**5,107**	**–12**	**5,096**	**5,492[1]**
Other comprehensive income after tax	–1,132	0	–1,132	3,652[1]
Total comprehensive income	**3,975**	**–11**	**3,964**	**9,144[1]**

1 Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. This increased the result from investments by €708 million overall, while deferred income tax income decreased by €3 million.

2 Notes [4], [5] and [12] of the notes to the consolidated financial statements for the fiscal year 2023 contain additional disclosures on investments accounted for at equity.



The result after tax in the core investments segment was significantly influenced by the result from investments in Volkswagen accounted for at equity of €4,849 million (€5,254 million). This contains profit contributions from ongoing at equity accounting before purchase price allocations of €5,111 million (€4,716 million) as well as subsequent effects from purchase price allocations of minus €262 million (minus €59 million). The increase in subsequent effects from purchase price allocations is attributable to impairment losses on amortized hidden reserves as a result of impairment tests at the level of the Volkswagen Group and is related to investments of the Volkswagen Group accounted for at equity. These were recognized in an ancillary calculation to the carrying amount accounted for at equity and are included in the effects from purchase price allocations in the amount of €232 million. The prior-year result from investments in Volkswagen AG accounted for at equity also included non-cash income of €597 million from the acquisition of Volkswagen preference shares. This was a result of the difference between the proportionate remeasured equity of the Volkswagen Group and the acquisition costs for the Volkswagen preference shares. With regard to the development in the result at the level of the Volkswagen Group, please also refer to the sections “Significant events and developments at the Volkswagen Group” and “Results of operations of the Volkswagen Group”.

The result from the investment in Porsche AG accounted for at equity, the second core investment, amounted to €391 million (€12 million) in the reporting period. This contains profit contributions from ongoing at equity accounting before the purchase price allocation of €643 million (€162 million) as well as subsequent effects from the purchase price allocation of minus €252 million (minus €150 million). In the prior year, the result was only attributed to Porsche SE from 29 September 2022.

Other operating income, personnel expenses, amortization and depreciation, the financial result and income tax income of the core investments segment virtually match the amounts for the group as a whole.

Other operating income from the reporting period includes income of €218 million from a contractual claim for compensation against Volkswagen AG. This resulted from a compensation mechanism in the contribution agreement, based on tax benefits and tax disadvantages, in connection with the contribution of the holding business operations of Porsche SE to Volkswagen AG in the fiscal year 2012.

In connection with the contribution, Porsche SE under certain circumstances holds the companies transferred as well as their legal predecessors harmless from tax disadvantages that exceed the obligations from periods up until and including 31 July 2009 recognized at the level of these entities. In return, Volkswagen AG has undertaken to reimburse Porsche SE for any tax advantages of the companies transferred as well as their legal predecessors and subsidiaries relating to tax assessment periods up to 31 July 2009. After the tax field audit of Porsche AG for the assessment period 2009 was substantively completed in the third quarter of 2023, the findings of the tax field audit of Porsche AG were accepted by Porsche SE which is liable for the tax payments as the former ultimate tax parent. Based on the findings of the tax field audit for the assessment periods 2006 to 2009, a claim for compensation of €209 million against Volkswagen AG was recognized in the fiscal year 2023 net of €9 million provisions recognized in prior years, which was settled in the fourth quarter of the reporting year.

In the prior year, €177 million of other operating income related to the proportionate realization of an intercompany profit that was eliminated in the fiscal year 2012. This intercompany profit was attributable to the contribution of the holding business operations of Porsche SE to Volkswagen AG in the fiscal year 2012. The sale of preference shares of Porsche AG by Volkswagen to third parties in the course of the IPO of Porsche AG triggered the proportionate realization of this intercompany profit in the prior year.

Other operating expenses decreased largely due to lower consulting fees year on year to a total of €18 million (€25 million).

The financial result of minus €269 million (minus €57 million) contains financing expenses of minus €293 million (minus €71 million). The increase is related to the interest period recognized for the whole year for the first time in the reporting year. Other financial result of €24 million (€14 million), which largely comprises interest income from fixed-term deposits, had an opposite effect. In the prior year, other financial result mainly included effects from the fair value measurement of interest rate derivatives to which hedge accounting was not applied in the amount of €13 million.

The result after tax from continuing operations in the portfolio investment segment largely corresponds to its result from investments, which contains the result from investments accounted for at equity of minus €11 million (minus €3 million) as well as income of €1 million (€12 million) and expenses of €1 million (€11 million) from the fair value measurement of portfolio investments. The negative segment result from investments accounted for at equity is also related in particular to subsequent effects from purchase price allocations at the level of ETS and the early life cycle phase of the portfolio companies, in which no profits are typically recorded.

The result after tax from discontinued operations in the comparative period resulted from the deconsolidation gain on disposal of the share in PTV Planung Transport Verkehr GmbH, Karlsruhe (“PTV”, together with its subsidiaries the “PTV Group”).

Financial position of the Porsche SE Group

Net debt of the Porsche SE Group, i.e., financial liabilities less cash and cash equivalents, time deposits and securities, decreased to €5,717 million (€6,672 million) compared to 31 December 2022. In the combined group management report for the fiscal year 2022, net debt[1] of the Porsche SE Group as of 31 December 2023 was forecast to range between €5.6 billion and €6.1 billion. In the group quarterly statement for the third quarter of 2023, Porsche SE announced that net debt at the end of the year was expected to be in the lower half of the forecast range.[2] Net debt as of 31 December 2023 was within the corridor forecast.

Cash inflow from operating activities amounts to €1,873 million (€791 million) in the reporting period and largely contains the dividends received from the investment in Volkswagen AG totaling €1,415 million (€884 million) and in Porsche AG of €114 million (in the prior year no dividend inflow).

Of the Volkswagen dividend, €1,393 million related to the dividend based on the resolution of the annual general meeting for the fiscal year 2022 and €22 million to the special dividend, which had been resolved by the annual general meeting of Volkswagen AG on 16 December 2022 in connection with the IPO and the sale of ordinary shares in Porsche AG, but not paid out until 9 January 2023.

Porsche SE's special dividend claim against Volkswagen AG of €3.1 billion was offset against the remaining purchase price liability for Porsche SE's acquisition of ordinary shares in Porsche AG to Volkswagen of €3.0 billion. No capital gains tax was deducted from these dividend inflows. In the comparative period, the gross dividend from Volkswagen of €1,201 million for the fiscal year 2021 attributable to Porsche SE was initially subject to capital gains tax plus solidarity surcharge of 26.375% or €317 million. In the reporting period, the cash inflow from operating activities under income tax received includes a €316 million corporate income tax refund, which is largely due to this capital gains tax deduction.

Cash inflow from operating activities also contains, in addition to a payment made by Volkswagen AG of €209 million from a contractual claim for compensation (see section "Results of operations of the Porsche SE Group"), inflows from the termination of interest rate derivatives of €97 million and from interest received from fixed-term deposits of €17 million (€1 million). This was offset by cash outflows in the reporting period of €248 million (€52 million) primarily for interest paid including transaction costs in connection with the debt capital raised. Both the reporting and the comparative period include cash outflows for expenses relating to holding business operations.

[1] Net liquidity of between minus €6.1 billion and minus €5.6 billion was forecast in the combined group management report for the fiscal year 2022. Net debt corresponds to negative net liquidity.

[2] In the group quarterly statement for the third quarter of 2023, Porsche SE announced that net liquidity was expected to be in the upper half of the forecast corridor. Net debt corresponds to negative net liquidity.

There was a cash outflow from investing activities of €243 million (€7,287 million) in the fiscal year 2023. This largely resulted from changes in investments in securities and time deposits totaling minus €178 million (cash inflow: €35 million) as well as cash payments of €64 million (€14 million) for acquisitions of investments in portfolio companies and the participation in a subsequent financing round at an existing portfolio investment. In the comparative period, the cash outflow from investing activities is largely attributable to cash paid for the acquisition of ordinary shares in Porsche AG of €7,075 million (including acquisition-related costs). Additional cash outflows in the comparative period are attributable to cash paid for acquiring preference shares in Volkswagen AG of €400 million as well as for participating in a capital increase of ETS of €35 million. In contrast, the comparative period also included a cash inflow from the sale of shares in PTV of €226 million less the cash and cash equivalents of the PTV Group of €25 million disposed of in the course of the deconsolidation.

There was a cash outflow from financing activities of €1,222 million (cash inflow: €6,286 million) in the fiscal year 2023. This cash outflow resulted from the dividend payments made to the shareholders of Porsche SE of €783 million (€783 million) and the repayment of bank loans and the bridge loan in excess of the refinancing from the Schuldschein loan and the bonds of €439 million. In the prior year, the cash inflow was due in particular to raising debt capital for the purchase price payment of the ordinary shares of Porsche AG of €7,070 million.

Cash and cash equivalents increased to €494 million (€86 million) compared to 31 December 2022. In addition to that, Porsche SE has at its disposal an undrawn credit facility with a volume of €1.0 billion and a term until at least September 2026.

Net assets of the Porsche SE Group

Compared to 31 December 2022, the Porsche SE Group's total assets increased by €2.8 billion to €62.4 billion as of 31 December 2023.

The Porsche SE Group's non-current assets of €61.3 billion (€58.7 billion) primarily relate to the core investments accounted for at equity. These include in particular the carrying amount of the investment in Volkswagen AG accounted for at equity, which increased by €2.4 billion to €50.7 billion. Of the increase in the carrying amount, €5,111 million is attributable to the result from ongoing at equity accounting, minus €262 million to effects from the subsequent measurement of the hidden reserves and liabilities identified and minus €1,033 million to expenses and income recognized in other comprehensive income. In addition, adjustments directly recorded in equity at the level of the Volkswagen Group increased the carrying amount by €15 million. Allocated dividends of €1,393 million reduced the carrying amount. For explanations of the changes in carrying amount recognized through profit or loss or other comprehensive income, please also refer to the section "Results of operations of the Porsche SE Group".

The carrying amount of the core investment in Porsche AG accounted for at equity increased by

€227 million to €10.4 billion compared to 31 December 2022. Of the increase in the carrying amount, €643 million is attributable to the result from ongoing at equity accounting, minus €252 million to effects from the subsequent measurement of the hidden reserves and liabilities identified and minus €42 million to expenses and income recognized in other comprehensive income. Allocated dividends of €114 million reduced the carrying amount. In addition, adjustments directly recorded in equity at the level of the Porsche AG Group reduced the carrying amount by minus €9 million. For explanations of the changes in carrying amount recognized through profit or loss or other comprehensive income, please also refer to the section “Results of operations of the Porsche SE Group”.

The non-current other financial assets of €103 million (€204 million) include shares of portfolio investments measured at fair value of €98 million (€59 million) as well as interest rate hedging instruments of €3 million (€142 million) measured at fair value to which hedge accounting applies in all cases. The decrease in the carrying amount is largely due to the interest rate hedging instruments settled in the course of refinancing. The remaining interest rate hedging instruments show a decrease in fair value as of the reporting sheet date and are included in non-current other financial assets in the amount of €3 million and in non-current other financial liabilities in the amount of €43 million.

Current assets of €1,030 million (€762 million) mainly consist of cash and cash equivalents, time deposits and securities. In the prior year, current assets also included income tax receivables totaling €316 million. These were largely attributable to withheld capital gains tax for dividend payments received from Volkswagen AG and were refunded in the reporting period.

The equity of the Porsche SE Group increased to a total of €55.3 billion (€52.1 billion) due to the positive total comprehensive income as of 31 December 2023. The equity ratio of 88.7% (87.6%) increased compared to the end of the fiscal year 2022.

To refinance the bank financing of €7.1 billion taken out in the prior year in connection with the acquisition of ordinary shares in Porsche AG, of which as of 31 December 2022 €3.9 billion related to bridge loan recognized under current financial liabilities and €3.2 billion to bank loans recognized under non-current financial liabilities, Porsche SE successfully placed a Schuldschein loan of around €2.7 billion in March 2023. A first bond with a volume of €750 million was issued in April 2023 as part of a debt issuance program set up in the fiscal year 2023. The bridge loan was repaid in full using the Schuldschein loan, the first bond and also using the dividend payment from Volkswagen AG. In addition, Porsche SE issued a bond with a volume of €500 million and a bond with a volume of €750 million in June 2023. The proceeds from these two bonds were used for the partial repayment of the five-year bank loan (see also section “Significant events and developments at the Porsche SE Group”).

As a result of the refinancing, the maturity profile of the financial liabilities has changed, as has the presentation of maturities in the consolidated balance sheet. Of the total financial liabilities of €6.7 billion (€7.1 billion), €6.6 billion (€3.2 billion) is classified as non-current and €0.1 billion (€3.9 billion) as current as of 31 December 2023.

Results of operations of the Volkswagen Group

The following statements relate to the original profit/loss figures of the Volkswagen Group in the fiscal year 2023. It should be noted that the result of the Volkswagen Group, where it relates to the shareholders of Volkswagen AG, is only reflected in the group result of Porsche SE in the course of at equity accounting. Furthermore, effects from at equity accounting in the consolidated financial statements of Porsche SE, particularly relating to the subsequent measurement of the hidden reserves and liabilities identified in the course of the purchase price allocations, are not taken into consideration in the explanations below.

In the period from January to December 2023, the Volkswagen Group's revenue amounted to €322.3 billion, up 15.5% on the prior-year figure. This was mainly attributable to a rise in volume and beneficial changes in the price positioning and in the mix. These factors were offset by exchange rate effects. The prior-year period had been impacted to an even greater extent by limited vehicle availability due to parts supply shortages. The Volkswagen Group generated 81.5% (82.6%) of its revenue abroad. Gross profit (revenue less cost of sales) increased by €8.8 billion to €61.0 billion. The gross margin was 18.9% (18.7%).

In the fiscal year 2023, the Volkswagen Group's operating result of €22.6 billion (€22.1 billion) was on a level with the prior year. The operating return on sales was 7.0% (7.9%). In particular, higher vehicle sales and improved price positioning were set against a rise in product costs (in particular for commodities). The fair value measurement of derivatives to which hedge accounting is not applied (especially commodity hedges) had a negative effect of minus €3.2 billion on the operating result in the period from January to December 2023; it had boosted the group's earnings by €1.8 billion in the prior-year period, as had beneficial effects of €0.8 billion from derivatives in the financial services division. In the fiscal year 2023, there were no material special items in connection with the diesel issue (€0.4 billion). The deconsolidation of Volkswagen Group Rus and its subsidiaries led to a loss of €0.4 billion in 2023. In the prior year, the result had been impacted mainly by expenses relating to loss allowances and risk provisions due to the direct impact of the Russia-Ukraine war and special items in connection with the diesel issue. The financial result increased by €0.7 billion to €0.6 billion. The share of the result of investments accounted for at equity was slightly below that of the prior year. In the interest result, higher interest income was not sufficient to offset the rise in interest expenses resulting primarily from changes in the interest rates used to measure provisions. The other financial result was affected in the reporting year among other things by adverse exchange rate effects, especially as a result of the sharp depreciation of the Argentinian peso. This was set against lower non-cash expenses from adjustments to the carrying amounts of investees because of changes in share prices and impairment tests, and against positive net income from securities and funds. In the prior-year period, the impairment loss recognized on the equity investment in Argo AI and changes in share prices affecting net income from securities and funds, particularly as a result of the Russia-Ukraine war, had both had a negative impact.

The Volkswagen Group's result before tax was up €1.1 billion to €23.2 billion in the fiscal year 2023. The return on sales before tax declined to 7.2% (7.9%). Income taxes resulted in an expense of €5.3 billion (€6.2 billion), which in turn led to a tax rate of 22.7% (28.2%). The result after tax was noticeably up on the prior year, at €17.9 billion (€15.9 billion). The result after tax and non-controlling interests increased by €1.1 billion to €16.0 billion.

Results of operations of the Porsche AG Group

The following statements relate to the original profit/loss figures of the Porsche AG Group in the fiscal year 2023. It should be noted that the group result of Porsche SE only reflects its capital share in the result of the Porsche AG Group – in addition to being included via the result of the Volkswagen Group – in the course of at equity accounting. Furthermore, effects from at equity accounting in the consolidated financial statements of Porsche SE, particularly relating to the subsequent measurement of the hidden reserves and liabilities identified in the course of the purchase price allocation, are not taken into consideration in the explanations below.

The Porsche AG Group generated revenue of €40.5 billion in the fiscal year 2023. This is an increase of 7.7% on the prior year (€37.6 billion) and is largely due to higher vehicle sales coupled with positive product mix and price effects. The development of the Chinese renminbi and US dollar currencies in particular had the opposite effect on revenue.

The cost of sales rose by €1.8 billion to €28.9 billion (€27.1 billion) and was therefore in proportion to revenue at 71.4% (72.0%). Despite supplier cost increases, cost of sales increased less thanks to changes in the product mix.

Gross profit increased accordingly by 10.0% to €11.6 billion (€10.5 billion), therefore resulting in a gross margin of 28.6% (28.0%).

Distribution expenses increased by €0.5 billion to €2.9 billion. In proportion to revenue, these increased to 7.1% (6.3%). The increase is due, among other things, to increased sales activities. Administrative expenses increased from €1.7 billion to €1.8 billion. The operating result of the Porsche AG Group increased by €0.5 billion to €7.3 billion in the fiscal year 2023 (€6.8 billion). The operating return on sales of the Porsche AG Group thus stood at 18.0% (18.0%).

The financial result came to €91 million (€308 million). The decline is mainly due to lower interest income as a result of the spin-off of the loan receivable from Porsche Holding Stuttgart GmbH implemented as part of the IPO. In addition, adjusted interest rates used to measure provisions had a negative impact on the financial result. By contrast, the securities held in special funds benefited in particular from the overall positive development of the capital markets and the higher interest rate level. Additionally, the financial result was positively impacted by a reversal of an impairment loss on Bertrandt AG that has been accounted for at equity.

Due to the higher effective tax rate of 30.1% (29.9%), income tax did not increase in proportion to the profit before tax, rising to €2.2 billion (€2.1 billion). The increase in the tax rate is due to a shift from lower taxed countries to higher taxed countries, tax effects from planned dividends and lower effects from the elimination of intercompany profits compared to the prior year. As a result, the result after tax increased by €0.2 billion to €5.2 billion in the reporting period.

Subsequent events

There were no events with a significant effect on net assets, financial position and results of operations after 31 December 2023.

Overall statement on the economic situation of the Porsche SE Group

Against the background of the current challenges, the board of management of Porsche SE considers the economic situation of the company and its significant investments in Volkswagen AG and Porsche AG to be positive overall. At the level of the two core investments – Volkswagen AG and Porsche AG – business was largely impacted in the fiscal year 2023 by a challenging global market environment, parts supply shortages and disruptions in the logistics chain. In addition, the industry is shaped by fierce competition, technological transformation and increasing ecological awareness.

The result after tax of the Porsche SE Group decreased by 7.2% year on year to €5.1 billion, mainly as a result of the non-cash income of €0.6 billion included in the prior year in connection with the acquisition of Volkswagen preference shares. Without taking this effect into account, the result after tax of Porsche SE would have increased on the prior year. The result after tax is within the corridor forecast in the prior year. In the fiscal year 2023, the results of operations of the Porsche SE Group were largely characterized by the development of the Volkswagen Group including the Porsche AG Group.

The net debt of the Porsche SE Group decreased from €6,672 million in the prior year to €5,717 million and is within the corridor forecast in the prior year. The financial position of the Porsche SE Group was primarily influenced by the receipt and payment of dividends, the receipt of income tax refunds, the claim for compensation against Volkswagen AG and the repayment of the bank financing in excess of the refinancing.

The board of management of Porsche SE is still fully committed to the company's role as Volkswagen AG's long-term anchor shareholder and remains convinced of the Volkswagen Group's potential for increasing value.

Opportunities and risks of future development

Risk management and internal control system of the Porsche SE Group

Overview of the risk management system

The risk management system of the Porsche SE Group was set up to ensure a structured approach to risks and also in particular to identify at an early stage any potential risks to the ability of the group to continue as a going concern as well as any risks that could have a significant and long-term negative impact on the results of operations, financial position and net assets of the group and to avoid these by means of appropriate countermeasures.

The risk management system of the Porsche SE Group monitors both the direct risks at the level of Porsche SE as well as the significant indirect and direct risks from investments described below. The investments generally have their own independent risk management system and are responsible for managing their own risks. The risk management system can therefore be divided into the sphere of Porsche SE as holding company and the sphere of its investments.

In its risk management system, Porsche SE focuses on risks that may cause the company to negatively deviate from its targets. However, on occasion potential opportunities are also analyzed and presented.

The risk management system is designed to ensure that the management of Porsche SE is always informed of significant risk drivers and able to assess the potential impact of the identified risks in order to take appropriate countermeasures at an early stage.

The Porsche SE Group's risk management system is updated on an ongoing basis and adapted to the company's changing requirements. Porsche SE's auditor examines the Porsche SE Group's risk early warning system annually with respect to its fundamental suitability of being able to identify risks at an early stage that might jeopardize the continued existence and assesses the functionality of the risk early warning and monitoring systems in accordance with Sec. 317(4) HGB. Assessing the probability and extent of future events and developments is, by its nature, subject to uncertainty. A risk management system cannot foresee all potential risks, nor can it completely prevent or uncover irregular acts.

Risk management system of Porsche SE

The risk management system of the Porsche SE Group monitors and manages the direct risks at the level of the holding operations of Porsche SE. Moreover, the holding level considers in particular the significant indirect risks from investments.

The risk management system of Porsche SE is significantly shaped by the existing risk culture and is subdivided into three lines of defense: "operational risk management", "strategic risk management" and "review-based risk management".

The risk culture as part of the corporate culture comprises the fundamental attitude to risks and the way they are dealt with. It strongly influences the company's risk awareness. The risk culture within the Porsche SE Group is shaped by the practiced behavior of the management, the creation and promotion of a company-wide risk awareness and open and transparent risk communication.

As the first line of defense, "operational risk management" comprises analysis, management, monitoring, communication and documentation of risks at an operational level. Porsche SE distinguishes between two types of risk. The first type of risk comprises risks from business activities which are entered into as part of (conscious) entrepreneurial decisions ("entrepreneurial risks"). The second type of risk comprises risks resulting from the lack of a definition or insufficient compliance with processes ("organizational risks"). The two types of risk may generally also include sustainability aspects. Every single department within Porsche SE is responsible for identifying, evaluating, managing, monitoring and documenting risks in its area and reporting significant risks to the finance department. In particular, this means that measures for managing risks are derived and implemented immediately at this level in all areas of the company, with the aim of preventing these risks from spreading to other areas or even to the company as a whole. With regard to the organizational risks, operational risk management is performed using the internal control system, which is described in the section "Internal control system including internal control system of Porsche SE relevant for the financial reporting process". In addition to operational management of the specific individual risk areas at department level, the finance department also creates a complete view of the significant risks in order to take into consideration the overall risk exposure of the group. Risks are aggregated to appropriately take into account combined effects of risks. In this context, risk-bearing capacity is regularly determined based on Porsche SE's net assets. To assess the existence of any developments that may jeopardize the ability of the company to continue as a going concern, the aggregated risks are compared to Porsche SE's net assets based on scenarios.

The second line of defense, "strategic risk management", is responsible for the conceptual design and control of the proper implementation of the entire risk management system. In addition to creating a risk map, deriving generic risk strategies, defining a general process structure for the operational management of risks and allocating risk areas to their respective risk owners, this includes in particular also control of the operation, effectiveness and documentation of operational and strategic risk management by the board of management and the supervisory board of Porsche SE.

The third line of defense, "review-based risk management", aims to ensure the appropriateness and effectiveness of the risk management system and therefore in particular that the operational and strategic risk management are in line with externally and internally defined standards. "Review-based risk management" is the responsibility of the internal audit, which, as an independent and objective body, reviews on the basis of an annual risk oriented audit plan whether operational risk management is firmly embedded in all areas and regularly performed. Furthermore, the strategic level is reviewed to determine whether there is a structured systems approach and whether the respective controls and reviews are performed in strategic risk management. The internal audit reports the audit findings to the board of management and the supervisory board's audit committee.

Internal control system including internal control system of Porsche SE relevant for the financial reporting process

The aim of Porsche SE's internal control system is to manage the organizational risks as part of operational risk management. Hence, it serves in particular to ensure the definition of and compliance with processes and is essentially based on the principles, guidelines and measures introduced by the board of management. The scope of the internal control system covers Porsche SE and its fully consolidated subsidiaries. These are exclusively intermediate holding companies. The investment companies of Porsche SE, in particular Volkswagen AG and Porsche AG, do not fall within the scope of the internal control system of Porsche SE and must in turn ensure the establishment and monitoring of an appropriate and effective internal control system.

The internal control system defines uniform measures to manage the organizational risks. Based on a comprehensive process map, a suitable organizational structure is derived for the entire company and the individual process steps, responsibilities and interfaces are derived by the respective process owner for the key processes. Controls are defined for processes and interfaces of particular relevance, compliance with which is generally monitored using the dual control principle. These measures are documented in process overviews, guidelines and checklists.

The accounting-related internal control system aims to ensure the compliance and legality of internal and external accounting and financial reporting. It comprises measures aimed at ensuring complete, correct and timely preparation and transmission of the information required for the preparation of the separate and consolidated financial statements as well as the combined group management report for Porsche SE (see also the explanations on the risk area “Reporting” in the section “Opportunities and risks of future development” as well as “Opportunities and risks of the Porsche SE Group” in the section “Organizational risks”).

The board of management has overall responsibility for the internal control system. Based on regular reporting, the board of management, the audit committee and the supervisory board are informed of risks within the Porsche SE Group. In principle, these also include organizational risks, including any weaknesses in the internal control system to the extent that these may have a significant effect on the risk situation of Porsche SE. As part of the risk management system, the internal control system in the Porsche SE Group is continuously tested for effectiveness (see also the section on “review-based risk management” in the section “Risk management system of Porsche SE”) and continually optimized to reflect changed conditions.

In the fiscal year 2023, the board of management did not have any information that could indicate a lack of adequacy and effectiveness of the risk management system and internal control system as of 31 December 2023.

Risk management at the level of the investments

The core investments of Porsche SE generally have their own independent risk management system to monitor and manage risks at their level.

Management of the risks of the Volkswagen Group is located at the level of Volkswagen AG. The task of Volkswagen AG's risk management is to identify, manage and monitor existing risks at the level of the Volkswagen Group. Volkswagen AG has implemented its own group-wide risk management system and is responsible for handling its own risks. The same applies for Porsche AG. At the same time, however, both Volkswagen AG and Porsche AG are required to ensure that Porsche SE as the holding company – within the scope of the legally permissible exchange of information – is informed at an early stage of any risks potentially jeopardizing the investment's ability to continue as a going concern. This information is provided, inter alia, in management meetings and by forwarding risk reports. Volkswagen AG's auditor examines the Volkswagen Group's risk early warning system annually with respect to its fundamental suitability of being able to identify risks that might jeopardize the continued existence and assesses the functionality of the risk early warning and monitoring systems in accordance with Sec. 317 (4) HGB. The same applies for Porsche AG. For additional information on the structure of the risk management system at the level of the Volkswagen Group, reference is made to the explanations in the section "Risk management and control system of the Volkswagen Group".

In addition to the core investments in Volkswagen AG and in Porsche AG, Porsche SE indirectly holds additional portfolio investments in the mobility and industrial technology sector in the form of non-controlling interests. The risks at the level of these investments are also managed and controlled along decentralized lines by the respective investments themselves. Regular reports on the economic situation, management meetings as well as in some cases observation and delegation rights on advisory and monitoring boards aim – within the scope of the legally permissible exchange of information – to ensure that Porsche SE is informed about any significant risks at the level of the portfolio investments.

Opportunities and risks of the Porsche SE Group

Organizational risks

Organizational risks comprise risks resulting from the lack of a definition or insufficient compliance with processes. The internal control system serves to manage these risks. Porsche SE distinguishes between the risk areas “Reporting”, “Business operations”, “Digital security” and “Compliance”.

The risk area “Reporting” relates in particular to internal and external reporting. The IFRS accounting manual of Porsche SE ensures uniform recognition and measurement. Accounting duties are performed by the investment companies included in the consolidated financial statements. The financial statements of Porsche SE and its fully consolidated subsidiaries are prepared using standard software. The issuance of formal instructions such as a time schedule as well as set reporting packages ensures the timely and uniform reporting to Porsche SE. The components of the reporting packages required to be prepared for the Porsche SE Group are set out in detail and updated regularly. Upon receipt, they are subjected to an analysis and plausibility check. Depending on the matter at hand, significant developments are addressed in discussions with the reporting companies.

The reporting packages are processed in a certified consolidation system. Extensive checks performed manually and by the system aim to ensure the completeness and reliability of the information processed in the consolidated financial statements. For all accounting-related processes, the principle of dual control and plausibility checks form the basis of the internal control system. Furthermore, the consolidated financial statements as well as the figures and information contained in the reporting packages are subjected to variance analyses and analyses are performed of the composition of individual items. The same applies for the reconciliation of the IFRS financial information to the separate financial statements in accordance with HGB of Porsche SE. Suitable selection processes and regular training measures aim to ensure that employees involved in the accounting process are appropriately qualified.

The combined group management report is prepared – in accordance with the applicable requirements and regulations – centrally but with the involvement of and in consultation with the investments that are significant for preparing the management report.

With regard to the risk area “Business operations”, all departments of Porsche SE have analyzed each of their operating processes and interfaces and also defined controls for processes and interfaces of particular relevance and monitor that they are being complied with.

In light of increasing digitalization, Porsche SE is facing growing demands for ensuring information security. As part of Porsche SE's risk management system, risks from information security are captured by the risk area "Digital security". Porsche SE operates an ISO/IEC 27001-certified information security management system ("ISMS"), which covers the provision and management of IT services for Porsche SE's business processes.

With regard to the management of risks from the risk area "Compliance", Porsche SE has established a compliance management system, that is specifically tasked with preventing breaches of laws, other legal standards, company guidelines or other internal company regulations.

The compliance management of Porsche SE comprises the compliance organization with defined roles and responsibilities as well as measures and processes set up in the company. These aim to preemptively ensure that employee conduct is in line with the rules and to avoid compliance breaches as well as to identify, to put an end to and to sanction potential instances of misconduct. A binding Code of Conduct for employees, including the board of management of Porsche SE, sets out the most important principles for acting in accordance with the law and rules and thus serves as a guide for employees in their day-to-day work in their dealings with colleagues, business partners and third parties. This Code of Conduct is supplemented and specified by internal company guidelines on compliance.

In addition, Porsche SE has implemented a tax compliance management system to ensure compliance, monitoring and fulfillment of tax obligations at Porsche SE.

To identify significant compliance topics and potential compliance risks resulting from them, Porsche SE performs risks analyses as part of its compliance management.

Risk assessment for organizational risks

The organizational risks of the Porsche SE Group are regularly subjected to an overall risk assessment using the categories low, medium or high. As of the reporting date, the four identified risk areas "Reporting", "Business operations", "Digital security" and "Compliance" are each classified as low.

Entrepreneurial risks

In the area of entrepreneurial risks, the Porsche SE Group primarily faces opportunities and risks from investments, risks from financing and financial instruments as well as legal and tax opportunities and risks. These are considered in terms of their potential influence on the earnings and liquidity situation of the Porsche SE Group. The focus of risk management is primarily on negative variances from expectations regarding the development of the group result after tax or the net debt of the Porsche SE Group.

In the reporting year, no significant non-financial risks were identified at the level of Porsche SE's holding operations.

Opportunities and risks from investments

In connection with any existing and future investments, Porsche SE generally faces opportunities and risks regarding the effects on its result and/or net debt. This includes the risk of a need to recognize impairment losses, with a corresponding negative impact on the result of Porsche SE, the risk of a decrease in dividend inflow, the risk of burdens on profits from changes in the market value of equity instruments accounted for at fair value as well as the risk of burdens on profits attributed to Porsche SE in the consolidated financial statements under the equity method. However, there are also corresponding opportunities from positive development in these areas. Porsche SE is currently exposed to significant risks from the core investments in Volkswagen AG and in Porsche AG and from the portfolio investments.

To detect a possible impairment with regard to Porsche SE's investments at an early stage, the company regularly analyzes key figures on the business development of the core investments in Volkswagen AG and in Porsche AG in particular and, if applicable, monitors assessments made by analysts.

With regard to the investment in Volkswagen AG, there is an increased risk of the result attributable to Porsche SE as part of equity accounting falling short of expectations on account of the Volkswagen Group not developing as planned (referred to below as the risk area “Result contribution Volkswagen”). According to Volkswagen, the most significant risks at the level of the Volkswagen Group arise from a negative trend in markets and unit sales, with regard to quality and cyber security, and from an inability to develop products in line with demand and requirements, especially in view of e-mobility and digitalization. The Volkswagen Group continues to be exposed to risks from the diesel issue. In 2024, an adverse effect may result from the continuing limited availability of parts, energy and other raw materials as well as from geopolitical tensions and conflicts, including from the Russia-Ukraine war, the confrontations in the Middle East as well as an aggravation of the situation in East Asia. In addition to these risks, there are other factors that cannot be predicted and whose repercussions are therefore difficult to control. If they were to occur, they could impair the further development of the Volkswagen Group and lead to adverse effects at the level of Porsche SE. Such risks could include natural disasters, pandemics, violent conflicts, terrorist attacks and interruptions to the energy supply. The assessment of risks at the level of Volkswagen AG is generally based on the report on risks and opportunities in the 2023 group management report of Volkswagen AG.

As regards the recoverability of the investment in Volkswagen AG, impairment testing was performed in the fiscal year 2023 due to the proportionate market capitalization being below the carrying amount of the investment accounted for at equity. As the impairment test is based on the current planning of the Volkswagen Group, the risks described above of an unexpected development which might lead to an impairment in the value of the investment also exist here. The risk of an impairment loss needing to be recognized through profit or loss is referred to below as the risk area “Impairment Volkswagen”. As part of the impairment test, sensitivity analyses regarding key measurement parameters were performed. The value in use of the investment in Volkswagen AG was higher than the carrying amount in each of the scenarios considered in the sensitivity analysis. However, based on the volume-weighted average stock prices, the market value of the investment in Volkswagen AG was most recently below its carrying amount. As a result, the likelihood of occurrence of a potential future impairment loss is classified as moderate. The methodology for assessing the likelihood of occurrence in the risk area “Impairment Volkswagen” has been refined and now also gives greater consideration to the capital market's view of the core investment in Volkswagen AG.

There is also the general risk of a significant decrease in dividend inflow from Volkswagen AG (referred to below as the risk area “Dividend inflow Volkswagen”), which would in turn affect the net

debt of the Porsche SE Group. Such developments are currently not expected.

With regard to the direct investment in Porsche AG, there is an increased risk of the result attributable to Porsche SE as part of equity accounting falling short of expectations on account of the Porsche AG Group not developing as planned (risk area “Result contribution Porsche AG”). According to Porsche AG, the most significant risks at the level of the Porsche AG Group relate to strategic risks including supply chain dependency, geopolitical threats – such as the Russia-Ukraine war, the confrontations in the Middle East as well as tensions in Asia –, global economic and financial crises as well as an increasing regulatory environment and supply risks from supply chain problems and geopolitics. Other risks include financial risks and sales risks. In addition to these risks, there are other factors that cannot be predicted and whose repercussions are therefore difficult to control. If they were to occur, they could impair the further development of the Porsche AG Group and lead to adverse effects at the level of Porsche SE. Such risks could include natural disasters, pandemics, violent conflicts, terrorist attacks and interruptions to the energy supply. The assessment of risks at the level of Porsche AG is generally based on the report on risks and opportunities in the 2023 group management report of Porsche AG.

The risks described above of a development below plan also exist with regard to the recoverability of the investment in Porsche AG (risk area “Impairment risk Porsche AG”). Impairment testing was performed in the fiscal year 2023 due to the proportionate market capitalization being below the carrying amount of the investment in Porsche AG accounted for at equity as of 31 December 2023. As part of the impairment test, sensitivity analyses regarding key measurement parameters were considered. The value in use of the investment in Porsche AG was higher than the carrying amount in each of the scenarios considered in the sensitivity analysis. Based on the volume-weighted average stock price, the market value of the investment in Porsche AG was also most recently below its carrying amount. As a result, the likelihood of occurrence of a potential future impairment loss is classified as moderate. The methodology for assessing the likelihood of occurrence in the risk area “Impairment Porsche AG” has also been refined and now also gives greater consideration to the capital market’s view of the core investment in Porsche AG.

There is also the general risk of a significant decrease in dividend inflow from Porsche AG (risk area “Dividend inflow Porsche AG”), which would in turn have a corresponding impact on the net debt of the Porsche SE Group. Such developments are currently not expected.

Opportunities and risks from the portfolio investments of Porsche SE mainly arise from changes in market value, which in the case of investments measured at fair value have a direct and full impact on the result of the Porsche SE Group. In the case of portfolio investments accounted for at equity, in addition to the risk of impairment losses, there are also opportunities and risks arising from the result of the respective investments that is attributable proportionately to Porsche SE. In particular, the performance of technology companies in disruptive markets is in general subject to increased uncertainty.

Risks from financing and financial instruments

In its business activities Porsche SE is exposed to risks arising from raising debt capital and the use of financial instruments. Significant risks resulting from such activities are referred to below as the risk area “Financing/financial instruments”.

Risks from financing and investing are regularly monitored, reported and, if necessary, managed using financial instruments, such as interest rate hedging instruments. The primary aim is to limit the financial risk exposures of the Porsche SE Group.

The principles and responsibilities for managing the risks from the use of financial instruments are generally defined by the board of management and monitored by the supervisory board. Internal guidelines exist within the Porsche SE Group that clearly define the risk management and control processes with regard to the use of financial instruments. These guidelines regulate, among other things, necessary control procedures such as the requirement of a hedged item or the segregation of functions relating to trades into trading and settlement. The underlying guidelines and the supporting systems are checked regularly and brought into line with current market developments.

Derivatives such as interest rate swaps, are used to control interest rate risks from variable-rate financing instruments. For this purpose, individual nominal value tranches of the financing elements are always hedged using an interest rate hedging instrument with essentially identical valuation-relevant features. The risk of a divergence between actual risk and accounting risk position is largely mitigated by the use of hedge accounting. Other financial instruments currently used at Porsche SE in particular comprise cash and cash equivalents, time deposits and securities.

The financing may generally result in risks for Porsche SE. The envisaged repayments of loans and the payment of interest will mainly be made from dividend inflows from Volkswagen AG and Porsche AG. If there are significant negative divergences from the medium-term planning of the dividend receipts, this may give rise to risks relating to the repayment of debt financing and from associated refinancing needs. The bank financing is subject to standard market financial covenants relating in particular to the market value of Porsche SE’s shares in Volkswagen AG and in Porsche AG as well as to the interest cover. A breach of financial covenants can in principle lead to the outstanding credit volume falling due and therefore to liquidity risks. Such developments are not foreseeable at present and are considered to be unlikely. Furthermore, market price risks can arise from changes in market interest rates. To hedge interest rate risks, there are interest rate hedges in place with a nominal volume of €3.3 billion and terms of up to some 6 years at the time this report was prepared and as of the reporting date.

The use of financial instruments as part of liquidity and financial management also gives rise to counterparty risks. The creditworthiness of the counterparties of financial instruments is monitored regularly, mainly to assess any potential default. To mitigate the counterparty risks, Porsche SE also diversifies the investment of liquidity and enters into interest rate hedges with various counterparties.

A hold harmless declaration to the deposit guarantee fund agency of the Association of German Banks is in place for the benefit of Volkswagen Bank GmbH, which Porsche SE issued in 2009.

Legal risks

Porsche SE is involved in legal disputes both nationally and internationally. As of 31 December 2023, this primarily relates to actions for damages concerning the increase of the investment in Volkswagen AG and the allegation of alleged market manipulation and alleged inaccurate capital market information as well as legal proceedings because of alleged nonfeasance of capital market information or alleged incorrect capital market information in connection with the diesel issue. Where such risks are foreseeable, adequate provisions are made in order to account for any ensuing risks. The amount of the provisions for legal risks recognized in the reporting year corresponds to the attorneys' fees and litigation expenses anticipated for the proceedings. The company believes that thus far these risks have not had a sustained effect on the economic position of the group. However, due to the fact that the outcome of litigation can be estimated only to a limited degree, it cannot be ruled out that very serious losses may eventuate that are not covered by the provisions already made, which would result in a correspondingly negative impact on the result and liquidity.

For the status of the legal proceedings and for current developments, reference is made to the section "Significant events and developments at the Porsche SE Group".

Tax opportunities and risks

The contribution of the holding business operations of Porsche SE to Volkswagen AG as of 1 August 2012 is generally associated with tax risks. To safeguard the transaction from a tax point of view, and thus avoid tax back payments for the spin-offs performed in the past, rulings were obtained from the competent tax authorities. Porsche SE implemented the necessary measures to execute the contribution transaction in accordance with the rulings received and is monitoring compliance with them.

During the assessment periods 2006 to 2009, Porsche SE was initially the legal successor of Porsche AG and later the ultimate tax parent and thus liable for tax payments. As part of the contribution of the business operations, Volkswagen AG agreed to refund to Porsche SE any tax benefits – for example, in the form of a refund, tax reduction or tax saving, a reversal of tax liabilities or provisions or an increase in tax losses – of Porsche Holding Stuttgart GmbH, Porsche AG and its legal predecessors and subsidiaries which pertain to assessment periods up to 31 July 2009. In return, under certain circumstances Porsche SE holds Porsche Holding Stuttgart GmbH, Porsche AG and their legal predecessors harmless from tax disadvantages that exceed the obligations from periods up until and including 31 July 2009 recognized at the level of these entities. If the total tax benefits exceed the total tax disadvantages, Porsche SE has a claim against Volkswagen AG to payment of the amount by which the tax benefits exceed the tax disadvantages. However, the provisions in the contribution agreement do not cover all matters and thus not all tax risks of Porsche SE from the tax field audits for the assessment periods 2006 to 2009.

The tax field audit Is still being performed for the assessment periods 2009 to 2013. It therefore cannot be ruled out that new findings of the tax field audit for the periods 2009 to 2013 as well as legal changes may result in an increase or decrease in tax provisions and interest or any refunds already received might have to be partially paid back.

Risk assessment for entrepreneurial risks

The methodology for regularly assessing entrepreneurial risks remained unchanged in the past fiscal year. A risk assessment is performed for each of the significant entrepreneurial risks of the Porsche SE Group using the risk categories “Low”, “Moderate” and “High”. This involves assessing the risk of falling short of the forecast corridor communicated for the result after tax and/or the net debt of Porsche SE Group.

The risk assessment of a risk area includes the potential impact of the risk area as well as its likelihood of occurrence. A risk area being analyzed is allocated to one of the categories low, moderate or high based on its potential impact. The allocation is generally based on the potential impact that a risk area being analyzed can have on the result after tax and/or the net debt of the Porsche SE Group following potential countermeasures that are integrated into the process in terms of whether it negatively deviates from the corresponding forecast value. Considered individually as of the reporting date, risk areas categorized as high based on their potential impact generally have the potential to impact the key performance indicators result after tax and/or net debt of the Porsche SE Group by more than half of the forecast corridor.

The likelihood of occurrence is allocated using the categories unlikely, moderately likely and highly likely.

The risk assessment of the significant entrepreneurial risks of the Porsche SE Group based on the risk categories has changed with regard to the risk areas “Impairment Volkswagen” and “Impairment Porsche AG”. Due to the greater consideration given to the capital market perspective, the likelihood of occurrence of the risk area “Impairment Volkswagen” is now assessed as moderate (prior year: unlikely). Due to the greater consideration given to the capital market perspective, the likelihood of occurrence of the risk area “Impairment Porsche AG” is now assessed as moderate (prior year: unlikely).

As of the reporting date, the risk assessment is as follows:

Presentation of the risk assessment (with regard to the forecast corridor)

Potential impact (with regard to the forecast corridor)	unlikely	moderately likely	highly likely
high	• Dividend inflow Volkswagen • Financing/ financial instruments • Legal risks • Tax risks	• Result contribution Volkswagen • Impairment risk Volkswagen • Impairment risk Porsche AG	
moderate	• Dividend inflow Porsche AG • Result contribution Porsche AG		
low	• Result contribution venture portfolio		
		Likelihood of occurrence	

Risk category “Low” | Risk category “Moderate” | Risk category “High”

Overall statement on the risks faced by the Porsche SE Group

The overall risk exposure of the Porsche SE Group is made up of the individual risks relating to the significant investments and the specific risks of Porsche SE presented. The risk management system aims to ensure that these risks are addressed adequately. Based on the information currently available, the board of management has not identified any risks which could endanger the ability of the Porsche SE Group to continue as a going concern, either individually or in combination with other risks.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Risk management and control system of the Volkswagen Group

In this section, the objective and structure of the Volkswagen Group's risk management system ("RMS") and internal control system ("ICS") are explained and these systems described, also with regard to the financial reporting process. Volkswagen AG has implemented its own group-wide risk management system and is therefore responsible for handling its own risks. The following is based on extracts from the "Report on risks and opportunities" in the 2023 group management report of Volkswagen AG.

Objective of the risk management system and internal control system at Volkswagen

Only by promptly identifying, accurately assessing and effectively and efficiently managing the risks and opportunities arising from its business activities can Volkswagen ensure the Volkswagen Group's long-term success. The aim of the RMS and the ICS is to identify potential risks at an early stage so that suitable countermeasures can be taken to avert the threat of loss to the company, and any risks that might jeopardize its continued existence can be ruled out.

Assessing the likelihood of occurrence and extent of future events and developments is, by its nature, subject to uncertainty. The Volkswagen Group is therefore aware that even the best RMS cannot foresee all potential risks and even the best ICS can never completely prevent irregular acts.

Structure of the risk management system and internal control system at Volkswagen

The organizational design of the Volkswagen Group's RMS and ICS is based on the internationally recognized COSO framework for enterprise risk management ("COSO": Committee of Sponsoring Organizations of the Treadway Commission). The purpose of structuring the RMS/ICS in accordance with the COSO framework for enterprise risk management is so that potential risk areas are covered in full. Uniform group principles are used as the basis for managing risks in a standardized manner. Opportunities are not recorded in the RMS processes.

Another key element of the RMS and ICS at Volkswagen is the Three Lines Model, which is required by, among other bodies, the European Confederation of Institutes of Internal Auditing ("ECIIA"). In line with this model, the Volkswagen Group's RMS and ICS has three lines designed to protect the company from significant risks occurring.

The minimum requirements for the RMS and ICS, including the Three Lines Model, are set out at Volkswagen in guidelines for the entire group and are regularly reviewed and refined. In addition, Volkswagen offers regular training on the RMS and ICS.

A separate Group Board of Management Committee for Risk Management at the Volkswagen Group deals with the key aspects of the RMS and ICS every quarter. Its tasks are as follows:

- to further increase transparency in relation to significant risks to the Volkswagen Group and their management,
- to discuss specific issues where these constitute a significant risk to the Volkswagen Group,
- to make recommendations on the further development of the RMS and ICS,
- to support the open approach to dealing with risks and promote an open risk culture.

First line:
Operational risk management and ICS

The first line comprises the operational risk management and internal control systems at the individual group companies and business units of the Volkswagen Group. The RMS and ICS are integral parts of the Volkswagen Group's structure and workflows. Events that may give rise to risk are identified and assessed locally in the divisions and at the investment companies. Countermeasures are introduced, the remaining potential impact is assessed, and, if necessary, the information incorporated into the planning in a timely manner. Material risks are reported to the relevant committees on an ad hoc basis. The results of the operational risk management process are incorporated into planning and financial control on an ongoing basis. The targets agreed by Volkswagen in the planning rounds are therefore continually reviewed in revolving planning updates. At the same time, the results of risk mitigation measures are promptly incorporated into the monthly forecasts regarding further business development. This means that the board of management of Volkswagen AG also has access to an overall picture of the current risk situation via the documented reporting channels during the year.

Calculation of risk score

Risk score

= Likelihood of occurence × Potential extent of damage

$$= \text{Score}_{\text{Wkt}} \times \left[\text{Score}_{\text{Mat}} + \frac{\text{Score}_{\text{Immat}} + \text{Score}_{\text{Vorg}}}{2} \right]$$

Second line:
Group risk management and ICS

Each quarter, in addition to the ongoing operational risk management, the group risk management department of the Volkswagen Group sends standardized surveys regarding the risk situation and the implementation of countermeasures – through the quarterly risk process (“QRP”) – to all group brands and significant group companies. The risks are identified and approved in a multiple-party verification process and then checked for plausibility by Volkswagen’s group risk management department.

A score is calculated for each risk by multiplying the likelihood of occurrence (Prob) by the potential extent of the damage. This enables comparison of the risks. The extent of the damage is calculated from the criteria of financial loss (Mat) and reputational damage (Rep) and the potential threat to adherence to external legal requirements (Req). A score between 0 and 10 is assigned to each of these criteria. The measures taken to manage and control risk are taken into account in the risk assessment (net perspective).

The score for a likelihood of occurrence of more than 50% in the analysis period is classified as high; for a medium classification, the likelihood of occurrence is at least 25%. For the criterion of financial loss, the score rises in line with the loss; the highest score of 10 is reached when the potential loss is upwards of €1 billion. The criterion of reputational damage can have characteristics ranging from local erosion of confidence and loss of trust at local level to loss of reputation at regional or international level. The potential threat to adherence to external legal requirements is classified based on the potential impact on the local company, the brand or the Volkswagen Group.

In addition to strategic, operational and reporting risks, risks arising from potential compliance violations (compliance risks) and from sustainability issues (ESG) are also integrated into this process.

Volkswagen Financial Services AG and Volkswagen Bank GmbH have implemented their own RMS and ICS processes and regularly report to Volkswagen’s group risk management department.

To review the Volkswagen Group’s risk-bearing capacity, the Volkswagen Group’s risk management uses the risk reports for a regular comparison of the aggregated risk situation and risk-bearing capacity. A simulation is used to check whether individual risks might become a going-concern risk if they are aggregated. There were no indications of insufficient risk-bearing capacity at the Volkswagen Group in the fiscal year 2023.

Risk reporting to the committees of Volkswagen AG depends on materiality thresholds. Risks with a risk score of 40 or more or potential financial loss of €1 billion or more are presented quarterly to the board of management of Volkswagen AG and the audit committee of the supervisory board of Volkswagen AG. In addition, the reporting includes all risks from the QRP with a risk score of 20.

In addition, significant changes to the risk situation that can arise in the short term, for instance from unexpected external events, are reported to the board of management of Volkswagen AG as required. This is necessary if the risk may lead to potential financial loss of €1 billion or more and the likelihood of occurrence is estimated at greater than 50%.

In recent years, Volkswagen has also developed a standardized ICS to better protect against process risks, which it has put in place in significant companies of the Volkswagen Group. It continues to be introduced at further companies each year. The ICS thereby goes significantly beyond the requirements for the accounting-related ICS. In 25 catalogs of controls, the Volkswagen Group companies within its scope are presented with requirements in respect of the process risks and control objectives to be covered in order to protect the value chain in a standardized manner.

In addition to financial reporting issues, for example, they address process risks in development or production, as well as in the areas of compliance and sustainability. The catalogs of controls are checked at regular intervals to verify that they are up to date and are regularly expanded.

Key controls to cover process risks and control objectives are also tested for their effectiveness; any significant weaknesses identified are reported to the responsible bodies at Volkswagen AG and resolved in the departments. Like the QRP, the standardized ICS is supported by the Risk Radar IT system.

Volkswagen regularly optimizes the RMS and ICS as part of its continuous monitoring and improvement processes. In the process, Volkswagen gives equal consideration to both internal and external requirements. As a component of the RMS, the Volkswagen Group's compliance management system ("CMS") is also subject to these control and adjustment mechanisms. External experts assist in the continuous enhancement of the Volkswagen Group's RMS, CMS and ICS on a case-by-case basis.

Third line:
Review by Volkswagen Group Internal Audit

Volkswagen Group Internal Audit helps the board of management of Volkswagen AG to monitor the various divisions and corporate units within the Volkswagen Group. It regularly checks the risk early warning system and the structure and implementation of the RMS, ICS and compliance management system (CMS) as part of its independent audit procedures. The audit plan adopted by the board of management of Volkswagen AG includes the first and second lines, i.e., the risk-mitigating functions in addition to the operational units.

Risk early warning system at Volkswagen

The requirements for a risk early warning system are met by means of the RMS and ICS elements described above (first and second line). The Volkswagen Group's risk situation is ascertained, assessed and documented and therefore also complies with legal requirements. Independently of this, the external auditors of Volkswagen AG check

both the processes and procedures implemented in this respect and the adequacy of the documentation on an annual basis. The plausibility and adequacy of the risk reports are examined via spot checks in detailed interviews with the divisions and companies concerned. Volkswagen AG's auditor examines the Volkswagen Group's risk early warning system integrated in the risk management system with respect to its fundamental suitability to being able to identify risks that might jeopardize the continued existence at an early stage and assesses the functionality of the risk early warning and monitoring system in accordance with Sec. 317 (4) HGB.

In addition, scheduled examinations as part of the audit of the annual financial statements are conducted at companies in the Volkswagen Group's financial services division. As a credit institution, Volkswagen Bank GmbH, including its subsidiaries, is subject to supervision by the European Central Bank, while Volkswagen Leasing GmbH as a financial services institution and Volkswagen Versicherung AG as an insurance company are subject to supervision by the relevant division of the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin" – the German Federal Financial Supervisory Authority). As part of the scheduled supervisory process and unscheduled audits, the competent supervisory authority assesses whether the requirements, strategies, processes and mechanisms ensure solid risk management and solid risk cover. Furthermore, the Prüfungsverband deutscher Banken (Auditing Association of German Banks) audits Volkswagen Bank GmbH from time to time.

Volkswagen Financial Services AG operates a risk early warning and management system. Its aim is to ensure that the locally applicable regulatory requirements are adhered to and at the same time to enable appropriate and effective risk management at group level. Important components of it are regularly reviewed as part of the audit of the annual financial statements.

Monitoring the effectiveness of the risk management system and the internal control system

Reporting to the board of management and supervisory board of Volkswagen AG includes the results of the continuous monitoring and improvement of the RMS and ICS along with the evaluation of the company-wide risk situation based on the QRP and the presentation of the results of the internal control process based on the standardized ICS and downstream control systems at individual brands.

On this basis, an overall conclusion is reached once a year on the adequacy and effectiveness of the Volkswagen Group's RMS, CMS and ICS at a Volkswagen AG board of management meeting. The Volkswagen AG board of management has received no information to indicate that the Volkswagen Group's RMS or ICS as a whole were inadequate or ineffective in the fiscal year 2023.

Nevertheless, there are inherent limits to the effectiveness of any risk management, compliance management and control system. Even a system judged to be adequate and effective cannot, for example, ensure that all actually materializing risks will be identified in advance or that any process disruptions will be ruled out under all circumstances.

The risk management and integrated internal control system in the context of the financial reporting process at the Volkswagen Group

The accounting-related part of the RMS and ICS that is relevant for the financial statements of Volkswagen AG and the Volkswagen Group as well as its subsidiaries comprises measures intended to ensure that the information required for the preparation of the financial statements of Volkswagen AG, the consolidated financial statements and the combined group management report of the Volkswagen Group and Volkswagen AG is complete, accurate and transmitted in a timely manner. These measures are designed to minimize the risk of material misstatement in the accounts and in external reporting.

Main features of the risk management and integrated internal control system in the context of the financial reporting process

The Volkswagen Group's accounting is essentially organized along decentralized lines. For the most part, accounting duties are performed by the consolidated companies themselves or entrusted to the Volkswagen Group's shared service centers. In principle, the financial statements of Volkswagen AG and its subsidiaries prepared in accordance with the IFRSs and the Volkswagen IFRS Accounting Manual are transmitted to the Volkswagen Group in encrypted form. A standard market product is used for encryption.

The aim of the Volkswagen IFRS Accounting Manual, which has been prepared taking into consideration external expert opinions, is to ensure the application and assessment of uniform accounting policies based on the requirements applicable to the parent company of the Volkswagen Group. In particular, it includes more detailed guidance on the application of legal requirements and industry-specific issues. Components of the reporting packages that are required to be prepared by the Volkswagen Group companies are also set out in detail there, and requirements have been established for the presentation and settlement of intragroup transactions and the balance reconciliation process that is based on these.

Control activities at Volkswagen Group level include analyzing and, if necessary, adjusting the data reported in the financial statements presented by the subsidiaries of the Volkswagen Group, taking into account the reports submitted by the Volkswagen AG auditors and the outcome of the meetings on the financial statements with representatives of the individual companies. These discussions address both the plausibility of the single-entity financial statements and specific significant issues at the subsidiaries. Alongside plausibility checks, other control mechanisms applied during the preparation of the single-entity

and consolidated financial statements of Volkswagen AG include the clear delineation of areas of responsibility and the application of the “four eyes” principle.

The effectiveness of the Volkswagen Group’s internal control system in the context of the accounting process is systematically assessed in significant companies of the Volkswagen Group as part of the standardized ICS. This begins with a risk analysis and definition of controls with the aim of identifying significant risks for the financial reporting process. Regular tests based on samples are performed to evaluate the effectiveness of the controls. These form the basis for a self-evaluation of whether the controls are appropriately designed and effective.

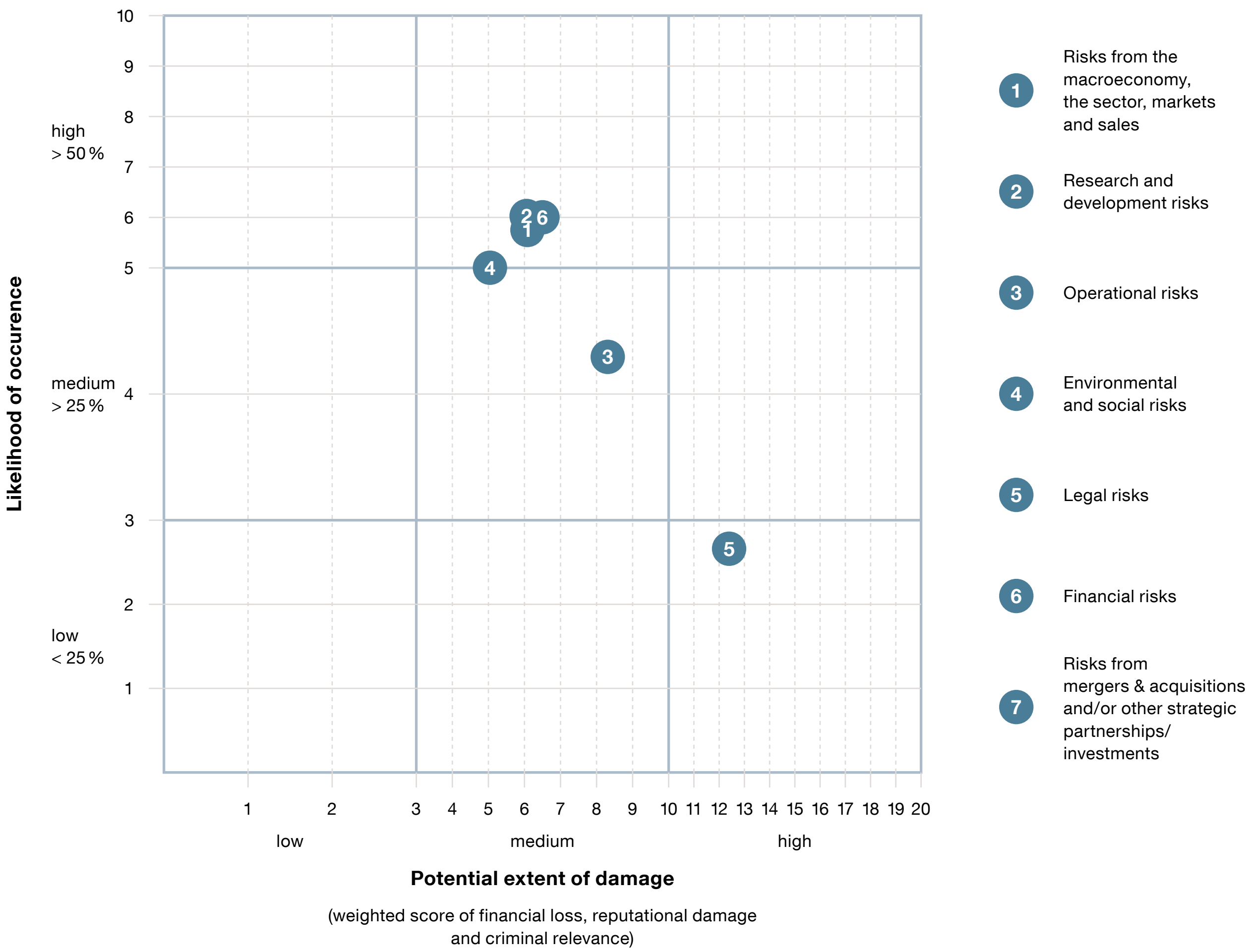
The combined group management report of the Volkswagen Group and Volkswagen AG is prepared – in accordance with the applicable requirements and regulations – centrally but with the involvement of and in consultation with the Volkswagen Group units and companies.

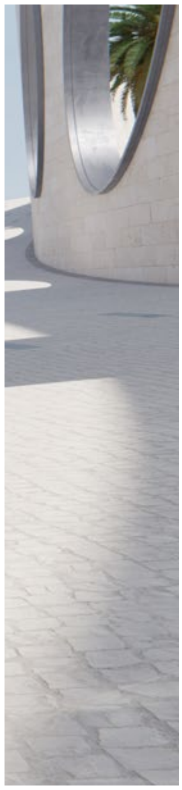
In addition, the accounting-related internal control system is independently reviewed by Volkswagen Group Internal Audit in Germany and abroad.

Integrated consolidation and planning system

The Volkswagen consolidation and corporate management system (“VoKUs”) enables the Volkswagen Group to consolidate and analyze both Financial Reporting’s backward-looking data and Controlling’s forward-looking data. VoKUs offers centralized master data management, uniform reporting, an authorization concept and the required flexibility with regard to changes to the legal environment, providing a technical platform that benefits Volkswagen Group Financial Reporting and Volkswagen Group Controlling in equal measure. To verify data consistency, VoKUs has a multi-level validation system that primarily checks content plausibility between the balance sheet, the income statement and the notes.

Average scores of the risk categories





Opportunities and risks of the Volkswagen Group

This section outlines the main risks and opportunities arising in the business activities of the Volkswagen Group from the Volkswagen Group's perspective. The opportunities and risks presented also include in particular those from the Porsche AG Group. In order to provide a better overview, the risks and opportunities have been grouped into categories. For each risk category of the Volkswagen Group, the most significant risks are stated in order of their importance as identified by Volkswagen using the risk score from the QRP.

The assessment of the Volkswagen Group's risk categories and the reports to the Volkswagen AG board of management include amongst other items all risks reported to the Volkswagen Group Risk Management department with a risk score of 20 or more for the units included from the QRP. The risk categories are plotted based on the average scores. In the reporting year, no risks with such scores were reported at Volkswagen for the "Risks from mergers & acquisitions and/or other strategic partnerships/investments" risk category.

Volkswagen uses analyses of the competition and the competitive environment in addition to market studies to identify not only risks but also opportunities that have a positive impact on the design of its products, the efficiency with which they are produced, their success in the market and its cost structure. Where they can be assessed, risks and opportunities that Volkswagen expects to occur are already reflected in its medium-term planning and its forecast. The Volkswagen Group therefore reports on internal and external developments as risks and opportunities that, based on existing information available to the Volkswagen Group at the time of preparing its management report, may result in a negative or positive deviation from its forecast or targets.

Risk categories at the Volkswagen Group

The category "Risks and opportunities from the macroeconomy, the sector, markets and sales" summarizes macroeconomic risks and opportunities, including possible effects from geopolitical tensions and conflicts, sector-specific risks and market opportunities/potential, risks in the power engineering business area, sales risks, risks from the Russia-Ukraine war and the confrontations in the Middle East as well as other factors. Under risks from the Russia-Ukraine war and the confrontations in the Middle East, Volkswagen describes the risk that the ongoing Russia-Ukraine war as well as the confrontations in the Middle East will have a negative impact on the global economy and industry growth as well as the business activities of the Volkswagen Group, in particular as a result of rising prices and declining availability of energy. For this risk category, Volkswagen classifies the likelihood of occurrence as high (prior year: high) and the potential extent of damage is classified as medium (prior year: medium). From the Volkswagen Group's perspective, the most significant risks from the QRP in this category arise from a negative influence on markets and unit sales driven among other factors by restrictions on trade and increasingly protectionist tendencies.

The category "Research and development risks" contains risks arising from research and development as well as risks and opportunities from the modular toolkit strategy. For this risk category, Volkswagen classifies the likelihood of occurrence as high (prior year: high) and the potential extent of damage is classified as medium (prior year: medium). The most significant risks from the QRP result from the inability to develop products in line with demand and requirements, especially with regard to e-mobility and digitalization.

"Operational risks and opportunities" summarizes risks from extraordinary events in the Volkswagen Group's procurement and production network, risks and opportunities from procurement and technology, production risks, risks arising from long-term production, quality risks, IT risks and risks from media impact. Risks from extraordinary events in the Volkswagen Group's procurement and production network describe in particular the risk that natural disaster, pandemics or violent confrontations – such as the Russia-Ukraine war or confrontations in the Middle East – may result in supply risks in procurement and heavily impair production. As a consequence, bottlenecks or even outages in production may occur at Volkswagen, thus preventing the planned production volumes from being achieved. For this risk category, Volkswagen classifies the likelihood of occurrence as medium (prior year: high) and the potential extent of damage is classified as medium (prior year: medium). The most significant risks from the QRP lie particularly in cybersecurity and new regulatory requirements regarding IT, as well as in volatile procurement markets, here primarily in relation to the supply of parts, and in quality problems.

The risk category "Environmental and social risks" include personnel risks as well as risks from environmental protection regulations. For this risk category, Volkswagen classifies the likelihood of occurrence as high (prior year: medium) and the potential extent of damage is classified as medium (prior year: high). The most significant risks from the QRP arise from non-fulfillment of CO_2-related requirements.

Risks from litigation and legal risks in connection with the diesel issue as well as tax risks are subsumed under “Legal risks”. For this risk category, Volkswagen classifies the likelihood of occurrence as low (prior year: medium) and the potential extent of damage is classified as high (prior year: high). The most significant risks from the QRP are associated with the diesel issue.

In the category “Financial risks”, the Volkswagen Group includes financial risks, in particular from changes in interest rates, exchange rates, raw material prices, or share and fund prices, risks arising from financial instruments, liquidity risks as well as risks and opportunities in the financial services business. For this risk category, Volkswagen classifies the likelihood of occurrence as high and the potential extent of damage is classified as medium. No risks with a score of 20 or more were reported by Volkswagen for this risk category in the prior year. The most significant risks from the QRP arise in particular from volatile foreign exchange markets.

Under “Opportunities and risks from mergers and acquisitions and/or other strategic partnerships/investments”, the Volkswagen Group summarizes opportunities and risks from partnerships, risks arising from the recoverability of goodwill or brand names and from equity investments as well as risks from the disposal of equity investments. No risks with a score of 20 or more were reported by Volkswagen for this risk category in the reporting year.

Volkswagen AG’s risk assessment regarding the diesel issue

An amount of around €0.9 billion (€1.4 billion) was included in the provisions of the Volkswagen Group for litigation and legal risks as of 31 December 2023 to account for the legal risks known to the Volkswagen Group at the time of preparing its management report related to the diesel issue based on the presently available information and the current assessments of Volkswagen. Where adequately measurable by Volkswagen at this stage, contingent liabilities relating to the diesel issue have been disclosed in the notes to the Volkswagen consolidated financial statements in an aggregate amount of €4.0 billion (€4.2 billion), whereby roughly €3.8 billion (€3.6 billion) of this amount results from lawsuits filed by investors in Germany. The provisions recognized at the Volkswagen Group, the contingent liabilities disclosed, and the other latent legal risks in the context of the diesel issue are in part subject to substantial estimation risks given the complexity of the individual relevant factors, the ongoing coordination with the authorities, and the fact that the fact-finding efforts have not yet been concluded. Should these legal or estimation risks materialize, this could result in further substantial financial charges. In particular, adjustment of the provisions recognized by Volkswagen in light of knowledge acquired or events occurring in the future cannot be ruled out. For further information on the legal risks in connection with the diesel issue, please refer to note [2] of the notes to the consolidated financial statements for the fiscal year 2023.

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

Overall assessment of risk and opportunity position of the Volkswagen Group

The Volkswagen Group’s overall risk and opportunity position results from the specific risks and opportunities mentioned above. Volkswagen has established a comprehensive risk management system to ensure that these risks are controlled. The most significant risks to the Volkswagen Group across all risk categories arise from a negative trend in markets and unit sales, with regard to quality and cybersecurity, and from an inability to develop products in line with demand and requirements, especially in view of e-mobility and digitalization. The Volkswagen Group continues to be exposed to risks from the diesel issue. In 2024, an adverse effect may result from the continued limited availability of parts, energy and other raw materials, as well as from geopolitical tensions and conflicts, including from the Russia-Ukraine war and the confrontations in the Middle East. Taking into account all the information known to the Volkswagen Group at the time of preparing its management report, no risks exist which could pose a threat to the continued existence of significant Volkswagen Group companies or the Volkswagen Group.

Forecast report and outlook

General economic development in 2024

The planning is based on the assumption that global economic output will grow overall in 2024 compared with 2023, albeit at a slower pace. The persistently high inflation in major economic regions and the resulting restrictive monetary policy measures taken by central banks are expected to continue to dampen consumer demand. Risks continue to be seen in protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine war and the confrontations in the Middle East. It is assumed that both the advanced economies and emerging markets will show positive momentum on average, albeit with below-average growth in gross domestic product.

For 2024, it is expected for the euro to appreciate slightly against the US dollar and to remain at a similar level against sterling as in the reporting year. It is assumed that the Chinese renminbi, Brazilian real, Mexican peso, South African rand and Turkish lira will depreciate to varying degrees. Due to the difficult economic situation in Argentina and the uncertainty following the presidential election, the Argentinian peso is expected to depreciate sharply.

Whether there will be further changes in key interest rates in 2024 in the respective countries will depend firstly on the development of inflation and secondly on the scale of a possible economic downturn. Overall, a relatively slight increase in interest rates is expected on average in 2024 compared to 2023.

Market developments 2024 with regard to the core investments

Commodity price trends

For 2024, Volkswagen expects prices for some commodities to continue to fall due to the technological transformation and as a result of surplus supplies. For the majority of commodities, however, Volkswagen expects prices to rise given the anticipated recovery in the global economy.

Trends in the markets for passenger cars and light commercial vehicles

The trend in the automotive industry closely follows global economic developments. Volkswagen assumes that competition in the international automotive markets will intensify further. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Uncertainty may also arise from continued shortages of

intermediates and commodities. These may be further exacerbated by the consequences of the Russia-Ukraine war and the confrontations in the Middle East and may, in particular, lead to rising prices for materials and a declining availability of energy.

The Volkswagen Group predicts that trends in the markets for passenger cars in the individual regions will be mixed but predominantly positive in 2024. Overall, the global volume of new car sales is expected to be slightly higher than in the prior year.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, Volkswagen expects the sales volume for 2024 to be slightly above the prior-year figure.

Trends in the markets for commercial vehicles

For 2024, Volkswagen expects to see a noticeable downward trend in new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes compared with the prior year in the markets that are relevant for the Volkswagen Group, with variations from region to region.

A noticeable year-on-year increase in demand is anticipated for 2024 in the bus markets relevant for the Volkswagen Group, whereby this will vary depending on the region.

Trends in the markets for power engineering

For 2024, the market environment in the power engineering business area is generally expected to remain challenging. The current geopolitical situation and the development of energy and commodity prices will continue to generate uncertainty in virtually all markets.

Trends in the markets for financial services

Volkswagen anticipates that automotive financial services will prove highly important to global vehicle sales in 2024. The continuing shortages of intermediates and commodities may generate uncertainty, exacerbated by the consequences of the Russia-Ukraine war and the confrontations in the Middle East. Furthermore, the increased interest rates could put pressure on the demand for financial services. The Volkswagen Group expects demand to rise in emerging markets where market penetration has so far been low. Regions with already established automotive financial services markets will probably see a continuation of the trend towards achieving mobility at the lowest possible total cost. The shift from financing to lease contracts that has begun in the European financial services business with individual customers will continue. Integrated end-to-end solutions, which include mobility-related service modules such as insurance and innovative packages of services, are

likely to become increasingly important. Additionally, Volkswagen expects that demand will increase for new forms of mobility, such as rental and car subscription services, and for integrated mobility services, for example parking, refueling and charging. Volkswagen anticipates an increase in the importance of direct business between manufacturers and customers. The seamless integration of financial services into the online vehicle offering will become increasingly important in the promotion of this type of business.

In the mid-sized and heavy commercial vehicles category, Volkswagen anticipates rising demand for financial services products in emerging markets. In these countries in particular, financing solutions support vehicle sales and are thus an essential component of the sales process. In the developed markets, Volkswagen expects to see increased demand for telematics services and services aimed at reducing total cost of ownership in 2024.

Market developments 2024 with regard to the portfolio investments

Trends in the markets for M&A and venture capital

The activity of the global markets for M&A and venture capital is closely linked to macroeconomic and geopolitical factors. Due to the more stable investment environment compared to prior years and the reduced uncertainty with regard to interest rates and inflation expectations, Porsche SE expects M&A activity to increase in the course of 2024 compared to the prior year. Although the IPO market remains difficult as an exit option for private equity investors, Porsche SE expects the level of M&A activity in 2024 to recover from the sharp decline in 2022 and 2023. This is also due to the fact that the lower level of M&A activity over the past two years has led to a backlog of transactions of private equity portfolio companies, which is expected to gradually dissipate.

Due to the higher level of interest rates compared to prior years, Porsche SE expects the financing environment on the global market for venture capital to remain cautious, although the decline in valuation levels may present opportunities for investments.

Anticipated development of the Volkswagen Group

Volkswagen's planning is based on the assumption that global economic output will grow overall in 2024 compared with 2023, albeit at a slower pace. The persistently high inflation in major economic regions and the resulting restrictive monetary policy measures taken by central banks are expected to increasingly dampen consumer demand. Volkswagen continues to believe that risks will arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine war and the confrontations in the Middle East. The Volkswagen Group assumes that both the advanced economies and the emerging markets will show positive momentum on average, albeit with below-average growth in gross domestic product.

In a challenging market environment, the Volkswagen Group anticipates that deliveries to customers in 2024 will increase by up to 3% compared to the prior year.

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

Volkswagen expects the revenue of the group and the passenger cars business area to exceed the prior-year figure by up to 5% in 2024. The operating return on sales for the Volkswagen Group and the passenger cars business area is likely to be between 7% and 7.5%. For the commercial vehicles business area, Volkswagen anticipates an operating return on sales of 8.5% to 9.5%, also amid a year-on-year increase of up to 5% in revenue. In the power engineering business area, Volkswagen expects revenue to be up to 2% above the prior-year figure and the operating result to be in the low three-digit million-euro range. For the financial services division, Volkswagen forecasts an increase of 3% to 7% in revenue compared with the prior year and an operating result in the range of €4.0 billion.

The Porsche AG Group's planning for 2024 assumes that average global economic output will continue to grow, albeit at a lower level compared to the reporting year. This is provided that geopolitical conflicts and tensions with global repercussions do not intensify any further. Furthermore, risks can be seen in protectionist tendencies, turbulence in financial markets, structural deficits in some countries, the real economic impact of high inflation rates and interest rates around the world. Furthermore, the forecast for 2024 assumes difficulties and continued high prices for intermediates and raw materials, including energy.

For 2024 as a whole, based on the aforementioned assumptions, the Porsche AG Group expects the operating return on sales to be between 15% and 17%. This forecast is based on assumed revenue in a range of €40 billion to €42 billion. In particular, reduced vehicle sales, regional and model-related shifts in sales, the continuing high cost level for the supply of parts as well as rising depreciation and amortization due to the extensive investments and higher personnel costs and non-personnel costs caused by inflation make it necessary to reduce the forecast for the operating return on sales compared to the reporting year.

Anticipated development of the Porsche SE Group

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

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

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

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

The forward-looking statements of the forecast are based in large parts on estimates and expectations of the Volkswagen Group and the Porsche AG Group, which can be influenced by unforeseeable events. As a result of this, the actual business development may deviate, both positively and negatively, from the expectations. Risks that could lead to deviations largely relate to protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects.

The following aspects are also taken into account in the forecast: For the fiscal year 2024, Porsche SE expects expenses for holding operations in the core investments segment to be generally comparable to those in the reporting year, with a slight decline in finance costs. In addition, a slightly negative investment result on a par with the reporting year is expected for the portfolio investments segment – excluding changes in market value – which will essentially correspond to the segment result after tax. With regard to the financial position, Porsche SE expects total dividend income of €1.7 billion and total dividend distributions to its shareholders of €783 million in the fiscal year 2024. Investments in portfolio companies in the low three-digit million-euro range are also planned.

In particular on the basis of the expectations of the Volkswagen Group and the Porsche AG Group regarding their future development, Porsche SE expects a group result after tax of between €3.8 billion and €5.8 billion for the fiscal year 2024. The same applies for the result after tax for the core investments segment.

As of 31 December 2023, the Porsche SE Group has net debt of €5.7 billion. As of 31 December 2024, net debt of between €5.0 billion and €5.5 billion is expected for the Porsche SE Group.

Declaration of compliance

Pursuant to Secs. 289f and 315d HGB ["Handelsgesetzbuch": German Commercial Code], listed stock corporations must issue a declaration of compliance in the management report, and parent companies that are listed stock corporations in the group management report. We have published the declaration of compliance on our website at

https://www.porsche-se.com/en/company/corporate-governance

In accordance with the legal requirements and recommendations of the German Corporate Governance Code ("GCGC" or "Code"), Porsche Automobil Holding SE ("Porsche SE" or the "company") makes the following disclosures:

I. Basic principles of corporate governance

1. General corporate information

Porsche SE, with registered offices in Stuttgart, is entered in the commercial register of the local court of Stuttgart under HRB no. 724512.

The purpose of the company is the management of companies and the management of investments in companies operating in the following business fields or parts thereof:

- The development, design, manufacture and distribution of vehicles, engines of all kinds and other technical or chemical products as well as of parts and assemblies thereof;
- The provision of advice in the area of development and production, especially in the area of vehicle and engine construction;
- The provision of advice on and development of data processing as well as the creation and distribution of data processing products;
- The marketing of products using trademark rights;
- The provision of financial and mobility services;
- The exploitation, procurement, processing and distribution of raw materials used in the automobile industry;
- The generation and procurement of energy, especially of renewable energies, as well as trading with energy;
- The acquisition, holding and management as well as the disposal of real estate.

The purpose of the company includes, in particular, the acquisition, holding and management as well as the sale of investments in such companies, their combination under uniform control and the provision of support and advice to them, including the provision of services on behalf of such companies.

The corporate statutes of Porsche SE are based mainly on the European SE provisions, the SEAG ["SE-Ausführungsgesetz": German SE Implementation Act], the SEBG ["SE-Beteiligungs-gesetz": German SE Investment Act], the AktG ["Aktiengesetz": German Stock Corporation Act] as well as the provisions of the articles of association and the requirements of the GCGC. Like German

stock corporations, Porsche SE applies the dual management system, providing for a strict separation of the board of management and supervisory board. The board of management and supervisory board work hand in hand in the interest of the company.

The articles of association of Porsche SE, as amended from time to time, can be found on Porsche SE's website at

https://www.porsche-se.com/en/company/corporate-governance

2. Company and group structure

Porsche SE is a listed holding company with investments in the areas of mobility and industrial technology. The investments of Porsche SE fall into the categories core investments and portfolio investments.

In the core investments category, Porsche SE holds the majority of ordinary shares in Volkswagen AG, the parent company of the Volkswagen Group[1], one of the world's leading automobile manufacturers. Also included in the core investments category is the investment of 25% plus one share of the ordinary shares of Porsche AG, one of the world's most successful manufacturers of sports and luxury cars.

In the portfolio investments category, Porsche SE holds non-controlling interests in technology companies in North America, Europe and Israel. Porsche SE generally holds these investments for a limited period of time. Typically, such investments are characterized by their high potential for growth and for increasing value during the holding period.

3. Declaration regarding the German Corporate Governance Code (Sec. 161 AktG)

Pursuant to Sec. 161 (1) AktG in conjunction with Art. 9 (1) lit. c) ii) SE-VO ["SE-Verordnung": SE Regulation], the board of management and supervisory board of a listed SE having its registered office in Germany are obliged to make an annual declaration of compliance as to whether they have complied, and continue to comply, with the recommendations of the GCGC, as amended from time to time, or which of the recommendations contained in the Code have not been or are not applied, and why. In the event of changes during the year between two regular declarations, the declaration must be updated.

In the fiscal year 2023, Porsche SE submitted the annual declaration on conformity pursuant to Sec. 161 AktG in December 2023.

Wording of the declaration issued by Porsche SE in accordance with Sec. 161 (1) AktG in December 2023:

The board of management and supervisory board of Porsche Automobil Holding SE declare in accordance with Sec. 161 (1) AktG that, since the most recent declaration on conformity in December 2022, the company has complied with,

[1] In the following, the term "group" refers to a group as defined in the IFRS.

and will also in the future comply with, the recommendations of the GCGC published by the Federal Ministry of Justice in the official section of the German Federal Gazette in the version of the GCGC of 28 April 2022 published in the Federal Gazette on 27 June 2022, with the exception of the following deviations:

Recommendation B.5 GCGC:
B.5 GCGC recommends that an age limit be specified for members of the board of management and disclosed in the declaration of compliance. As there is no maximum age limit for members of the board of management, this recommendation has not been and will not be complied with. The supervisory board appoints members of the board of management based exclusively on their qualifications and their ability to conduct the company's business in the company's best interest. The suitability of the members of the board of management in this regard does not depend on their age. An age limit would also impose a general limitation on the selection of qualified candidates and may appear discriminatory.

Recommendation C.2 GCGC:
C.2 GCGC recommends that an age limit be specified for members of the supervisory board and disclosed in the declaration of compliance. This recommendation has not been and will not be complied with. The supervisory board is still of the opinion that the ability of a supervisory board member to monitor and advise the board of management in its management of the company does not cease upon having reached a certain age. A fixed age limit may also appear discriminatory.

Recommendation C.13 sentence 1 GCGC:
C.13 sentence 1 GCGC recommends that, in its election proposals to the annual general meeting, the supervisory board disclose the personal and business relationships of every candidate with the company, the governing bodies of the company and any shareholders with a material interest in the company. As regards this recommendation, a deviation has been and is declared as a precautionary measure. The requirements of the Code are not specific and their limits and scope are unclear. The supervisory board has endeavored in the past and will continue to endeavor in the future to meet the requirements of C.13 sentence 1 GCGC; however, in light of the lack of specificity as well as the unclear scope and limits of the recommendation, the supervisory board cannot rule out that the recommendation has not been or will not be fully complied with.

Recommendation G.1, 1st indent GCGC:
G.1, 1st indent GCGC recommends that the remuneration system define how the target total remuneration is determined for each member of the board of management and stipulate the amount that the total remuneration must not exceed (maximum remuneration). Some interpret this recommendation to mean that the supervisory board is to individually set the maximum remuneration for each member of the board of management in the remuneration system. In compliance with the provisions of the AktG, the supervisory board of Porsche Automobil Holding SE has determined a collective maximum remuneration for the full board of management. As before, the board of management service agreements will not necessarily provide for a contractually agreed maximum remuneration in the future either. The background to this is that, during the standard four-year term of validity of the remuneration system, it should be possible to decide on the individual maximum remuneration on a case-by-case basis within the framework of the defined maximum remuneration for the full board of management. As a precautionary measure, it is therefore declared that the recommendation of G.1, 1st indent GCGC has not been and will not fully be complied with in that no maximum remuneration has been individually defined in the remuneration system for each member of the board of management.

Recommendation G.10 sentence 1 GCGC:
G.10 sentence 1 GCGC recommends that, taking the respective tax burden into consideration, board of

management members’ variable remuneration be invested predominantly in company shares by the respective board of management member or be granted accordingly as share-based remuneration. The board of management remuneration system of Porsche Automobil Holding SE and the board of management service agreements of the current members of the board of management (insofar as they provide for variable remuneration) do not provide for either mandatory investment in company shares or share-based variable remuneration. This is based on the consideration that, in the case of Porsche Automobil Holding SE, the price of the company’s shares largely depends on external factors beyond the board of management’s control and, therefore, in the view of the supervisory board, the share price cannot reasonably be used as an incentive. Therefore, the recommendation in G.10 sentence 1 GCGC has not been and will not be complied with.

Recommendation G.10 sentence 2 GCGC:
G.10 sentence 2 GCGC recommends that awarded long-term variable remuneration components be accessible to board of management members only after a period of four years. The board of management remuneration system and the board of management service agreements of the current members of the board of management (insofar as they provide for variable remuneration) continue to provide for a two-year retention period after the bonus-relevant fiscal year. In deviation from G.10 sentence 2 GCGC, this means, in principle, that at the time of disbursement the long-term incentive component is accessible after a period of three years. The supervisory board takes the view that a two-year retention period after the bonus-relevant fiscal year is sufficient for the remuneration of the members of the board of management of Porsche Automobil Holding SE and that it would not be appropriate to extend the retention period for the long-term incentive components to four years. Therefore, the recommendation in G.10 sentence 2 GCGC has not been and will not be complied with.

Recommendation G.12 GCGC:
G.12 GCGC recommends that, if a board of management member’s contract is terminated, the disbursement of any remaining variable remuneration components attributable to the period until contract termination be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the contract. When the former board of management member Mr. Philipp von Hagen left the company’s board of management, it was agreed with him to set the performance-related bonuses for the years 2020 and (pro rata) 2021 remaining outstanding until termination of the contract at the prior-year level and not to apply the originally planned determination/disbursement requirements for the performance-related bonuses for the years 2018 to (pro rata) 2021 (positive group result and positive net liquidity of Porsche Automobil Holding SE). Thus, the targets originally agreed for Mr. von Hagen were not and will not be applied unchanged to the outstanding variable remuneration for the period until termination of his contract. It is therefore declared that regarding the outstanding variable remuneration payments for Mr. von Hagen for the years 2018 to 2021 the recommendation in G.12 GCGC has not been and will not be complied with in the future.

Recommendation G.13 sentence 1 GCGC:
G.13 sentence 1 GCGC recommends that any payments made to a board of management member due to early termination of their board of management activity not exceed twice the annual remuneration (severance cap) and not constitute remuneration for more than the remaining term of the employment contract. The agreement entered into with Mr. von Hagen in connection with his exit providing for the setting of performance-related bonuses for the years 2020 and (pro rata) 2021 at the prior-year level and non-application of the disbursement requirements to the performance-related bonuses for the years 2018 to (pro rata) 2021 could, under certain circumstances, lead to Mr. von Hagen receiving higher remuneration for the residual term of his contract of employment than he would have received if the contract remained in place unchanged (e.g., if it later transpired that the originally agreed requirements for disbursement of the outstanding performance-related bonuses for 2018 to 2021 were not fulfilled for one or more years). In this case, the recommendation in G.13 sentence 1 GCGC would not be complied with due to the exit agreement entered into with Mr. von Hagen. As a precautionary measure, it is therefore declared that, in connection with the exit agreement entered into with Mr. von Hagen, the recommendation in G.13 sentence 1 GCGC has not been and will not be complied with in the future.

II. Board of management

1. Composition of the board of management

The board of management of Porsche SE comprises at least two persons. The supervisory board may specify a larger number of members of the board of management.

In the fiscal year 2023, the board of management comprised four persons, Hans Dieter Pötsch (Chairman of the board of management), Dr. Manfred Döss (member of the board of management responsible for legal affairs and compliance), Dr. Johannes Lattwein (member of the board of management responsible for finance and IT) and Lutz Meschke (member of the board of management responsible for investment management).

In addition to his position on the board of management at Porsche SE, Mr. Pötsch also acts as chairman of the supervisory board of Volkswagen AG and member of the supervisory board of Porsche AG. Dr. Döss is also a member of the board of management of Volkswagen AG, where he is responsible for integrity and legal affairs; he also acts as chairman of the supervisory board of AUDI AG. Mr. Meschke also acts as deputy chairman of the board of management and member of the board of management responsible for finance and IT of Porsche AG. More information on the members of the board of management can be found at

https://www.porsche-se.com/en/company/executive-board

When appointing board of management members, the supervisory board ensures that the board of management collectively has the knowledge, skills and experience required to properly perform all of its duties. In order to meet these requirements, the supervisory board has resolved to introduce, among other things, a diversity concept aimed at diversifying the board of management. The company is convinced that securing a diverse composition of the board of management promotes diversity of opinion and knowledge and helps its members make balanced decisions and identify operational and financial opportunities and risks early on. Regardless of this, the best interest of the company always comes first when filling a specific position on the board of management, taking into account the circumstances of the individual case. The supervisory board is therefore guided in its decision mainly by the professional knowledge and personal suitability of the candidates.

The composition of the board of management should particularly reflect, where possible, the following diversity aspects with the objectives they express:

- Taking into account the experience required to serve on the board of management, a range of age groups should be appropriately represented on the board of management. There should be no specific requirements regarding the age of individual or all board of management members so as not to unduly restrict the ability of the supervisory board and executive committee to select suitable candidates for the board of management. In particular, there is no maximum age limit or term of office for the members of the board of management.

- In accordance with Sec. 111 (5) AktG, the supervisory board last resolved in 2022 to set a target of 25% for female representation on the board of management by 31 May 2027. No target deviating from this percentage was set for the board of management's diversity concept. The gender-specific requirements for the composition of the board of management introduced by the FüPoG II ["Zweites Führungspositionen-Gesetz": Second Act on Equal Participation of Men and Women in Management Positions] do not apply to Porsche SE.

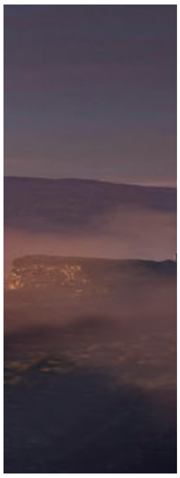
- The members of the board of management should complement each other in terms of their educational and professional background and cover as broad a range of knowledge and experience as possible. In this context, particularly the role of the company as an investment management holding company and the company's respective investment portfolio must be given due consideration.

- The composition of the board of management should reflect an appropriate degree of international diversity in consideration of the fact that the company holds foreign investments as well as German investments with international operations. In light of this, at least one board of management member should have international experience obtained, in particular, from a professional activity or training abroad or resulting from the candidate's origin.

The diversity concept is implemented by the supervisory board, which takes into account the above-mentioned diversity criteria and their objectives when appointing board of management members.

The requirements of the diversity concept for the board of management have been met, with the exception of the target for female representation, which has an implementation deadline of 31 May 2027.

Sec. 76 (4) AktG requires that the board of management specify targets for the percentage of women at the two management levels below the board of management and set a deadline for achieving these targets. By resolution of 22 June 2022, the board of management decided to again set the targets for female representation at the two management levels below the board of management at 25% each, setting 31 May 2027 as the implementation deadline. Female representation at the first management level is currently 33% and at the second management level 25%.



In accordance with recommendation B.2 half-sentence 1 GCGC, the supervisory board together with the board of management is required to ensure that there is long-term succession planning for the board of management. The executive committee responsible for board of management matters once again addressed this topic in depth in the fiscal year 2023. The executive committee and the board of management also discuss this topic regularly. If a board of management position needs to be filled, suitable candidates are identified in a structured process, considering candidates from both within and outside of the company. Some of the current board of management functions may also be combined following a change in the board of management.

2. Working methods of the board of management

The board of management has sole responsibility for the management of the company and the Porsche SE Group in the interest of the company and represents the company in transactions with third parties. Its main duties pertain to setting the strategic focus and management of Porsche SE as well as the establishment and monitoring of an appropriate and effective internal control and risk management system. The duties and responsibilities of the board of management are specified in more detail in the rules of procedure issued by the supervisory board.

In the reporting year, corporate governance took into consideration conflicts of interest that could have arisen, among other things, from membership on two boards (for example, at Porsche SE on the one hand and at Volkswagen AG or Porsche AG on the other) and addressed these in the best interests of Porsche SE. For example, Mr. Pötsch and Dr. Döss were not involved in the resolution on the voting behavior of Porsche SE at the annual general meeting of Volkswagen AG. Likewise, Mr. Pötsch and Mr. Meschke were not involved in the resolution on the voting behavior of Porsche SE at the annual general meeting of Porsche AG.

The members of the board of management are jointly responsible for all aspects of the management of the company. The full board of management decides on all matters of material or fundamental importance. This overall responsibility notwithstanding, each member of the board of management independently manages the business area assigned to him as far as the decision is not – in matters of material or fundamental importance – the responsibility of the full board of management.

The board of management Informs the supervisory board regularly, without delay and comprehensively about all aspects that are relevant to the company regarding the strategy, planning, business development, risk situation, risk management, including the organizational risks relating to the internal control system, and compliance of the company and consults with the supervisory board on setting the strategic focus. The chairman of the board of management is responsible for organizing and coordinating cooperation with the supervisory board and its members; he is responsible for ensuring that the supervisory board is informed in a timely, conscientious and comprehensive manner. In addition, he is responsible for ensuring that Porsche SE continues to thrive by having constant personal contact and dialog with the chairman of the supervisory board.

For certain types of transactions, the board of management requires the prior approval of the supervisory board. These include the acquisition and sale of companies and equity investments if the value of the individual transaction exceeds €25 million; the establishment and liquidation of investment companies and the establishment and closure of plant locations where the transaction in question is of significant importance for the company; the assumption of guarantees, the acceptance of liabilities and warranties that are not in the ordinary course of the company's business if the value of the individual transaction exceeds €5 million; and transactions by ordinary shareholders, supervisory board members or family members of such persons that are not in the ordinary course of the company's business.

Board of management meetings are held regularly, generally once a month. They are convened by the chairman of the board of management. The chairman of the board of management is obliged to convene a meeting of the board of management at the request of a member of the board of management. In the fiscal year 2023, the board of management usually met twice a month.

The board of management has a quorum if all members of the board have been invited and at least half of its members attend the meeting in person or via electronic media. Resolutions are passed by a majority vote of the participating board members. In derogation of Art. 50 (2) sentence 1 SE-VO, the chairman does not cast the deciding vote in the event of a tied vote. The chairman of the board of management determines the type of vote. If no board of management member objects, decisions can also be taken by circular resolutions.

3. Instruments of corporate governance

In the context of responsible corporate governance at Porsche SE, compliance with the relevant legal requirements has the highest priority. Porsche SE follows the recommendations of the GCGC as regards both the individual entity and the group in the scope set out in the declaration on the GCGC and in potential updates. Furthermore, the board of management of Porsche SE has put in place internal guidelines to ensure compliance with the legal requirements, as Porsche SE's reputation is affected by the actions and behavior of everyone at the company.

The managers of Porsche SE are largely responsible for ensuring that the guidelines and rules within the company are strictly observed and complied with. In day-to-day business, every manager must seek to ensure that employees have the greatest possible freedom of action, without neglecting the fundamental principles of good corporate governance. To ensure this is the case, Porsche SE regularly provides its managers and employees with training that focuses on the content of its internal guidelines.

The managers of Porsche SE ensure that the corporate governance practices set out above are complied with at its fully consolidated subsidiaries to the extent they are applicable there. Porsche SE's most important investments, i.e., Volkswagen AG and Porsche AG, are both responsible for making their own decisions on the corporate governance practices to be applied within the respective group and report on them in their respective group management reports, with the Porsche AG Group forming part of the Volkswagen Group.

Financial reporting and annual audit

The consolidated financial statements of Porsche SE are prepared applying the International Financial Reporting Standards (IFRSs) as adopted by the European Union as well as the provisions of German commercial law applicable under Sec. 315e (1) HGB. The financial statements of Porsche SE as the parent company of the Porsche SE Group are based on the accounting provisions of the German Commercial Code and the special accounting provisions of the German Stock Corporation Act. The auditor for the fiscal year 2023 and for the review of the half-yearly financial report 2023 is Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as an independent auditor. In addition, the facts underlying the declaration on conformity in accordance with Sec. 161 (1) AktG are taken into consideration during the annual audit. The chairman of the audit committee is informed of any factual findings made by the auditor that indicate that the declaration on conformity is inaccurate. The auditor is also required to note such inaccuracies in the audit report.

Compliance

In accordance with the provisions of the GCGC, the board of management ensures compliance with legal provisions and internal policies, and works toward ensuring compliance. Porsche SE has a board of management function dedicated to legal affairs and compliance. The duty of Porsche SE’s member of the board of management responsible for legal affairs and compliance is to report to the full board of management on all issues relating to compliance, to introduce preventive measures, manage and monitor these and work towards compliance with regulations. Compliance activities are based on a preventive strategy.

Porsche SE has set up a compliance council that regularly addresses the company’s compliance. It supports the board of management member responsible for legal affairs and compliance in performing his duties, in particular in monitoring compliance with the legal provisions applicable to the company and its employees as well as preventing potential infringements.

Porsche SE has given employees and third parties the opportunity to report suspected breaches of the law within the company via various channels. Any reports received are treated with the utmost confidentiality. The protection of whistleblowers is a top priority for the company.

An internal company policy of Porsche SE specifies the organizational units and decision makers responsible for procedures relating to compliance.

Compliance and integrity at Porsche SE are also ensured by a code of conduct that is binding for all employees and the board of management of Porsche SE. This code of conduct is specified and supplemented by internal company policies on compliance and other selected topics, as amended from time to time.

Risk management system and internal control system

The Porsche SE Group has a Porsche SE group-wide risk management and internal control system in place that helps the management identify major risks at an early stage, thus enabling them to initiate countermeasures in good time. The risk management and internal control system is structured at the due discretion of the board of management and, in accordance with Sec. 91 (3) AktG, takes into account the scope of the business activities and risk situation of the company. The risk management and internal control system at the Porsche SE Group is continuously tested for effectiveness and continually optimized to reflect any changed conditions. In the fiscal year 2023, the board of management and supervisory board did not have any indication that the appropriateness or

effectiveness of the risk management system and internal control system might be inadequate. Further details on the risk management and internal control system are explained in the “Opportunities and risks of future development” section of the annual report.

Communication und transparency

Porsche SE attaches great importance to transparent communication and regularly keeps shareholders, financial analysts, shareholder associations, the media and the general public informed about the situation of the company and its business development. This information can be accessed, in particular, on the website

https://www.porsche-se.com

(„Porsche SE-Homepage“), which contains all press releases and financial reports as well as the articles of association of Porsche SE, the rules of procedure for the supervisory board and information about the annual general meeting.

In addition to regular reporting, Porsche SE also provides information in the form of ad hoc announcements about insider information directly affecting Porsche SE in accordance with Art. 17 of the European Market Abuse Directive. These ad hoc announcements are also published on the homepage of Porsche SE.

Environmental, employee and social matters as well as respect for human rights

Porsche SE attaches great importance to environmental, employee and social matters as well as respect for human rights. This is also reflected in several of Porsche SE’s investments that have sustainability aspects enshrined in their business models. Porsche SE expects the importance of sustainability aspects in the business models of Porsche SE’s investments to increase even further. In this context, the topic of Environmental, Social, Governance (“ESG”), which describes the basic principles of sustainable management, also plays a key role for Porsche SE. The board of management and supervisory board expressly acknowledge the particular importance of ESG-related topics for the business activity of Porsche SE. The supervisory board has nominated Mag. Marianne Heiß as its ESG specialist.

4. Remuneration

The supervisory board decided on the remuneration system currently in place for the members of the board of management of Porsche SE on 3 December 2020. Under this system, the remuneration for the members of the board of management is made up of fixed, non-performance-related as well as variable, performance-related remuneration components. This remuneration system was presented to the annual general meeting for approval on 23 July 2021 and was unanimously approved by the annual general meeting. The supervisory board updated this remuneration system and decided on the revised remuneration system on 4 December 2023. The revised remuneration system is to be presented to the annual general meeting for approval in 2024 and, if approved by the annual general meeting, will be applied retroactively as of 1 January 2024. Under this updated system, the remuneration for the members of the board of management continues to be made up of fixed, non-performance-related as well as variable, performance-related remuneration components.

The remuneration report for the fiscal year 2023 prepared by the board of management and supervisory board and the auditor's report pursuant to Sec. 162 AktG and the currently applicable remuneration system pursuant to Sec. 87a (1) and (2) sentence 1 AktG are published on our website at

https://www.porsche-se.com/en/company/corporate-governance

5. Securities transactions of the board of management members

In accordance with Art. 19 of the European Market Abuse Regulation, members of the board of management and persons closely associated with them must disclose managers' transactions in Porsche SE shares or debt securities or any related derivatives or other related financial instruments. Porsche SE publishes announcements about transactions of this kind on the Porsche SE homepage and in other media.

III. Supervisory board

1. Composition of the supervisory board

The size and composition of the supervisory board of Porsche SE are based on the European SE provisions and a co-determination agreement entered into with representatives of the Porsche's European employees in 2007 and as amended by the agreements dated 1 February 2017 and 9 September 2022 as well as the provisions of the articles of association.

The supervisory board comprises exclusively members appointed by the annual general meeting (shareholder representatives). In accordance with the articles of association, the supervisory board comprises ten shareholder representatives, who are listed on the Porsche SE homepage at

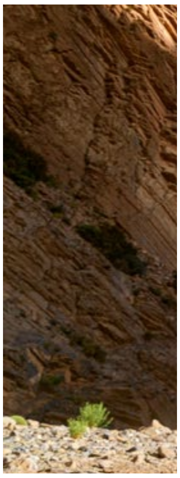
http://www.porsche-se.com/en/company/supervisory-board

As required by law and the articles of association as well as in compliance with the recommendations of the GCGC followed by the company, the composition of the supervisory board of Porsche SE ensures the qualified monitoring of, and provision of advice to, the board of management at all times. Monitoring and advice also include sustainability issues. The supervisory board has to ensure that its members collectively have the knowledge, skills, and professional expertise required to properly perform these duties. For this purpose, the composition of the supervisory board reflects in particular the activities of the company as a capital-market-oriented investment holding company with international operations in the area of mobility solutions as well as the ownership structure of the company.

Against this background, the supervisory board has adopted, in accordance with recommendation C.1 of the GCGC, a profile of skills and expertise as well as additional objectives regarding its composition aiming, in particular, for a diverse composition of the supervisory board (together the “profile of requirements”). The recommendations of the nominations committee to the supervisory board and the supervisory board’s recommendations for election to the annual general meeting should take appropriate account of the criteria set out in the profile of requirements for searching for and selecting suitable candidates.

The full supervisory board should have skills that are of material importance for the activities of the company as a capital-market-oriented investment holding company with international operations in the areas of mobility solutions. This includes in particular knowledge, skills and professional experience in

- monitoring and advising the management of capital-market-oriented companies with international operations;
- developing, designing, manufacturing and selling vehicles and vehicle components on the international market;
- the area of technical and scientific innovations, in particular the automotive industry and its digitalization as well as the development of smart traffic and mobility concepts;
- company mergers and acquisitions;
- accounting, controlling, risk management as well as legal affairs and compliance at capital-market-oriented companies with international operations;
- sustainability issues of importance for the company.




Irrespective of the above, there must be at least one member of the supervisory board at all times who has expertise in the area of financing reporting and at least one other member of the supervisory board who has expertise in the area of auditing. Furthermore, one of these members of the supervisory board or another member of the supervisory board must have both specific knowledge and experience in applying accounting principles and using internal control and risk management systems and be familiar with statutory audits. The members of the full supervisory board must be familiar with the sectors in which the company operates.

In accordance with recommendation C.1 sentence 5 GCGC, the status of the implementation of the profile of skills and expertise must be disclosed in a qualification matrix.

Qualification matrix of the supervisory board of Porsche Automobil Holding SE in accordance with recommendation C.1 sentence 5 GCGC 2022

In accordance with recommendation C.1 sentence 1 of the German Corporate Governance Codex (GCGC 2022), the supervisory board of Porsche SE has set specific targets for its composition and developed a profile of skills and expertise. The full supervisory board is familiar with the field of activity of the company as a capital-market-oriented investment holding company with international operations in the area of mobility solutions and has competencies that are of material importance for the activities of the company. Based on an annual self-assessment, the members of the supervisory board currently have the following qualifications which, according to the objectives of the supervisory board, should be represented within the full supervisory board.

	Dr. Wolfgang Porsche	Dr. Hans Michel Piëch	Mag. Josef Michael Ahorner	Mag. Marianne Heiß	Dr. Günther Horvath	Prof. Dr. Ulrich Lehner	Sophie Piëch	Dr. Ferdinand Oliver Porsche	Peter Daniell Porsche	Prof. KR Ing. Siegfried Wolf
General information										
Independence as defined by recommendation C.7 GCGC 2022	●	●	●	●	●	●	●	●	●	●
Qualification[1]										
Monitoring and advising the management	●	●	●	●	●	●	●	●	●	●
Vehicles and vehicles components	●	●	●					●	●	●
Technical and scientific innovations	●	●		●	●	●	●	●	●	●
Company mergers and acquisitions	●	●		●	●	●		●	●	●
Accounting, controlling, risk management, legal affairs and compliance		●		●	●	●		●		
Sustainability				●		●	●		●	
Financial reporting				●		●		●		
Auditing				●		●		●		

[1] The qualifications mentioned below provide a brief description of the knowledge, skills and professional experience described in more detail in the company's skills and expertise profile.

As regards the composition of the supervisory board, the following targets and diversity aspects should also be taken into account, where possible, with the objectives they express ("Targets for the composition of the company's supervisory board and diversity concept"):

- More than half of the members of the supervisory board (in any case for as long as the supervisory board consists solely of shareholder representatives) should be considered independent from the company and the board of management pursuant to recommendation C.7 of the GCGC.

- At least two members of the supervisory board should be independent from the controlling shareholders pursuant to recommendation C.9 of the GCGC.

- Pursuant to recommendation C.11 of the GCGC, no more than two former members of the board of management should belong to the supervisory board.

- Pursuant to recommendation C.12 of the GCGC, members of the supervisory board should not be members of governing bodies of, or exercise advisory functions at, significant competitors of the company and should not have any personal relationships with a significant competitor.

- In accordance with Sec. 111 (5) AktG, the supervisory board in 2022 set a target of 10% for female representation on the supervisory board by 31 May 2027. For the supervisory board's diversity concept, no target deviating from this percentage is to be set. Since the annual general meeting appointed Ms. Sophie Piëch in 2023, the supervisory board has had two female members, giving a female representation of 20%, thus exceeding the target set for female representation on the supervisory board.

- The supervisory board should exclusively comprise individuals who are able to devote the amount of time necessary to properly fulfill their duties as supervisory board members.

- In terms of its composition, the supervisory board should ensure an appropriate age structure. There is no age limit for members of the supervisory board or a maximum term of office to be served on the supervisory board. The supervisory board is still of the opinion that the ability to monitor and advise the board of management in its management of the company does not cease upon having reached a certain age or upon having served a certain term of office. A fixed age limit may also appear discriminatory.

- The members of the supervisory board should complement each other in terms of their educational and professional background and cover as broad a range of knowledge and experience as possible. In this context, particularly the role of the company as an investment management holding company and the company's respective investment portfolio must be given due consideration.

- The composition of the supervisory board should reflect an appropriate degree of international diversity considering the fact that the company holds foreign investments as well as German investments with international operations. In light of this, at least three supervisory board members should have international experience obtained either from a professional activity or training abroad or resulting from the member's origin.

Unless indicated otherwise, the above-mentioned targets relate to the full supervisory board. The supervisory board may only submit proposals for the election of a supervisory board member to the annual general meeting. Supervisory board members are generally elected by the annual general meeting.

Proposals for the election of supervisory board members submitted to the annual general meeting of Porsche SE must meet the statutory requirements for the composition of the supervisory board and should take into account the self-imposed targets of the profile of requirements. When making recommendations to the supervisory board, the nominations committee should therefore appropriately take into account the criteria set out in the profile of requirements when searching for and selecting suitable candidates.

In the company's opinion, the criteria of the profile of requirements are met in full by the current composition of the supervisory board.

The term of office of the supervisory board members Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath, Dr. Stefan Piëch and Peter Daniell Porsche, elected by the annual general meeting on 15 May 2018, ended at the end of the annual general meeting on 30 June 2023. Dr. Stefan Piëch was not available for an additional term of office. At the proposal of the supervisory board – based on the recommendation of the nominations committee – the annual general meeting therefore elected Ms. Sophie Piëch for the first time and Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath and Peter Daniell Porsche as members of the supervisory board for an additional term until the end of the annual general meeting that resolves on the approval of the acts of the members of the supervisory board for the fiscal year 2027.

The members of the full supervisory board are familiar with the sectors in which the company operates. Furthermore, there are members of the supervisory board who have specialist knowledge in the areas of financial reporting and auditing. In accordance with the legal requirements under FISG ["Finanzmarktintegritätsstärkungsgesetz": Financial Market Integrity Strengthening Act], there are at least two supervisory board members who have this specialist knowledge. Pursuant to Sec. 100 (5) AktG, there must be at least one member of the supervisory board who has expertise in the area of accounting and at least one other member of the supervisory board who has expertise in the area of auditing. The supervisory board has two members, audit committee members Prof. Dr. Ulrich Lehner and Dr. Ferdinand Oliver Porsche, who have extensive knowledge and specific expertise in these areas thanks to their many years of experience in dealing with issues relating to accounting, auditing and internal control procedures.

Furthermore, the supervisory board is of the opinion that it has an appropriate number of members who are independent shareholder representatives. In any case, the following members of the supervisory board are independent from the company and its board of management within the meaning of recommendation C.7 GCGC: Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath, Ms. Sophie Piëch, Mr. Peter Daniell Porsche and Prof. KR Ing. Siegfried Wolf. Dr. Wolfgang Porsche, Dr. Hans Michel Piëch, Dr. Ferdinand Oliver Porsche and Prof. Dr. Ulrich Lehner have been on the supervisory board for more than 12 years, thus fulfilling one of the indicators for a potential restriction of their independence within the meaning of recommendation C.7 GCGC. Nonetheless, the supervisory board is of the opinion that Dr. Wolfgang Porsche, Dr. Hans Michel Piëch, Dr. Ferdinand Oliver Porsche and Prof. Dr. Ulrich Lehner are independent. The work of the supervisory board and its committees shows that Dr. Wolfgang Porsche, Dr. Hans Michel Piëch, Dr. Ferdinand Oliver Porsche and Prof. Dr. Ulrich Lehner continue to have the required critical distance from the company and its board of management that allows them to appropriately monitor and assist the board of management in managing the company.

The following members of the supervisory board are members who are independent from the controlling shareholders within the meaning of recommendation C.9 GCGC: Mag. Marianne Heiß, Prof. Dr. Ulrich Lehner and Prof. KR Ing. Siegfried Wolf.

2. Working methods of the supervisory board

The members of the supervisory board jointly fulfill the supervisory board's statutory duties and those imposed by the articles of association. The duties of the supervisory board include, in particular, monitoring and advising the management. In addition to this, certain types of transaction of the board of management require the prior approval of the supervisory board. Material transactions with related parties pursuant to Sec. 111b (1) AktG also require the approval of the supervisory board.

The supervisory board is subject to the rules of procedure that can be found on the Porsche SE homepage at

http://www.porsche-se.com/en/company/corporate-governance/

The supervisory board cooperates closely with the other company bodies for the good of the company. Its members have the same rights and duties; they are not bound by orders or instructions, especially not those of the shareholders.

The chairman of the supervisory board convenes supervisory board meetings giving at least fourteen days' notice. The supervisory board must meet at least twice in a calendar half year and should meet once a quarter. In addition, supervisory board meetings must be convened if there is a special reason. In the fiscal year 2023, the supervisory board convened four ordinary meetings.

All or individual members of the board of management participate in the meetings of the supervisory board as necessary. The supervisory board also has regular discussions without the board of management's participation. The chairman of the supervisory board decides whether the members of the board of management are to participate or not. Whenever a member requests to participate, the supervisory board decides. If the auditor attends a meeting as an expert, the board of management and the head of finance do not attend this meeting unless the supervisory board deems it essential that they participate.

The supervisory board has a quorum if all of its members have been invited and at least half of the members required by the articles of association participate in the resolution. Resolutions are passed by a majority vote of the participating board members.

In the event of a tied vote, the chairman casts the deciding vote. Resolutions of the supervisory board may also be passed in a telephone or video conference or outside meetings by casting votes in writing, over the phone, or in text form if the chairman of the supervisory board so determines.

Due to the influence of individual members of the supervisory board of Porsche SE on ordinary shareholders of Porsche SE or the fact that individual supervisory board members are also members of the supervisory boards of Porsche SE, Volkswagen AG and Porsche AG or individual Volkswagen subsidiaries, conflicts of interest may arise for these members of the supervisory board in certain cases.

In the reporting year, any conflicts of interest were handled in accordance with the following basic principle: the members of the supervisory board of Porsche SE determine whether there are any conflicts of interest, in particular prior to meetings and when passing resolutions, and disclose such conflicts if and as necessary. This applies especially to members who are also members of the supervisory board of Volkswagen AG or the supervisory board of Porsche AG. If the supervisory board members determine that a conflict of interest exists, the members concerned do not participate in the vote on the relevant resolution or abstain from voting. Members of the supervisory board cannot participate in a vote by voting yes or no if the resolution concerns a transaction with the company in which they are involved as a party or if the resolution concerns the initiation of a lawsuit between such members and the company.

The supervisory board assesses generally every two years the level of effectiveness with which the full supervisory board and its committees fulfill their duties. For this purpose, a questionnaire is distributed to the members of the supervisory board, in which they give their opinion as to the effectiveness of the working methods of the supervisory board and can suggest ways of improving them. The results of the evaluation of these questionnaires are discussed at the supervisory board’s next ordinary meeting, and possible improvements explored. The most recent self-assessment was conducted in the second half of the fiscal year 2022.

As a matter of principle, the members of the supervisory board are responsible for obtaining the (further) training required for fulfilling their duties and are supported in these endeavors by Porsche SE both in terms of organization and by assuming any costs incurred. The most recent training for the full supervisory board took place in December 2022 and provided information on current topics of relevance to the supervisory board of Porsche SE. Porsche SE also provides extensive support to new supervisory board members, including consulting internal and, if necessary, also external experts when they take office.

In the fiscal year 2023, the supervisory board again performed all the duties assigned to it by law or the articles of association. The supervisory board advised the board of management on managing the company and carefully monitored its actions. The supervisory board was also involved in all fundamental decisions. It was informed by the board of management regularly, comprehensively and without delay about the key aspects of business development, the results of operations as well as the risks and their management. The supervisory board made its decisions based on comprehensive reports and proposals for resolution provided by the board of management. The supervisory board had ample opportunity to discuss the reports and proposals for resolutions of the board of management in plenary sessions and in the committees. The board of management comprehensively informed the supervisory board about projects and transactions of particular importance or urgency, both at and outside meetings. The supervisory board passed all resolutions required by law or the articles of association, sometimes also by circular resolutions. The chairman of the board was in constant contact with the board of management. It was therefore possible to discuss events of exceptional importance for the situation and development of the group without delay.

Further information on the work of the supervisory board, in particular on the meetings in the fiscal year 2023 (e.g., on the attendance of the supervisory board members and on the topics discussed), can be found in the report of the supervisory board. The same applies for the work of the committees, which are described below.

3. Committees of the supervisory board and their working methods

In the fiscal year 2023, the supervisory board established a total of four committees (executive committee, audit committee, nominations committee and Phoenix committee) to carry out its duties. The Phoenix committee was dissolved in the current fiscal year as Project Phoenix was completed following the acquisition of 25% plus one share of the ordinary shares of Porsche AG and the conclusion of the corresponding financing agreements. The specific composition of the committees established in the fiscal year 2023 is presented in the attached overview.

The committee meetings are convened by the respective committee chairman; as a rule, meetings should, if possible, be convened with no less than one week's notice. Committees that take decisions on behalf of the supervisory board only have a quorum if all members participate in the resolution by voting or abstaining. Each committee chairman regularly informs the supervisory board about the activities of their committee.

The committees support the supervisory board and prepare supervisory board resolutions as well as topics for discussion by the full supervisory board. Moreover, decision-making powers of the supervisory board may be delegated to the individual committees to the extent permitted by law.

Executive committee

In urgent cases, the executive committee decides on transactions that require the approval of the supervisory board in accordance with the rules of procedure of the board of management. The executive committee also functions as a personnel committee and makes recommendations to the supervisory board on concluding, amending and terminating contracts of employment for members of the board of management. The executive committee is responsible for approving any ancillary activities of the board of management members. In addition, the executive committee drafts a proposal for the amount of each board of management member's variable remuneration for each full fiscal year, taking into account the respective business and earnings situation and based on the performance of the individual member of the board of management. This proposal is submitted to the supervisory board of Porsche SE for approval. Since the fiscal year 2023, the executive committee has also been responsible for preparing supervisory board resolutions and handling topics of discussion that are necessary or appropriate for implementing the investment strategy drawn up by the board of management. It may also make recommendations to the supervisory board.

The executive committee comprises the chairman of the supervisory board, his deputy and an additional member of the supervisory board. The chairman of the supervisory board is also the chairman of the executive committee.

Audit committee

The audit committee supports the supervisory board in monitoring the management of the company and deals in particular with reviewing accounting, monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the statutory audit, in particular the selection and

independence of the auditor, the quality of the audit and the services additionally rendered by the auditor as well as compliance.

The audit committee's review of accounting particularly relates to the consolidated financial statements and the combined group management report, interim financial information and the annual financial statements prepared in accordance with HGB. The audit committee deals with the half-yearly financial report and the group quarterly statements for the supervisory board and discusses them with the board of management and the auditor. The audit committee also focuses on the dependent company report, the proposal for profit appropriation and, if necessary, the non-financial group report, and prepares them for review by the supervisory board.

In connection with the audit, the audit committee submits to the supervisory board a recommendation for the appointment of the auditor, which – except in cases where the auditor is reappointed – is prepared following a selection procedure within the meaning of Art. 16 (3) Regulation (EU) No 537/2014, includes at least two candidates and is substantiated. In addition, the audit committee monitors the independence of the auditor and ensures that the auditor's non-audit services assigned by the board of management do not give rise to any indication of grounds for exclusion or disqualification or that endanger the independence of the auditor. The audit committee is authorized to award the audit engagement to the auditor elected by the annual general meeting, to agree on the fee with the auditor and to determine the key topics of its audit and its information duties on behalf of the supervisory board. It also deals with the key audit matters and regularly assesses the quality of the audit.

Finally, the audit committee may, in accordance with the rules of procedures of the supervisory board, exercise the supervisory board's special inspection and audit rights pursuant to Sec. 111 (2) AktG where this appears necessary or useful in performing its duties. The audit committee is entitled to obtain information from the auditor and the board of management in connection with the performance of its duties. Furthermore, each member of the audit committee may directly obtain information via the chairman of the audit committee from the heads of the corporate functions responsible for performing the duties relating to the audit committee.

The audit committee consists of three members. At least one member of the audit committee must have specialist knowledge in the area of accounting, and at least one other member must have specialist knowledge in the area of auditing. In accordance with recommendation D.3 GCGC, expertise in the area of accounting consists of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the area of auditing consists of special knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and its audit and assurance. The chairman of the audit committee has to have appropriate expertise in at least one of the two areas. The chairman of the supervisory board should not chair the audit committee.

The above-mentioned requirements were met in the fiscal year 2023. Prof. Dr. Ulrich Lehner as chairman of the audit committee and Dr. Ferdinand Oliver Porsche as member of the audit committee each have the necessary expertise in the area of accounting and auditing. Both Prof. Dr. Ulrich Lehner and Dr. Ferdinand Oliver Porsche have profound expertise in the areas of accounting and auditing due in particular to their many years of performing management duties as well as their activities as supervisory board members of large corporations. Prof. Dr. Ulrich Lehner also worked as a tax advisor and auditor and worked at various companies in the areas of controlling, accounting and finance for several years. Dr. Ferdinand Oliver Porsche has deepened his knowledge in the area of auditing and accounting through his many years as chairman on the audit committee of Volkswagen AG.

The chairman of the board of management, the CFO, the board of management member responsible for legal affairs and compliance and the head of finance participate in the audit committee meetings unless the chairman of the audit committee decides otherwise in the individual case. If the auditor attends a meeting as an expert, the board of management and the head of finance do not attend this meeting unless the audit committee deems it essential that they participate. Regardless of this, the audit committee regularly consults with the auditor without the board of management's participation. In addition, the chairman of the audit committee also communicates with the auditor outside of meetings and reports to the audit committee on this communication.

Nominations committee

The nominations committee recommends suitable candidates to the supervisory board for the supervisory board's proposals to the annual general meeting concerning the election of supervisory board members. In the fiscal year 2023, the nominations committee convened once and proposed to the supervisory board that Ms. Sophie Piëch be elected for the first time and Mag. Josef Michael Ahorner, Mag. Marianne Heiß, Dr. Günther Horvath and Peter Daniell Porsche be elected for an additional term.

The nominations committee consists of three members. The chairman of the supervisory board always acts as the chairman of the nominations committee.

Phoenix committee

The supervisory board set up the Phoenix committee, initially comprising 5 members (4 members from 30 June 2023), as a non-permanent ad hoc committee for the period from 13 May 2022 to 25 September 2023 to facilitate regular monitoring, exchange of information and coordination with the board of management in connection with Project Phoenix. The Phoenix committee was authorized by the supervisory board to make decisions promoting the project to the extent permissible by law as a preparatory committee. As Project Phoenix came to an end following the completion of the acquisition of 25% plus one share of the ordinary shares of Porsche AG as well as the conclusion of the corresponding financing agreements, the supervisory board of Porsche SE dissolved the Phoenix committee on 25 September 2023.

4. Remuneration

The remuneration of Porsche SE’s supervisory board members is governed by Art. 13 of the articles of association. Pursuant to this, the members of the supervisory board receive fixed remuneration for their work, the exact amount of which depends on the duties assumed on the supervisory board or its committees, and reimbursement of their expenses. No variable compensation is paid. The remuneration of the members of the supervisory board was last submitted to the annual general meeting for resolution on 23 July 2021 and was unanimously approved by the annual general meeting. No adjustments were made to the existing remuneration system in the fiscal year 2023.

The remuneration report for the fiscal year 2023 to be prepared by the board of management and the supervisory board and the auditor’s report pursuant to Sec. 162 AktG as well as the most recent remuneration resolution pursuant to Sec. 113 (3) AktG are published on our website at

https://www.porsche-se.com/en/company/corporate-governance

5. Securities transactions of the supervisory board members

In accordance with Art. 19 of the European Market Abuse Regulation, members of the supervisory board as well as persons closely associated with them must disclose managers’ transactions in Porsche SE shares or debt securities or any related derivatives or other related financial instruments. Porsche SE publishes announcements about transactions of this kind on the Porsche SE homepage and in other media.

IV. Shareholders and annual general meeting

Porsche SE’s share capital is equally divided into ordinary shares and non-voting preference shares. To the extent provided for in the articles of association, the shareholders exercise their rights before or during the annual general meeting and, if they hold ordinary shares, exercise their voting rights. When passing resolutions, each ordinary share of Porsche SE carries one vote. There are no shares with multiple or preferential voting rights, nor are there any maximum voting rights.

Every shareholder is entitled to take part in the annual general meeting, to express an opinion on items on the agenda, to table motions and to demand information about company matters if this is necessary to properly judge an item on the agenda.

Annual general meetings of Porsche SE may be held in person or virtually without the physical presence of the shareholders or their proxies. This option, which already existed in 2023 due to a transitional provision, will be available in the future as a result of an authorization in the articles of association approved by the annual general meeting in 2023.

The annual general meeting decides on the appropriation of profits as well as the approval of the acts of the board of management and supervisory board and elects the members of the supervisory board and the auditor. The annual general meeting also decides in particular on the articles of association and the purpose of the company and on key corporate measures such as corporate contracts in particular.

Porsche Automobil Holding SE

List of all committees of the supervisory board of Porsche Automobil Holding SE and their members in the fiscal year 2023

Executive committee:

- Dr. Wolfgang Porsche (chairman)
- Dr. Hans Michel Piëch
- Dr. Ferdinand Oliver Porsche

Nominations committee:

- Dr. Wolfgang Porsche (chairman)
- Dr. Hans Michel Piëch
- Dr. Ferdinand Oliver Porsche

Audit committee:

- Prof. Dr. Ulrich Lehner (chairman)
- Dr. Hans Michel Piëch
- Dr. Ferdinand Oliver Porsche

Phoenix committee (until 25 September 2023):

- Dr. Ferdinand Oliver Porsche (chairman)
- Dr. Wolfgang Porsche
- Dr. Hans Michel Piëch
- Dr. Stefan Piëch (until 30 June 2023 – end of his term of office)
- Dr. Günther Horvath

More information on the above-mentioned and still serving committee members, in particular on their occupation as well as membership on supervisory boards and other control bodies, can be found at

https://www.porsche-se.com/en/company/supervisory-board

Porsche SE – Information on the financial statements in accordance with HGB

Results of operations

In the fiscal year 2023, Porsche SE generated a net profit of €1,441 million (€4,104 million), of which around €1,510 million (€4,256 million) related to the investment result. The investment result mainly comprises dividend income from the investment in Volkswagen AG amounting to €1,393 million (€4,253 million) and from the investment in Porsche AG amounting to €114 million (in the prior year no dividend income). This is in line with the dividend income of €1.5 billion forecast in the combined group management report for the fiscal year 2022 for Porsche SE in the fiscal year 2023. The investment result also contains income (net) from profit and loss transfer agreements of €3 million (€3 million).

Other operating income from the reporting period primarily includes income from a claim for compensation against Volkswagen AG. This resulted from a compensation mechanism in the contribution agreement, based on tax benefits and tax disadvantages, in connection with the contribution of the holding business operations of Porsche SE to Volkswagen AG in the fiscal year 2012 (see section “Results of operations of the Porsche SE Group”).

The decrease in other operating expenses from €27 million to €20 million is due in particular to the consulting fees incurred in the prior year in connection with the acquisition of ordinary shares of Porsche AG.

The development of the interest result is related in particular to the debt capital initially raised in the fourth quarter of the fiscal year 2022, its refinancing in the fiscal year 2023 and its interest rate hedging, which had an effect on the whole year for the first time in the fiscal year 2023.

Income tax shows a net income in the reporting period. This is largely due to the reversal of provisions for income taxes for prior years due to new findings from the ongoing tax field audits and to income tax receivables recognized due to a tax loss carryback to the prior year.

Income statement of Porsche Automobil Holding SE

€ million	**2023**	2022
Revenue	0	0
Other operating income	234	3
Personnel expenses	–19	–18
Other operating expenses	–20	–27
Result from investments	1,510	4,256
Interest result	–267	–99
Income tax	3	–11
Result after tax	**1,441**	**4,104**
Other tax	0	0
Net profit	**1,441**	**4,104**
Transfer to retained earnings	–658	–2,052
Net profit available for distribution	**783**	**2,052**

Net assets and financial position

Fixed assets of €33,488 million (€33,424 million) primarily contain the investment in Volkswagen AG of €22,912 million (€22,912 million) as well as the investment in Porsche AG of €10,106 million (€10,106 million). The increase is mainly due to capital increases in subsidiaries totaling €64 million.

Receivables from affiliated companies contain receivables from domination and profit and loss transfer agreements. In the prior year, this also comprised a receivable of Porsche SE from Volkswagen AG of €22 million. This related to the net presentation of the special dividend claim of Porsche SE against Volkswagen AG of €3.1 billion offset with the remaining purchase price liability from the acquisition of ordinary shares of Porsche AG of €3.0 billion as of the reporting date, which was settled on 9 January 2023. Other assets of the prior year mainly included income tax receivables from withheld capital gains tax.

Cash and cash equivalents contain bank balances including short-term time deposits.

Provisions contain items for pensions and similar obligations, tax provisions as well as other provisions.

In March 2023, Porsche SE successfully placed a Schuldschein loan of around €2.7 billion. Porsche SE issued three bonds with a total volume of €2.0 billion in the reporting period as part of a new debt issuance program set up. In the prior year, liabilities to banks comprised total bank financing of €7.1 billion. Of this amount, €3.9 billion related to a bridge loan with a term of up to two years, €3.0 billion to a bank loan with a term of five years and €0.2 billion to a bank loan with a term of three years. In the fiscal year, the bridge loan was repaid in full using the Schuldschein loan, the first bond of €750 million and also using the dividend payment from Volkswagen AG. Part of the five-year bank loan was repaid from the total proceeds of €1,250 million raised from the issuance of the other two loans.

As before, the liabilities relate largely to loan relationships entered into with subsidiaries.

Balance sheet of Porsche Automobil Holding SE

€ million	**31/12/2023**	31/12/2022
Assets		
Fixed assets	33,488	33,424
Receivables from affiliated companies	6	30
Other assets	19	317
Marketable securities	283	70
Cash and cash equivalents	724	343
Prepaid expenses	9	0
	34,530	**34,185**
Equity and liabilities		
Equity	27,365	26,707
Provisions	94	112
Bonds	2,062	
Schuldschein loan	2,805	
Liabilities to banks	1,953	7,118
Liabilities	251	247
	34,530	**34,185**

Overall statement on the economic situation of Porsche SE

Against the background of the current challenges, the board of management of Porsche SE considers the economic situation of the company and its significant investments in Volkswagen AG and Porsche AG to be positive overall. At the level of the two core investments – Volkswagen AG and Porsche AG – business was largely impacted in the fiscal year 2023 by a challenging global market environment, parts supply shortages and disruptions in the logistics chain. In addition, the industry is shaped by fierce competition, technological transformation and increasing ecological awareness.

Porsche SE's net profit for the year under German commercial law of €1.4 billion (€4.1 billion) is largely attributable to the dividend income from the investments in Volkswagen AG and Porsche AG. The decrease in net profit for the year is mainly due to the special dividend of Volkswagen AG recognized in the prior year. The dividend income recognized in the fiscal year corresponds to the dividend income forecast in the combined group management report for the fiscal year 2022 for Porsche SE in the fiscal year 2023. In the reporting period, Porsche SE also collected income from the refund claim against Volkswagen.

Risks relating to the business development

The risks relating to the development of Porsche SE's business are closely connected to the risks relating to the core investments in Volkswagen AG and in Porsche AG and to the development of the legal proceedings. The risks are described in the section "Opportunities and risks of future development".

Dividend proposal

Porsche SE's dividend policy is generally geared to stability (see also section "Goals and strategy" under "Fundamental information about the group").

The separate financial statements of Porsche SE as of 31 December 2023 report a net profit available for distribution of €783 million consisting of a net profit of €1,441 million and a transfer to retained earnings of €658 million. Porsche SE's board of management proposes a resolution for the distribution of a dividend of €2.554 (€2.554) per ordinary share and €2.560 (€2.560) per preference share, i.e., a total distribution of €783 million (€783 million).

Dependent company report

In accordance with Sec. 312 AktG, Porsche SE has drawn up a report on relations with holders of its ordinary shares and companies affiliated with these (dependent company report). The conclusion of this report is as follows: “In accordance with the circumstances known to it when the transactions stated in the report were conducted, Porsche SE has rendered or, as the case may be, received reasonable payment. The company was not disadvantaged by these transactions.”

Outlook

We refer to the statements in the section “Anticipated development of the Porsche SE Group” under “Forecast report and outlook”, which also in particular reflect the expectations for the parent company. Based on the dividend proposed by the board of management and supervisory board of Volkswagen AG, Porsche SE expects a dividend of €9.00 per Volkswagen ordinary share and €9.06 per Volkswagen preference share as well as, based on the dividend proposed by the board of management and supervisory board of Porsche AG, €2.30 per Porsche AG ordinary share for the fiscal year 2023. As a result, dividend income of Volkswagen AG and Porsche AG totaling €1.7 billion is expected at the level of Porsche SE, which is likely to have a significant impact on the separate financial statements and net income for 2024. The board of management and supervisory board of Porsche SE also propose to the annual general meeting a resolution for the distribution of a dividend of €2.554 per ordinary share and €2.560 per preference share, i.e., a total distribution of €783 million for the fiscal year 2023.

Stuttgart, 13 March 2024
Porsche Automobil Holding SE

The board of management

Financials

Financials

Consolidated income statement of Porsche Automobil Holding SE for the period from 1 January to 31 December 2023

€ million	Note	**2023**	2022
Result from investments accounted for at equity	[4], [5]	5,229	5,263[1]
Income from investment valuation	[6]	1	12
Expenses from investment valuation	[6]	–1	–11
Result from investments		**5,229**	**5,263[1]**
Other operating income	[7]	220	179[1]
Personnel expenses	[8]	–17	–17
Amortization and depreciation		–1	–1
Other operating expenses	[9]	–18	–25
Result before financial result		**5,412**	**5,399[1]**
Finance costs		–293	–71
Other financial result		24	14
Financial result	**[10]**	**–269**	**–57**
Result before tax		**5,143**	**5,343[1]**
Income tax	[11]	–48	53[1]
Result after tax from continuing operations		**5,096**	**5,396[1]**
Result after tax from discontinued operations			96
Result after tax		**5,096**	**5,492[1]**
thereof attributable to			
shareholders of Porsche SE		5,096	5,492[1]
Earnings per ordinary share (basic and diluted) in €	[14]	16.64	17.93[1]
Earnings per preference share (basic and diluted) in €	[14]	16.64	17.94[1]
Earnings per ordinary share (basic and diluted) from continuing operations in €	[14]	16.64	17.62[1]
Earnings per preference share (basic and diluted) from continuing operations in €	[14]	16.64	17.62[1]

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

Consolidated statement of comprehensive income of Porsche Automobil Holding SE for the period from 1 January to 31 December 2023

€ million	2023	2022
Result after tax	**5,096**	**5,492**[1]
Remeasurements of pensions	–3	16
Deferred tax on remeasurements of pensions	1	–5
Other comprehensive income not to be reclassified to profit or loss in subsequent periods from investments accounted for at equity (before tax)	–648	4,564[1]
Deferred tax on other comprehensive income not to be reclassified to profit or loss in subsequent periods from investments accounted for at equity	216	–1,435[1]
Deferred tax not to be reclassified to profit or loss in subsequent periods on investments in associates	7	–48[1]
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods	–428	3,093[1]
Currency translation		0
Other comprehensive income to be reclassified to profit or loss in subsequent periods from cashflow hedges (before tax)	–103	129
Deferred tax on other comprehensive income to be reclassified to profit or loss in subsequent periods from cashflow hedges	31	–39
Other comprehensive income to be reclassified to profit or loss in subsequent periods from investments accounted for at equity (before tax)	–608	640[1]
Deferred tax on other comprehensive income to be reclassified to profit or loss in subsequent periods from investments accounted for at equity	–34	–163[1]
Deferred tax to be reclassified to profit or loss in subsequent periods on investments in associates	10	–7[1]
Total other comprehensive income to be reclassified to profit or loss in subsequent periods	–704	560[1]
Other comprehensive income after tax	**–1,132**	**3,652**[1]
Total comprehensive income	**3,964**	**9,144**[1]
thereof attributable to		
shareholders of Porsche SE	3,964	9,144[1]
from continuing operations	3,964	9,048[1]
from discontinued operations		96

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

Consolidated balance sheet of Porsche Automobil Holding SE as of 31 December 2023

€ million	Note	31/12/2023	31/12/2022
Assets			
Intangible assets		0	0
Property, plant and equipment		1	1
Investments accounted for at equity	[4], [12]	61,225	58,545[1]
Other financial assets	[13], [21]	103	204
Other assets		0	0
Non-current assets		**61,329**	**58,750[1]**
Other financial assets	[13], [21]	19	25
Other assets		1	1
Income tax receivables	[11]	3	316
Securities	[21]	283	70
Time deposits	[21]	230	265
Cash and cash equivalents	[21]	494	86
Current assets		**1,030**	**762[1]**
		62,358	**59,512[1]**
Equity and liabilities			
Subscribed capital	[14]	306	306
Capital reserves	[14]	4,884	4,884
Retained earnings	[14]	50,804	46,476[1]
Other reserves (OCI)	[14]	−669	473[1]
Equity		**55,326**	**52,139[1]**
Provisions for pensions and similar obligations	[15]	32	27
Other provisions	[16]	24	27
Financial liabilities	[17], [21]	6,616	3,152
Other financial liabilities	[13], [21]	43	
Other liabilities		1	
Deferred tax liabilities	[11]	178	176[1]
Non-current liabilities		**6,895**	**3,382[1]**
Provisions for pensions and similar obligations	[15]	1	1
Other provisions	[16]	18	29
Trade payables	[21]	1	4
Financial liabilities	[17], [21]	109	3,941
Other financial liabilities	[21]	1	1
Other liabilities		5	5
Income tax liabilities	[11]	3	10
Current liabilities		**137**	**3,991**
		62,358	**59,512[1]**

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

Consolidated statement of changes in equity of Porsche Automobil Holding SE for the period from 1 January to 31 December 2023

	Equity attributable to the shareholders of Porsche SE						
€ million	Subscribed capital	Capital reserves	Retained earnings	Other reserves (OCI)	Total	Non-controlling interests	Total equity
As of 1 January 2022	306	4,884	40,216[1]	–3,214[1]	42,192[1]	1	42,193[1]
Result after tax			5,492[2]		5,492[2]		5,492[2]
Other comprehensive income after tax				3,652[2]	3,652[2]		3,652[2]
Total comprehensive income			5,492[2]	3,652[2]	9,144[2]		9,144[2]
Dividend payment			–783		–783		–783
Other changes in equity arising from the level of investments accounted for at equity			1,552[2,3]	34[2,3]	1,586[2,3]		1,586[2,3]
Changes to scope of consolidation			–1	1		–1	–1
As of 31 December 2022	**306**	**4,884**	**46,476[2]**	**473[2]**	**52,139[2]**		**52,139[2]**
As of 1 January 2023	306	4,884	46,476[2]	473[2]	52,139[2]		52,139[2]
Result after tax			5,096		5,096		5,096
Other comprehensive income after tax				–1,132	–1,132		–1,132
Total comprehensive income			5,096	–1,132	3,964		3,964
Dividend payment			–783		–783		–783
Other changes in equity arising from the level of investments accounted for at equity			16	–10	6		6
As of 31 December 2023	**306**	**4,884**	**50,804**	**–669**	**55,326**		**55,326**

1 Prior-year figures were adjusted due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

2 Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

3 Related primarily to changes in equity in the course of at equity accounting of the investment in Volkswagen AG as a result of the IPO of Porsche AG.

Equity is explained in note [14].

Consolidated statement of cash flows of Porsche Automobil Holding SE for the period from 1 January to 31 December 2023

€ million	**2023**	2022
1. Operating activities		
Result after tax	5,096	5,492[1]
Result after tax from discontinued operations		–96
Result from investments	–5,229	–5,263[1]
Amortization and depreciation	1	1
Interest expenses	293	71
Interest income	–24	–3
Income tax expense (+) / income (-)	48	–53[1]
Other non-cash expenses (+) and income (-)	0	–188[1]
Change in other assets	–1	–1
Change in provisions for pensions	0	0
Change in other provisions	–13	–4
Change in other liabilities	–3	4
Dividends received	1,529	884
Payments received in connection with the termination of derivative contracts	97	
Interest paid	–248	–52
Interest received	17	1
Income tax paid	–5	0
Income tax received	316	0
Cash flow from operating activities	**1,873**	**791**
2. Investing activities		
Cash paid for the acquisition of intangible assets and property, plant and equipment	0	0
Cash received from the disposal of subsidiaries net of cash and cash equivalents		201
Cash paid for the acquisition of shares in investments accounted for at equity	–15	–7,510
Cash paid for the acquisition of other shares in entities	–49	–14
Cash received from the disposal of other shares in entities		2
Change in investments in securities	–214	75
Change in investments in time deposits	35	–40
Cash flow from investing activities	**–243**	**–7,287**

€ million	2023	2022
3. Financing activities		
Dividends paid to shareholders of Porsche SE	–783	–783
Cash received from raising financial liabilities	4,711	7,070
Cash paid for settlement of financial liabilities	–5,151	–1
Cash flow from financing activities	**–1,222**	**6,286**
4. Cash and cash equivalents		
Cash and cash equivalents as of 1 January	86	271
plus cash and cash equivalents from discontinued operations as of 1 January		25
Change in cash and cash equivalents (subtotal of 1 to 3)	409	–211
Cash and cash equivalents as of 31 December	**494**	**86**

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

Note [18] contains further explanations on the consolidated statement of cash flows.

Notes to the consolidated financial statements

Notes to the consolidated financial statements of Porsche Automobil Holding SE for the fiscal year 2023

Basis of presentation

[1] Significant accounting policies

Corporate information

Porsche Automobil Holding SE (“Porsche SE” or the “company”), as the ultimate parent of the Porsche SE Group, is a European Company (Societas Europaea) and is headquartered at Porscheplatz 1 in 70435 Stuttgart, Germany. The company is registered at the Stuttgart Local Court under HRB 724512.

Porsche SE is a holding company with investments in the areas of mobility and industrial technology. Its business activities include in particular the acquisition, holding and management as well as the disposal of investments.

In particular, Porsche SE holds the majority of the ordinary shares in Volkswagen Aktiengesellschaft, Wolfsburg (“Volkswagen AG”, “Volkswagen” or “VW”), one of the leading automobile manufacturers in the world. Porsche SE also holds a direct interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart (“Porsche AG”). These long-term investments in Volkswagen AG and Porsche AG form the core investments category. In the portfolio investments category, the Porsche SE Group holds non-controlling interests in technology companies. Investments in private equity and venture capital funds are also allocated to this category. Portfolio investments are generally held by Porsche SE for a temporary period of time and are typically characterized by their high potential for growth and for increasing value during the holding period. In both categories, the sector focus is on mobility and industrial technology and is to be supplemented by investments in related areas in the future. This categorization of Porsche SE’s investments is also the basis for the segment reporting pursuant to IFRS 8 (see note [19]). With regard to the strategies and goals of Porsche SE and further information on the investments, reference is made to the explanations in the section “Fundamental information about the group” in the management report, which is combined with the group management report (“combined group management report”).

The consolidated financial statements of Porsche SE are prepared in accordance with Sec. 315e HGB [“Handelsgesetzbuch”: German Commercial Code] and are in compliance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union as well as the additional requirements of German commercial law.

The fiscal year of the Porsche SE Group covers the period from 1 January to 31 December of a year.

The group's presentation currency is the euro (€). Unless otherwise stated, all figures are presented in millions of euro (€ million). All figures and percentages are rounded according to customary business practice, so minor discrepancies may arise from the addition of these amounts. Amounts smaller than €0.5 million are stated at zero. Amounts of €0.00 are not reported. The comparative prior-year figures are presented in parentheses alongside the figures for the current reporting period.

The income statement has been prepared using the nature of expense method.

The board of management prepared the consolidated financial statements and the combined group management report of Porsche SE by resolution on 13 March 2024. The period subsequent to the reporting date for which adjusting events can be disclosed ends on that date.

Changes to the prior-year period

First-time application of IFRS 17

As a result of the first-time application of IFRS 17, which provides new guidance on the accounting for insurance contracts, adjustments were made to prior-year figures at the level of the Volkswagen Group including Porsche AG and its subsidiaries. These changes are due primarily to the changed system for calculating provisions related to the insurance business. At the level of Porsche SE, there are no business transactions that fall within the scope of IFRS 17. However, as a result of applying the equity method to the investments in Volkswagen AG and Porsche AG for the consolidated financial statements of Porsche SE, the first-time application of IFRS 17 at the level of the Volkswagen Group also has an indirect impact on Porsche SE's consolidated financial statements. The adjustment of the prior-year figures at the level of the Volkswagen Group including Porsche AG and its subsidiaries was made using the full retrospective approach, unless the application of that approach was impracticable. This was the case when not all of the required historical information, in particular for multi-year contracts, was available without undue cost and effort. In these cases, the Volkswagen Group including Porsche AG and its subsidiaries generally applied the modified retrospective approach.

The effects from the first-time application of IFRS 17 on the consolidated balance sheet and consolidated income statement are presented in the reconciliations below.

Retrospective application of IAS 28 to the preference shares of Volkswagen AG held by Porsche SE

In the prior year, the preference shares of Volkswagen AG held by Porsche SE were accounted for as assets held for sale pursuant to IFRS 5, after the supervisory board of Porsche SE had approved a disposal plan in June 2022 for the total of 2.7 million preference shares as a financing component for the acquisition of ordinary shares in Porsche AG.

In particular in light of the successful placement of the Schuldschein loan of around €2.7 billion in March 2023, which significantly exceeded the volume predictable on the basis of similar transactions in the past, circumstances arose in the fiscal year 2023 that made a sale of the preference shares of Volkswagen AG held by Porsche SE by June 2023 not seem highly probable anymore. Already in the first quarter of the fiscal year 2023, the preference shares were therefore no longer classified as assets held for sale, resulting in a retrospective application of the equity method. The capital share, which the at equity accounting for the investment in Volkswagen AG has since been based on, amounts to around 31.9% compared to the approximately 31.4% previously. The first-time application of IFRS 17 and the retrospective application of the equity method resulted in the following adjustments of the prior-year comparative figures:

Consolidated statement of comprehensive income

€ million	2022	First-time application of IFRS 17	Retrospective application of IAS 28	2022 after adjustment
Result from investments accounted for at equity	4,533	5	725	5,263
Result from assets held for sale	22		–22	
Income from investment valuation	12			12
Expenses from investment valuation	–11			–11
Result from investments	**4,555**	**5**	**703**	**5,263**
Other operating income	179		0	179
Personnel expenses	–17			–17
Amortization and depreciation	–1			–1
Other operating expenses	–25			–25
Result before financial result	**4,691**	**5**	**703**	**5,399**
Financial result	**–57**			**–57**
Result before tax	**4,634**	**5**	**703**	**5,343**
Income tax	56	0	–3	53
Result after tax from continuing operations	**4,690**	**5**	**700**	**5,396**
Result after tax from discontinued operations	96			96
Result after tax	**4,787**	**5**	**700**	**5,492**

Consolidated statement of comprehensive income (cont.)

€ million	2022	First-time application of IFRS 17	Retrospective application of IAS 28	2022 after adjustment
Remeasurements of pensions	16			16
Deferred tax on remeasurements of pensions	−5			−5
Other comprehensive income not to be reclassified to profit or loss in subsequent periods from investments accounted for at equity (before tax)	4,561		2	4,564
Deferred tax on other comprehensive income not to be reclassified to profit or loss in subsequent periods from investments accounted for at equity	−1,433		−1	−1,435
Deferred tax not to be reclassified to profit or loss in subsequent periods on investments accounted for at equity	−47		0	−48
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods	**3,092**		**0**	**3,093**
Currency translation	0			0
Other comprehensive income to be reclassified to profit or loss in subsequent periods from cashflow hedges (before tax)	129			129
Deferred tax on other comprehensive income to be reclassified to profit or loss in subsequent periods from cashflow hedges	−39			−39
Other comprehensive income to be reclassified to profit or loss in subsequent periods from investments accounted for at equity (before tax)	644		−4	640
Deferred tax on other comprehensive income to be reclassified to profit or loss in subsequent periods from investments accounted for at equity	−162		−1	−163
Deferred tax to be reclassified to profit or loss in subsequent periods on investments accounted for at equity	−7		0	−7
Total other comprehensive income to be reclassified to profit or loss in subsequent periods	**564**		**−5**	**560**
Other comprehensive income after tax	**3,657**		**−5**	**3,652**
Total comprehensive income	**8,444**	**5**	**695**	**9,144**

Consolidated balance sheet

€ million	31/12/2022	First-time application of IFRS 17	Retrospective application of IAS 28	31/12/2022 after adjustment
Assets				
Investments accounted for at equity	57,506	–1	1,040	58,545
thereof Volkswagen AG	47,193	0	1,040	48,232
thereof Tranche 1	44,492	0	20	44,512
thereof Tranche 2	1,447	0		1,447
thereof Tranches 3 & 4	1,253	0		1,253
thereof Tranche 5		0	1,020	1,020
thereof Porsche AG	10,196	0		10,196
Other non-current assets	205			205
Non-current assets	**57,710**	**–1**	**1,040**	**58,750**
Other current assets	762			762
Assets classified as held for sale	314		–314	
Current assets	**1,076**		**–314**	**762**
	58,786	**–1**	**727**	**59,512**
Equity and liabilities				
Subscribed capital	306			306
Capital reserves	4,884			4,884
Retained earnings	45,747	2	727	46,476
Other reserves (OCI)	479	–2	–4	473
Equity	**51,417**	**0**	**723**	**52,139**
Non-current liabilities	**3,378**	**0**	**4**	**3,382**
Current liabilities	**3,991**			**3,991**
	58,786	**–1**	**727**	**59,512**

The first-time application of IFRS 17 led to the adjustment of investments accounted for at equity of minus €3 million, retained earnings of minus €4 million and other reserves (OCI) of €0 million as of 1 January 2022.

The adjustments to the prior-year consolidated statement of comprehensive income and the consolidated balance sheet for described above also resulted in corresponding adjustments being made to the consolidated statement of changes in equity. As of 1 January 2022, these related to retained earnings and other reserves (OCI) as well as the result after tax and other comprehensive income after tax for the fiscal year 2022. In addition, there were adjustments to retained earnings of €27 million and other reserves (OCI) of minus €2 million for the fiscal year 2022 as a result of other changes in equity arising from the level of investments accounted for at equity, which mainly resulted from changes in equity in the course of at equity accounting of the investment in Volkswagen AG as a result of the IPO of Porsche AG in the prior year.

In the consolidated statement of cash flows from 1 January to 31 December 2022, corresponding adjustments were made to the result after tax, result from investments, income tax expense/income and other operating income included in other non-cash expenses and income.

Application of IFRSs

The accounting policies applied in the consolidated financial statements are in line with the IFRSs adopted by the EU as of 31 December 2023.

New or revised IFRSs adopted for the first time in the fiscal year

In the fiscal year 2023, amendments to IAS 1 (“Disclosure of Accounting Policies”), IAS 8 (“Definition of Accounting Estimates”), IAS 12 (“Deferred Tax related to Assets and Liabilities arising from a Single Transaction” and “International Tax Reform – Pillar Two Model Rules”) and IFRS 17 (“Insurance Contracts” and “Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”) had to be adopted for the first time.

Due to the impact at the level of the core investments, the initial application of IFRS 17 (“Insurance Contracts” and “Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”) leads to indirect effects in the consolidated financial statements of Porsche SE, which are presented in the section “Changes to the prior-year period”.

The amendments with regard to IAS 12 (“International Tax Reform – Pillar Two Model Rules”) result from around 140 countries agreeing on global minimum taxation (Pillar Two Model Rules). A temporary exemption from accounting for deferred taxes was embedded in IAS 12, which applies if the deferred taxes arise from the implementation of Pillar Two Model Rules by the countries concerned. The effects on the Porsche SE Group are limited to indirect effects from the core investments in Volkswagen AG and Porsche AG. In accordance with the amendments to IAS 12, the Volkswagen Group including Porsche AG and its subsidiaries does not take into account potential effects on deferred taxes from the introduction of the Pillar Two Model Rules.

The amendments with regard to IAS 1 (“Disclosure of Accounting Policies”) are aimed at making disclosures on accounting policies more company-specific and therefore more useful for decision-making by narrowing the definition of materiality. The disclosures on the general consolidation principles, the determination of the scope of consolidation and the accounting policies have been revised against this backdrop. In particular, generally worded disclosures, which essentially represent a pure reproduction of IFRSs, have been reduced to a minimum.

The other amendments applied for the first time in the fiscal year 2023 had no significant impact on the presentation of the Porsche SE Group's results of operations, financial position and net assets.

IFRSs not yet applied in the fiscal year

Standard		Published by IASB	First-time adoption	Adoption by the EU	Expected effects
IAS 1	Classification of liabilities	23/1/2020	1/1/2024	Yes	No material impact
IAS 1	Non-current liabilities with covenants	31/10/2022	1/1/2024	Yes	No material impact
IAS 7 / IFRS 7	Supplier Finance Arrangements	25/5/2023	1/1/2024	No	No material impact
IFRS 16	Lease liability in a Sale and Leaseback	22/9/2022	1/1/2024	Yes	No material impact
IAS 21	Deficient convertibility of currency	15/8/2023	1/1/2025	No	No material impact

General consolidation principles and determination of the scope of consolidation

The financial statements of all subsidiaries and investments accounted for at equity were prepared as of the reporting date of the consolidated financial statements, which is the reporting date of Porsche SE. Where necessary, adjustments are made to uniform group accounting policies.

The consolidated financial statements of Porsche SE include, in addition to Porsche SE, all entities controlled by Porsche SE as defined by IFRS 10 by means of full consolidation.

Companies where Porsche SE is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates) are accounted for at equity in the consolidated financial statements of Porsche SE. Associates also include companies in which the Porsche SE Group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may not be made without the approval of the other shareholders or where Porsche SE does not have control as defined by IFRS 10 for other reasons. Porsche SE holds the majority of voting rights in Volkswagen AG. The articles of association of Volkswagen AG prescribe that the State of Lower Saxony has a right to appoint two members of the supervisory board, provided that it holds at least 15% of the ordinary shares in Volkswagen AG. On account of the interest held by the State of Lower Saxony in Volkswagen AG, this delegation right prevents Porsche SE from including the Volkswagen Group in the consolidated financial statements of Porsche SE by way of full consolidation because Porsche SE cannot determine the majority on the supervisory board of Volkswagen AG and it consequently does not have control as defined by IFRS 10. Due to the significant influence nonetheless exercised by Porsche SE, its investment in Volkswagen AG is thus accounted for in the consolidated financial statements of Porsche SE at equity.

The composition of the scope of consolidation as of 31 December 2023 is presented in note [3].

Accounting policies

The assets and liabilities of the companies included in the consolidated financial statements are accounted for using uniform accounting policies applicable at the Porsche SE Group. Generally speaking, these accounting policies are also used at the level of the core investments included as associates.

Since the contributions to profit or loss made by the investments in Porsche AG and in particular in Volkswagen AG accounted for at equity have a significant impact on the results of operations and net assets of the Porsche SE Group, accounting policies relevant only for transactions within the Volkswagen Group, including Porsche AG and its subsidiaries, are also included in the explanations below.

Measurement principles

With the exception of certain items, for example the investments accounted for at equity or financial instruments measured at fair value, the consolidated financial statements are prepared using the historical cost principle (cost model). The measurement principles used are described below in detail.

Intangible assets

Goodwill

Goodwill acquired in business combinations is measured at cost less any accumulated impairment losses.

At the level of the Porsche SE Group, there was no goodwill resulting from business combinations as of the reporting dates for the reporting periods presented.

Development

Development costs are recognized provided there is no doubt as to the recoverability and the other criteria for recognition as assets are met. The costs are amortized using the straight-line method from the start of use over the useful life – generally between three and nine years.

At the level of the Porsche SE Group, no development costs were incurred in the reporting periods presented.

Other intangible assets

Purchased intangible assets with finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized, but instead tested annually for impairment. Intangible assets with finite useful lives are amortized on a straight-line basis over their useful life. Useful lives mainly range from three to five years.

At the level of the Porsche SE Group, other intangible assets recognized as of the reporting dates for the reporting periods presented did not contain any assets with indefinite useful lives.

Property, plant and equipment

Property, plant and equipment are measured using the cost model. Investment grants received for assets are generally deducted from cost.

Property, plant and equipment are depreciated over the estimated useful life on a straight-line basis pro rata temporis.

Depreciation is based mainly on the following useful lives:

	Years
Buildings	20 to 50
Site improvements	10 to 20
Machines and technical equipment	6 to 12
Other equipment, operating and office equipment (including special operational equipment)	3 to 15

At the level of the Porsche SE Group, there is only other equipment, operating and office equipment.

Leases

Right-of-use assets for leases recognized in the balance sheet are presented in the balance sheet item in which the assets underlying the lease would have been recognized if the lessee had been their beneficial owner.

The exemptions for short-term leases and leases for low-value assets are used. No right-of-use asset or liability is recognized for such leases and the lease payments are recognized as an expense in the income statement. The Porsche SE Group acts exclusively as lessee, in particular for buildings and vehicles. Leases for which right-of-use assets and liabilities are recognized are immaterial at the level of the Porsche SE Group; the right-of-use assets are recognized as non-current assets under property, plant and equipment and the lease liabilities as financial liabilities.

At the level of the Volkswagen Group including Porsche AG and its subsidiaries, there are also leases that have Volkswagen group companies including Porsche AG and its subsidiaries as lessor. Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars. This requires making assumptions in particular about vehicle supply and demand in the future, as well as about vehicle price trends. Such assumptions are based either on qualified estimates or on data published by external experts. Qualified estimates are based on external data – if available - that reflects additional information that is available internally, such as historical experience and current sales data.

Borrowing costs

Borrowing costs of qualifying assets are capitalized as part of the cost of these assets. A qualifying asset is an asset that necessarily takes at least a year to get ready for its intended use.

There were no qualifying assets at the level of the Porsche SE Group in the reporting periods presented.

Investments accounted for at equity

The cost of shares in associates and joint ventures is accounted for using the equity method.

If additional interests are acquired in associates without a change in status, each tranche is generally accounted for separately using the equity method. In the course of a purchase price allocation, equity is remeasured for the acquired interests. Hidden reserves and liabilities of identifiable assets and liabilities are recognized in an ancillary calculation and carried forward in tranches to subsequent periods. Any negative difference between the pro rata remeasured equity of the investee and its acquisition cost is recognized directly through profit or loss as a bargain purchase. Any positive difference is recognized as goodwill in the ancillary calculation.

If information on significant intercompany profits from transactions between associates (sidestream transactions) is available, the Porsche SE Group eliminates intercompany profits equivalent to the product of its shares in both associates in the course of at equity accounting.

Changes recognized directly in equity of the associate are also recognized directly on a pro rata basis in equity of the Porsche SE Group, provided these changes are not caused by transactions with Porsche SE itself.

An impairment test for investments in associates is carried out whenever there is objective evidence that the entire carrying amount of the investment is impaired. This also includes proportionate market capitalization of the associate below the carrying amount. Expenses from impairments and income from reversals of impairment losses are recognized under the “result from investments accounted for at equity”. With regard to further information on the impairment tests for investments in associates, reference is made to the section “Accounting judgments, estimates and assumptions of the management at the level of the Volkswagen Group” in note [2] as well as to notes [4], [5] and [12].

Impairment test

An impairment test is performed at least once a year for goodwill, intangible assets not yet available for use and intangible assets with an indefinite useful life. For assets in use and other intangible assets with finite useful lives as well as property, plant and equipment, an impairment test is only performed when there are specific indications that the asset may be impaired. At the end of each reporting period, the group assesses whether there is any indication of impairment. With respect to the procedure for impairment testing of investments accounted for at equity, reference is made to the section “Investments accounted for at equity”.

At the level of the Porsche SE Group, continuing operations did not contain any goodwill, intangible assets not yet available for use or intangible assets with an indefinite useful life as of the reporting dates of the reporting periods presented. With regard to further information on impairment tests at the level of the Volkswagen Group, reference is made to the section “Accounting judgments, estimates and assumptions of the management at the level of the Volkswagen Group” in note [2].

Investment property

Real estate and buildings held in order to obtain rental income (investment property) are accounted for using the cost model; the depreciation method and the useful lives applied to depreciation generally correspond to those of the property, plant and equipment used by the company itself.

At the level of the Porsche SE Group, there was no investment property as of the reporting dates of the reporting periods presented.

Inventories

Inventories are carried at the lower of cost or net realizable value as of the reporting date. Borrowing costs are not capitalized. The measurement of same or similar inventories is generally based on the weighted average cost method.

At the level of the Porsche SE Group, there were no inventories as of the reporting dates of the reporting periods presented.

Financial instruments

Initial recognition of financial instruments

If, within the scope of application of IFRS 9, the trade date of a financial instrument differs from the settlement date, it is initially accounted for at the settlement date.

At the level of the Porsche SE Group, there were no instances of application in the reporting periods presented that could have led to effects from the timing difference between the trade and settlement date.

Subsequent measurement of financial assets

At the level of the Porsche SE Group, financial assets at amortized cost primarily include securities, time deposits, cash and cash equivalents and other financial assets. At the level of the Volkswagen Group including Porsche AG and its subsidiaries, this category includes receivables from the financing business, trade receivables, other receivables and financial assets, time deposits, cash and cash equivalents.

There were no financial assets (debt instruments) measured at fair value through other comprehensive income (FVOCI debt instruments) at the level of the Porsche SE Group as of the reporting dates of the reporting periods presented. However, other comprehensive income of the Porsche SE Group does contain corresponding proportionate changes in fair value of FVOCI debt instruments at the level of the Volkswagen Group including Porsche AG and its subsidiaries as a result of applying at equity accounting.

Upon initial recognition of an equity instrument as defined by IAS 32 not held for trading, the option can irrevocably be exercised to recognize fair value changes through other comprehensive income rather than through profit or loss. This option is currently not exercised at the Porsche SE Group. At the level of the Volkswagen Group including Porsche AG and its subsidiaries, this option is generally exercised for equity investments.

At the level of the Porsche SE Group, financial assets at fair value through profit or loss (“FVtPL”) are largely made up of investments in portfolio companies as well as derivatives to which hedge accounting is not applied. At the level of the Volkswagen Group including Porsche AG and its subsidiaries, this category primarily comprises hedging relationships to which hedge accounting is not applied and investment fund units. The fair value option, according to which other financial assets can be designated as at fair value through profit or loss upon initial recognition, is not applied.

Dividend income is recognized when the group’s right to receive the payment is established.

Impairment losses on financial instruments

Financial assets are exposed to default risk, which is taken into account by recognizing loss allowances or, if losses have already been incurred, by recognizing an impairment loss. Default risk on receivables and loans within the financial services business at the level of the Volkswagen Group including Porsche AG and its subsidiaries is accounted for by recognizing specific loss allowances and portfolio-based loss allowances.

In particular, a loss allowance is recognized on these financial assets in the amount of the expected loss in accordance with uniform standards. The actual specific loss allowances of the losses incurred are then charged to this loss allowance. A potential impairment is assumed not only for a number of situations such as delayed payment over a certain period of time, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings or the failure of financial reorganization measures, but also for receivables that are not past due. Insignificant receivables and significant individual receivables for which there is no indication of impairment are grouped into homogeneous portfolios on the basis of comparable credit risk features and allocated by risk class. Average historical default probabilities in combination with forward-looking parameters for the respective portfolio are then used to calculate the amount of the impairment loss.

At the level of the Porsche SE Group, there were no trade receivables as of the reporting dates of the reporting periods presented. The financial assets of Porsche SE that fall within the scope of application of the impairment model pursuant to IFRS 9 mainly consist of short-term securities, time deposits and cash and cash equivalents (see note [21]).

Credit risks must be considered at the level of the Volkswagen Group including Porsche AG and its subsidiaries for all financial assets measured at amortized cost and FVOCI debt instruments as well as for contract assets in accordance with IFRS 15 and lease receivables within the scope IFRS 16. The rules on impairment also apply to risks from irrevocable credit commitments not recognized in the balance sheet and to the measurement of financial guarantees.

As a matter of principle, a simplified process, which takes historical default rates and forward-looking information into account, and specific loss allowances are used to account for impairment losses on receivables outside the financial services segment of the Volkswagen Group including Porsche AG and its subsidiaries.

Subsequent measurement of financial liabilities

The fair value option for financial liabilities is not applied.

At the Porsche SE Group, there are no liabilities at fair value through profit or loss as of the reporting dates of the reporting periods presented. At the Volkswagen Group including Porsche AG and its subsidiaries, this category includes derivatives that were not designated as hedging instruments.

Financial liabilities measured at amortized cost using the effective interest method mainly comprise trade payables, financial liabilities and other financial liabilities at the level of both the Porsche SE Group and the Volkswagen Group including Porsche AG and its subsidiaries.

Derivative financial instruments

Derivative financial instruments are measured at fair value in subsequent periods. The accounting treatment of changes in fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the fair value of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. Gains or losses from the measurement of hedging instruments and hedged items are recognized through profit or loss.

In the case of cash flow hedges, the hedging instruments are also measured at fair value. Both the designated effective portion of the hedging instrument as well as the non-designated effective portion of the hedging instruments (“hedging costs”) are recognized in the cash flow hedge reserve via other comprehensive income. The effects are only reclassified through profit or loss when the hedged item is realized. The ineffective portion of a hedging instrument is recognized through profit or loss immediately.

At the level of the Porsche SE Group, only interest rate hedges are accounted for as cash flow hedges under hedge accounting. At Porsche SE, no hedging costs within the meaning of IFRS 9 were incurred in the reporting periods presented. As a result of including the investments in Volkswagen AG and Porsche AG accounted for at equity in the consolidated financial statements of Porsche SE, the effects from hedge accounting at the level of the Volkswagen Group are, in line with the accounting policies mentioned above, also recognized proportionately at the level of the Porsche SE Group through profit or loss (within the result from investments accounted for at equity) or through other comprehensive income of the Porsche SE Group.

In addition to the provisions of IFRS 9 for fair value hedges and cash flow hedges, the Volkswagen Group including Porsche AG and its subsidiaries also applies the provisions of IAS 39 on portfolio hedges to hedge interest rate risk in the financial services division. Derivatives used by the Volkswagen Group including Porsche AG and its subsidiaries for financial management purposes to hedge against interest rate, foreign currency, commodity price, equity price, or fund price risks, but that do not meet the strict hedge accounting criteria of IFRS 9, are classified as at fair value through profit or loss (FVtPL). This also applies to options on shares. External hedging instruments of intragroup hedged items that are subsequently eliminated in the consolidated financial statements of Volkswagen AG/Porsche AG are also assigned to this category as a general rule. At the Volkswagen Group including Porsche AG and its subsidiaries, assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting. These relate for example to the non-designated currency forwards used to hedge revenue, interest rate hedges, commodity forwards and currency forwards relating to commodity forwards.

Fair value of financial instruments

Fair value generally corresponds to the market or quoted market price. If no active market exists for a financial instrument, fair value is determined using other observable inputs as far as possible. If no observable inputs are available, 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, and, as far as possible, verified by confirmations from the banks that handle the transactions.

The amortized carrying amount of current financial assets and liabilities not measured at fair value generally provides an approximation of their fair value.

Income tax

As the timing of the reversal of the temporary taxable differences in connection with the investment in associates, Volkswagen AG in particular, cannot be managed due to lack of control, deferred tax liabilities are recognized on these temporary differences.

Deferred and current tax relating to items recognized through other comprehensive income or directly in equity is likewise recognized through other comprehensive income or directly in equity. This also includes deferred taxes on the investment in Porsche AG and in particular in Volkswagen AG.

Share-based payment

Share-based payment at the level of the Volkswagen Group including Porsche AG and its subsidiaries comprises cash-settled performance share plans that are recognized in accordance with IFRS 2.

At the level of the Porsche SE Group, there were no share-based payments in the reporting periods presented.

Other provisions

Provisions not resulting in an outflow of resources within one year are recognized at their settlement value discounted to the reporting date. Discounting is based on market interest rates. The settlement value also reflects any cost increases that are expected.

At the level of the Porsche SE Group, there were no significant discounting effects from the measurement of other provisions. At the level of the Volkswagen Group including Porsche AG and its subsidiaries, an average discount rate of 2.87% (3.16%) was used in the eurozone.

Government grants

Government grants related to assets are deducted when arriving at the carrying amount of the asset and are recognized in profit or loss over the life of the depreciable asset as a reduced depreciation expense. Government grants related to income, i.e., that compensate for expenses incurred, are generally recognized in profit or loss for the period and allocated to those items in which the expenses to be compensated by the grants are also recognized.

At the Porsche SE Group, there were no accounting issues in connection with government grants in the reporting periods presented.

Income and expenses

Revenue, interest and commission income from financial services of the Volkswagen Group including Porsche AG and its subsidiaries as well as other operating income are recognized only when the relevant services have been rendered or the goods have been delivered, i.e. when the customer has obtained control of the goods or services.

Where new and used vehicles and original parts at the level of the Volkswagen Group including Porsche AG and its subsidiaries are sold, performance generally occurs upon delivery, because that is the point when control is transferred, and the inventory risk and, for deliveries to a dealer, generally also the pricing decision pass to the customer. Revenue of the Volkswagen Group including Porsche AG and its subsidiaries is reported net of sales allowances (discounts, price concessions, customer bonuses and rebates). The Volkswagen Group including Porsche AG and its subsidiaries measures sales allowances and other variable consideration on the basis of experience and by taking account of current circumstances. Vehicles are normally sold to dealers on payment terms. At the Volkswagen Group including Porsche AG and its subsidiaries, a trade receivable is recognized for the period between vehicle delivery and receipt of payment. Any financing component included in the transaction is only recognized if the period between the transfer of the goods and the payment of consideration is longer than one year and the amount to be accrued is significant.

Income from financing and finance lease agreements at the level of the Volkswagen Group including Porsche AG and its subsidiaries is recognized using the effective interest method. If non-interest-bearing or low-interest vehicle financing arrangements are agreed, revenue for the vehicles of the Volkswagen Group including Porsche AG and its subsidiaries is reduced by the interest benefits granted. Revenue from operating leases is recognized at the level of the Volkswagen Group including Porsche AG and its subsidiaries over the term of the contract on a straight-line basis.

In contracts under which the goods or services are transferred over a period of time, revenue is recognized at the level of the Volkswagen Group including Porsche AG and its subsidiaries, depending on the type of goods or services provided, either according to the stage of completion or, to simplify, on a straight-line basis; the latter is only allowed if revenue recognition on a straight-line basis does not differ materially from recognition according to the stage of completion. As a rule, the stage of completion is determined at the level of the Volkswagen Group including Porsche AG and its subsidiaries as the proportion that contract costs incurred by the end of the reporting period bear to the estimated total contract costs (cost-to-cost method). Contract costs incurred at the level of the Volkswagen Group including Porsche AG and its subsidiaries generally represent the best way to measure the stage of completion for the performance obligation. If the outcome of a performance obligation satisfied over time is not sufficiently certain, but the Volkswagen Group including Porsche AG and its subsidiaries expects, as a minimum to recover its costs from the customer, revenue is only recognized in the amount of the contract costs incurred. Since long-term construction contracts at the level of the Volkswagen Group including Porsche AG and its subsidiaries invariably give rise to contingent receivables from customers for the period to completion or payment by the customer, contract assets are recognized for the corresponding amounts. A trade receivable is recognized as soon as the Volkswagen Group including Porsche AG and its subsidiaries has transferred the goods or services in full.

If services are sold to the customer at the same time as the vehicle, and the customer pays for them in advance, the Volkswagen Group including Porsche AG and its subsidiaries recognizes a corresponding contract liability until the services have been transferred. Examples of services that customers pay for in advance at the level of the Volkswagen Group including Porsche AG and its subsidiaries are servicing, maintenance and certain warranty contracts as well as mobile online services. For extended warranties granted to all customers for a particular model, a provision is normally recognized at the level of the Volkswagen Group including Porsche AG and its subsidiaries in the same way as for statutory warranties. If the warranty is optional for the customer or it includes an additional service component, the related revenue is deferred and realized over the term of the warranty.

Income from the sale of assets for which a company of the Volkswagen Group including Porsche AG and its subsidiaries has a buyback obligation is recognized only when the assets have definitively left the group. If a fixed repurchase price was agreed when the contract was entered into, the difference between the selling price and present value of the repurchase price is recognized ratably as income over the term of the contract.

Revenue at the level of the Volkswagen Group including Porsche AG and its subsidiaries is generally determined on the basis of the price stated in the contract. If variable consideration has been agreed in the contract (e.g., volume-based bonus payments), the large number of contracts involved at the level of the Volkswagen Group including Porsche AG and its subsidiaries means that revenue has to be estimated using the expected value method. In exceptional cases, the most probable amount method may also be used. Once the expected revenue has been estimated, an additional check is carried out to determine whether there is any uncertainty that necessitates the reversal of the revenue initially recognized so that it can be virtually ruled out that revenue subsequently has to be adjusted downward. At the level of the Volkswagen Group including Porsche AG and its subsidiaries, provisions for reimbursements arise mainly from dealer bonuses.

In multiple-element arrangements at the level of the Volkswagen Group including Porsche AG and its subsidiaries, the transaction price is allocated to the different performance obligations of the contract on the basis of relative standalone selling prices. In the automotive division at the level of the Volkswagen Group including Porsche AG and its subsidiaries, non-vehicle-related services are generally measured at their standalone selling prices for reasons of materiality.

Production- and manufacture-related expenses are recognized upon delivery or rendering of the service, while all other expenses are expensed as incurred. The latter applies for research costs and for development costs not eligible for recognition.

At the level of the Porsche SE Group, no revenue was generated in the reporting periods presented.

Currency translation

In the separate IFRS financial statements for group accounting purposes of Porsche SE and the consolidated subsidiaries, no significant business transactions were denominated in foreign currency in the reporting periods presented. At the level of the Porsche SE Group, there were also no financial statements of foreign companies in the reporting periods presented that had to be translated into euros for the purpose of full consolidation.

However, the Porsche SE Group is affected indirectly by currency translations at the level of the associates through the subsequent measurement of their carrying amounts accounted for at equity.

The exchange rates applied uniformly for translating transactions to the euro are presented in the following table:

		Balance sheet Closing rate		Income statement Average rate	
	1 € =	**31/12/2023**	31/12/2022	**2023**	2022
Argentina	ARS	894.9939	188.7587	317.9171	136.6728
Australia	AUD	1.6292	1.5706	1.6286	1.5175
Brazil	BRL	5.3750	5.6444	5.4031	5.4444
Canada	CAD	1.4681	1.4440	1.4596	1.3705
Czech Republic	CZK	24.7180	24.1450	24.0035	24.5583
India	INR	92.1170	88.1640	89.3373	82.7346
Japan	JPY	156.7900	140.6650	151.9382	138.0236
Mexico	MXN	18.7689	20.8879	19.1958	21.2121
People’s Republic of China	CNY	7.8700	7.3661	7.6598	7.0814
Poland	PLN	4.3409	4.6860	4.5440	4.6857
Republic of Korea	KRW	1,440.7150	1,338.2950	1,413.5047	1,358.1973
Russia	RUB	99.9661	76.2868	92.2994	73.2742
South Africa	ZAR	20.4442	18.0795	19.9552	17,2032
Sweden	SEK	11.0874	11.0787	11.4716	10.6278
United Kingdom	GBP	0.8691	0.8868	0.8700	0.8526
USA	USD	1.1077	1.0677	1.0817	1.0541

[2] Accounting judgments, estimates and assumptions of the management

The preparation of the consolidated financial statements requires of the board of management judgments, estimates and assumptions that have an effect on the recognition, measurement and presentation of assets, liabilities, income and expenses and the accompanying disclosures, as well as the disclosure of contingent assets and liabilities. Actual results may deviate from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognized prospectively.

Porsche SE is mainly indirectly exposed to the potential effects of climate change and possible regulatory changes in this regard through its holding activities – via its core investments in Volkswagen AG and Porsche AG. Potential effects from this would therefore have an impact on the consolidated financial statements of Porsche SE, in particular the result of the Volkswagen Group and Porsche AG Group attributed to Porsche SE under the equity method and as a result of the impairment tests performed on the basis of multi-year planning of the Volkswagen Group and the Porsche AG Group. To take into account the potential impact of climate change on the consolidated financial statements and the multi-year planning of Volkswagen AG and Porsche AG, reference is made to the subsection "Effects of climate change" in the section "Accounting judgments, estimates and assumptions of the management at the level of the Volkswagen Group".

Judgments when applying the accounting policies that significantly impact the amounts recognized in the financial statements mainly relate to the recognition of provisions and disclosure of contingent liabilities in connection with legal disputes relating to the increase of the investment in Volkswagen AG and to the diesel issue (see note [22]). Provisions have been set up for the expected attorneys' fees and litigation expenses. The outcome of litigation is subject to substantial estimation risks. Beyond the direct effects, the estimation risks at the level of the Volkswagen Group with regard to the diesel issue may also have significant indirect effects on the Porsche SE Group. This largely relates to the result from investments accounted for at equity (see notes [4] and [5]) and the carrying amount of the investment in Volkswagen AG accounted for at equity (see notes [4] and [12]) as well as potential subsequent effects of an amended dividend policy of Volkswagen AG. With regard to the legal risks in connection with the diesel issue at the level of the Volkswagen Group, reference is made to the subsection "Litigation and diesel issue" in the section "Accounting judgments, estimates and assumptions of the management at the level of the Volkswagen Group".

Estimates and assumptions as of 31 December 2023 that can give rise to a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year relate to the following matters and are explained in the notes referred to below:

- calculations of recoverable amounts when testing the carrying amounts of investments for impairment and reversal of impairment (see note [4] as well as the section “Accounting judgments, estimates and assumptions of the management at the level of the Volkswagen Group” with regard to assumptions relating to the Volkswagen Group’s planning as well as the effects of climate change),

- the measurement of provisions and contingent liabilities in connection with legal disputes relating to the increase of the investment in Volkswagen AG and the diesel issue (see note [22]) and

- the measurement of current and deferred tax (see note [11]).

Accounting judgments, estimates and assumptions of the management at the level of the Volkswagen Group

Since the contributions to income made by the core investments accounted for at equity have a significant impact on the results of operations and net assets of the Porsche SE Group, matters with significant judgments, estimates and assumptions at the level of the Volkswagen Group, including Porsche AG and its subsidiaries, are presented below.

Assumptions relating to the Volkswagen Group’s planning

The planning period of the Volkswagen Group’s multi-year planning generally covers five years. This planning is based on expectations of the Volkswagen Group regarding future global economic trends and on assumptions derived from those trends about the markets for passenger cars and commercial vehicles, expected trends in the Volkswagen Group’s market shares, the timing and cost of the development of vehicle models and the amount of investments in production facilities, as well as changes in price and cost structures, taking particular account of the transformation to e-mobility and an increase in regulatory requirements. The planning for the Volkswagen Group’s financial services segment is likewise prepared on the basis of these expectations, and also reflects the relevant market penetration rates of expected vehicle sales with finance or lease agreements and other services, as well as regulatory requirements. The planning for the Volkswagen Group’s power engineering segment reflects expectations about trends in the various individual markets. The planning includes reasonable assumptions about macroeconomic trends (exchange rate, interest rate and commodity price trends) and historical developments.

The Volkswagen Group's planning is based on the assumption that global economic output will grow overall in 2024 albeit at a slower pace. Volkswagen expects the persistently high inflation in many regions and the resulting restrictive monetary policy measures taken by central banks to have an increasingly adverse effect on consumer spending. From Volkswagen's point of view, risks will continue to arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, Volkswagen sees continuing geopolitical tensions and conflicts as weighing on growth prospects; risks are associated in particular with the Russia-Ukraine war and the confrontations in the Middle East. Nevertheless, Volkswagen assumes that both the advanced economies and the emerging markets will show positive momentum on average, albeit with below-average growth in gross domestic product. Volkswagen also expects the global economy to recover in 2025 and continue a path of stable growth until 2028.

The Volkswagen Group's automotive market and volume planning reflects the above regional differentiation and takes account of the impact of regional conflicts. The negative impact on earnings that the Volkswagen Group expects to arise from 2024 onward from higher material costs and from more stringent emission and fuel consumption legislation is to be more than offset by improvements in pricing and the product mix as well as by corresponding programs to increase efficiency. With regard to the impact of climate change, reference is made to the section below. In addition, the Volkswagen Group's planning is based on the assumption that the supply situation for intermediates and commodities will improve from fiscal year 2024 onward. The Porsche AG Group anticipates an increase in the operating return on sales for the medium term with the long-term target of more than 20%.

The planning assumptions are adapted by the Volkswagen Group to reflect the current state of knowledge.

Effects of climate change

Against the backdrop of climate change and the resulting stricter emissions regulations, the transformation of the automotive industry towards e-mobility and further digitalization continues to make progress. In the preparation of the consolidated financial statements of Volkswagen AG, the board of management of Volkswagen AG took into account the potential effects of climate change and future regulatory requirements, and especially the corresponding transformation towards e-mobility. Potential effects, especially on non-current assets, provisions for emissions levies and future cash flows were, as far as possible, incorporated as part of the significant estimates and assumptions included in the consolidated financial statements of Volkswagen AG. The Volkswagen Group aims to increase the share of all-electric vehicles as a proportion of total deliveries from 8.3% in 2023 to more than 50% in 2030. The Volkswagen Group aims to offer its customers worldwide around 50 completely battery-electric models by 2030. The Porsche AG Group aims to increase the share of all-electric vehicles as a proportion of total deliveries from around 13% in 2023 to more than 80% in 2030, depending on demand and the development of electromobility in the individual regions of the world. The effects of the transformation towards e-mobility and the planned increase in the share of all-electric vehicles planned in this context are taken into account in compiling the multi-year operational planning and therefore in the calculation of future cash flows for determining recoverable amounts in impairment tests especially when planning future vehicle models and investments in development costs as well as production facilities by Volkswagen AG. An amount in the low triple-digit billion euro range has been earmarked for this purpose in the multi-year operational planning of the Volkswagen Group. In addition, Volkswagen regularly assesses whether these developments give rise to the need for ad hoc impairment tests or for adjustments to the useful lives of other non-current non-financial assets. No material effects on the useful lives of capitalized development costs or property, plant and equipment were identified by Volkswagen, given the periods under consideration for the regulatory requirements and due to the parallel production of battery electric vehicles and vehicles with combustion engines in the coming years. With reference to increasingly stringent emissions regulations, according to Volkswagen's annual report for the fiscal year 2023, Volkswagen ensures that the various international regulations are taken into account and that any obligations are recognized appropriately. The same applies for Porsche AG and the consolidated financial statements of Porsche AG. This did not result in any material effects on the consolidated financial statements of Volkswagen AG and Porsche AG.

Litigation and diesel issue

Volkswagen AG and the companies in which it is directly or indirectly invested, i.e., including the Porsche AG Group, are involved in a substantial number of legal disputes and governmental proceedings in Germany and abroad. Such legal disputes and other proceedings occur, among other things, in connection with products and services or in relation to employees, public authorities, dealers, investors, customers, suppliers, or other contracting parties. For the companies in question, these disputes and proceedings may result in payments such as fines or in other obligations or consequences. In particular, substantial compensatory or punitive damages may have to be paid and cost-intensive measures may have to be implemented. In this context, specific estimation of the objectively likely consequences is often possible only to a very limited extent, if at all.

Various legal proceedings are pending worldwide, particularly in the USA, in which customers are asserting purported product-related claims, either individually or in class actions. These claims are as a rule based on alleged vehicle defects, including defects alleged in vehicle parts supplied to the Volkswagen Group.

Compliance with legal or regulatory requirements is another area in which risks may arise. This is particularly true in gray areas where Volkswagen and Porsche AG and the relevant public authorities may interpret the law differently.

In connection with their business activities, Volkswagen Group companies engage in constant dialog with regulatory agencies, including the Kraftfahrt-Bundesamt (“KBA” – German Federal Motor Transport Authority). It is not possible to predict with assurance how government regulators will assess certain issues of fact and law in a particular situation. For this reason, the possibility that certain vehicle characteristics and/or type approval aspects may in particular ultimately be deemed deficient or impermissible cannot be ruled out. This is fundamentally a question of the regulatory agency’s specific evaluation in a concrete situation.

A comparable challenge results from the tension between divergent national and international statutory or regulatory requirements regarding obligations to transfer information or documents, on the one hand, and privacy mandates under national and international data protection law on the other. Volkswagen is advised by outside law firms on these issues so as to preclude compliance violations as far as possible despite the sometimes unclear state of the law.

Litigation may furthermore result from demands for more extensive climate protection measures or from allegedly incomplete disclosures regarding the impact of climate change. The response of the Volkswagen Group to this risk includes, among other things, certification of its self-imposed decarbonization targets through independent and internationally respected organizations and systematic alignment of its non-financial reporting with the requirements of the law and the capital markets.

Risks may also result from actions for infringement of intellectual property, including infringement of patents, brands, or other third-party rights, particularly in Germany, before the Unified Patent Court and in the USA. If Volkswagen is alleged or determined to have violated third-party intellectual property rights, it may for instance have to pay damages, modify manufacturing processes, or redesign products, and may be barred from selling certain products; this may result in delivery and production restrictions or interruptions.

Criminal acts by individuals, which even the best compliance management system can never completely prevent, are another potential source of legal risks.

Appropriate insurance has been taken out at the level of the Volkswagen Group to cover these risks where they were sufficiently definite and such coverage was economically sensible. Where necessary based on the information currently available at the level of the Volkswagen Group, identified and correspondingly measurable risks have been reflected by recognizing provisions in the consolidated financial statements of Volkswagen AG and Porsche AG in amounts considered appropriate or disclosing contingent liabilities, as the case may be. As some risks cannot be assessed or can only be assessed to a limited extent, the possibility of material loss or damage not covered by the insured amounts or by provisions cannot be ruled out. This is, for instance, the case with regard to the legal risks assessed in connection with the diesel issue presented below.

Unless otherwise explicitly stated, the amounts disclosed for the litigation being reported on refer only to the respective principal claim. Ancillary claims, such as for interest and litigation expense, are generally not considered.

On 18 September 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 2.0 l diesel engines in the USA. In this context, Volkswagen AG announced that noticeable discrepancies between the figures recorded in testing and those measured in actual road use had been identified in type EA 189 diesel engines and that this engine type had been installed in roughly eleven million vehicles worldwide. On 2 November 2015, the EPA issued a notice of violation alleging that irregularities had also been discovered in the software installed in US vehicles with type V6 3.0 l diesel engines. The so-called diesel issue is rooted in a modification of parts of the software of the relevant engine control units – which, according to Volkswagen AG’s legal position, is only unlawful under US law – for the type EA 189 diesel engines that Volkswagen AG was developing at that time. This software function was developed and implemented from 2006 on without knowledge at the level of the Volkswagen’s board of management. Members of Volkswagen’s board of management did not learn of the development and implementation of this software function until the summer of 2015.

An amount of around €0.9 billion (€1.4 billion) has been included in the provisions for litigation and legal risks at the level of the Volkswagen Group as of 31 December 2023 to account for the currently known legal risks related to the diesel issue based on the presently available information and the current assessments of Volkswagen. Where adequately measurable by Volkswagen at this stage, contingent liabilities relating to the diesel issue have been disclosed in Volkswagen’s notes to the consolidated financial statements in an aggregate amount of €4.0 billion (€4.2 billion), whereby roughly €3.8 billion (€3.6 billion) of this amount results from lawsuits filed by investors in Germany. The provisions recognized at the level of the Volkswagen Group, the contingent liabilities disclosed in the consolidated financial statements of Volkswagen AG, and the other latent legal risks in the context of the diesel issue are in part subject to substantial estimation risks given the complexity of the individual relevant factors, the ongoing coordination with the authorities, and the fact that the fact-finding efforts have not yet been concluded. Should these legal or estimation risks materialize, this could result in further substantial financial charges at the level of the Volkswagen Group. In particular, adjustment of the provisions recognized at the level of the Volkswagen Group and this having an indirect impact at the level of the Porsche SE Group in light of knowledge acquired or events occurring in the future cannot be ruled out.

In connection with the diesel issue, potential consequences for the Volkswagen Group’s, and thus indirectly the Porsche SE Group’s, results of operations, financial position and net assets could emerge primarily in the following legal areas:

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

Criminal investigations, regulatory offense proceedings, and/or administrative proceedings have been commenced in some countries. Criminal investigations into the core factual issues are being conducted by the Offices of the Public Prosecutor in Braunschweig and Munich.

In January 2021, the criminal proceedings regarding alleged market manipulation relating to capital market disclosure obligations in connection with the diesel issue were terminated by the Braunschweig Regional Court provisionally as regards the former chair of the board of management of Volkswagen AG and definitively as regards the corresponding regulatory offense proceeding against Volkswagen AG. Pursuant to a motion filed by the Braunschweig Office of the Public Prosecutor, the Braunschweig Regional Court reopened the proceedings against the former chair of the board of management of Volkswagen AG in December 2023. This case will now move forward; the Braunschweig Regional Court has as yet set no date for commencement of the trial.

In September 2020, the Braunschweig Regional Court allowed the indictment of the same former chair of the board of management of Volkswagen AG to proceed on charges that include fraud in connection with the diesel issue involving type EA 189 engines. The proceedings against this former chair of the board of management of Volkswagen AG have since been severed from the other cases. The trial of the other defendants began in September 2021.

The Braunschweig Office of the Public Prosecutor conducted investigations on suspicion of fraud in connection with type EA 288 engines. The proceedings against the accused Volkswagen employees and against Volkswagen AG were terminated in late 2022 and early 2023, definitively against payment of a sum set by the court in the case of three of the accused persons and provisionally as regards four others.

In June 2020, the Munich II Regional Court accepted the substantially unchanged indictment of the Munich II Office of the Public Prosecutor, which also named a former chair of the board of management of AUDI AG, and opened the main trial proceedings on charges of, among other things, fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. The trial before the Munich II Regional Court concluded in June 2023; the former chair of the board of management of AUDI AG and the other two defendants were sentenced to prison terms, the enforcement of which was in each case suspended subject to probation. The conditions of probation include the payment of sums set by the court. The judgment is not yet final. All three defendants have filed appeals on issues of law. The Office of the Public Prosecutor has likewise appealed the judgment against one of the defendants. In April 2023, the Munich II Regional Court had previously terminated the proceedings against an additional former defendant against payment of a sum set by the court.

In August 2020, the Munich II Office of the Public Prosecutor issued a further indictment charging three former members of the board of management of AUDI AG and others with, among other things, fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. The Munich II Regional Court has not yet decided whether to accept the indictment.

As the type approval authority of proper jurisdiction, the KBA is moreover continuously testing Audi, Volkswagen, and Porsche brand vehicles for problematic functions. If certain functions are deemed impermissible by the KBA, the affected vehicles are recalled pursuant to a recall order or they are brought back into compliance by means of a voluntary service measure.

In judgments rendered in July and November 2022, the European Court of Justice (“ECJ”) ruled that a so-called thermal window (i.e., a temperature-dependent exhaust gas recirculation) in the range of 15°C and 33°C outside temperature represents a defeat device. In this context, the ECJ developed a new, unwritten criterion according to which a thermal window, even if it serves to prevent sudden and extraordinary damage, is impermissible if it is active “for most of the year under real driving conditions prevalent in the territory of the European Union.” The KBA commenced formal administrative proceedings relating to certain first and second generation type EA 896 engines that were installed in certain older vehicle models as well as to individual vehicle models with type EA 189 engines. In July and October 2023, the KBA issued two administrative rulings against AUDI AG in which it ruled that the originally incorporated thermal window version failed to meet the ECJ’s new vehicle engineering criterion in some of the affected vehicles. AUDI AG has appealed the rulings, and they are therefore not final. The KBA issued corresponding administrative rulings against Porsche AG in December 2023 and against Volkswagen AG in January 2024. Porsche AG and Volkswagen AG have appealed the rulings. The Volkswagen Group had previously already begun rolling out software updates that modify the thermal window in accordance with the ECJ’s new vehicle engineering criterion and will continue to do so.

In a trial level decision rendered in late February 2023, the Schleswig Administrative Court upheld a lawsuit brought by Deutsche Umwelthilfe (“DUH” – Environmental Action Germany) against the KBA and invalidated the notice of approval for a software update for certain older Golf Plus model vehicles to the extent this notice classified the thermal window feature, the altitude correction feature, and the taxi switch feature as permissible deactivation devices (defeat devices). Altitude correction refers to altitude-dependent exhaust gas recirculation. The taxi switch modifies exhaust gas recirculation when a vehicle with a running engine stands motionless for a certain period of time. Volkswagen AG is involved in the litigation as an interested party summoned. In late April 2023, Volkswagen AG and the KBA filed appeals against the judgment of the Schleswig Administrative Court. This decision is thus not legally final. DUH has filed two additional lawsuits with the Schleswig Administrative Court. The first action contests the notices of approval for further Audi and Porsche brand vehicles equipped with type EA 189 engines as well as with selected V-TDI engines; the second action is directed against all Volkswagen Group diesel vehicles with the Euro-5 and Euro-6b/c exhaust emission standard. In the first action, the Schleswig Administrative Court issued a judgment in January 2024 that extended its initial February 2023 decision to additional vehicles with type EA 189 engines and invalidated the KBA’s notices of approval for these vehicles. The court granted both leave to appeal (on points of fact and law) and to leap-frog appeal (on points of law). This decision is thus not legally final.

Moreover, additional administrative proceedings relating to the diesel issue are ongoing in other jurisdictions. The companies of the Volkswagen Group are cooperating with the government authorities.

Risks may furthermore result from possible decisions by the European Court of Justice construing EU type approval provisions.

Whether the criminal and administrative proceedings will ultimately result in fines or other consequences for the companies of the Volkswagen Group, and if so what amounts these may entail, is currently subject to estimation risks. According to Volkswagen's estimates, the likelihood that a sanction will be imposed is 50% or less in the majority of these proceedings. Contingent liabilities have therefore been disclosed by Volkswagen where the amount of such liabilities could be measured and the likelihood of a sanction being imposed by Volkswagen was assessed at not less than 10%.

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

A general possibility exists that customers in the affected markets will file civil lawsuits or that importers and dealers will assert recourse claims against Volkswagen AG and other Volkswagen Group companies. Besides individual lawsuits, various forms of collective actions (i.e., assertion of individual claims by plaintiffs acting jointly or as representatives of a class) are available in various jurisdictions. Furthermore, in a number of markets it is possible for consumer and/or environmental organizations to bring suit to enforce alleged rights to injunctive relief, declaratory judgment, or damages.

Customer class action lawsuits and actions brought by consumer and/or environmental organizations were pending in the reporting year against Volkswagen AG and other Volkswagen Group companies in a number of countries including Belgium, Brazil, England and Wales, France, Germany, Italy, the Netherlands, Portugal, and South Africa. These actions asserted alleged rights to damages and other relief. The pending actions included in particular the following:

Pending in Belgium is a class action filed by the Belgian consumer organization Test Aankoop VZW seeking repayment of the purchase price or damages in the alternative; an opt-out mechanism has been held to apply to this action. Given the opt-out rule, the class action potentially covers all vehicles with type EA 189 engines purchased by consumers on the Belgian market after 1 September 2014, unless the right to opt out is actively exercised. In July 2023, a trial level judgment was rendered in this class action by which Volkswagen AG was ordered to pay 5% of the purchase price, or 5% of the difference between the purchase price and the resale price, if a consumer had purchased a vehicle with a type EA 189 engine between 1 September 2014 and 22 September 2015, had not installed the software update, and was able to produce the relevant evidentiary documentation. The judgment is not yet final.

In Brazil, two consumer protection class actions are pending. In the first class action, which pertains to some 17 thousand Amarok vehicles, the Superior Court of Justice in August 2022 rejected in part the appeal filed by Volkswagen do Brasil against the May 2019 judgment at the first appeals level that had initially reduced the damage liability of Volkswagen do Brasil considerably to around BRL 172 million. Following Volkswagen do Brasil's appeal, the Superior Court of Justice vacated its own prior decision in its entirety. The case was remanded to the lower appellate court for rehearing of certain issues. Volkswagen do Brasil is permitted to introduce new evidence. The judgment is enforceable, but remains non-final. In the second class action, which pertains to roughly 67 thousand later generation Amarok vehicles, the appeal filed by the plaintiff against the October 2021 trial court judgment dismissing its complaint was rejected by the appellate court in June 2023. The plaintiff has appealed this decision to the Superior Court of Justice.

financialright GmbH originally filed consolidated actions before various German courts asserting roughly 45 thousand claims assigned to it by customers in Germany, Slovenia, and Switzerland against Volkswagen Group companies; the Bundesgerichtshof ("BGH" – Federal Court of Justice) has since affirmed the permissibility of financialright GmbH's business model. Following the withdrawal of numerous motions for relief, approximately 9 thousand claims are currently still pending. Provisions were recognized to account for the possibility that objectively valuable claims may again be raised in or out of court.

Actions were filed in late 2021 in courts in England and Wales against Volkswagen AG, Volkswagen Financial Services (UK) Limited, and other Volkswagen Group companies in connection with certain diesel vehicles leased or sold in England, Wales, and Northern Ireland since 2009 and various other diesel engine types. These actions are in a very early procedural stage. No group company has as yet been formally served with a complete statement of the grounds of the complaint, and a number of the plaintiffs' claims have yet to be specified in detail.

In France, a class action is pending that was filed by the French consumer organization Confédération de la Consommation, du Logement et du Cadre de Vie ("CLCV") against Volkswagen Group Automotive Retail France, Volkswagen Group France, and Volkswagen AG for up to 1 million French owners and lessees of vehicles with type EA 189 engines. This is an opt-in class action in which CLCV is primarily seeking rescission without compensation for use of the vehicle or, in the alternative, damages amounting to 20-30% of the purchase price.

In Italy, a trial level judgment in favor of the plaintiffs was rendered by the Venice Regional Court in July 2021 in the class action brought by the consumer association Altroconsumo on behalf of Italian customers; the judgment required Volkswagen AG and Volkswagen Group Italia to pay damages to some 63 thousand consumers in an aggregate amount of roughly €185 million. The judgment was largely overturned pursuant to the appeal filed by Volkswagen AG and Volkswagen Group Italia. Per this decision, the consumers validly registered in the class action will receive merely €300 each.

In the Netherlands, an opt-out class action is pending that was brought by Stichting Volkswagen Car Claim seeking declaratory rulings for up to 201 thousand customers. A declaratory judgment partially granting the relief sought was issued in July 2021. In the opinion of the court, Volkswagen AG and the other defendant Group companies acted unlawfully with respect to the original engine management software. The court moreover held that consumers are entitled to a purchase price reduction from the defendant dealerships. No specific payment obligations result from the declaratory judgment. Any individual claims would then have to be established afterwards in separate proceedings. Volkswagen AG and the other defendant group companies appealed the decision. Furthermore, an opt-out class action lawsuit brought by the Diesel Emissions Justice Foundation ("DEJF") seeking monetary damages on behalf of Dutch consumers is also pending; the action involves vehicles with type EA 189 engines, among others. The trial court 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 DJEF filed what was originally a comprehensive appeal against this judgment, but limited its appeal in the reporting year solely to the issue of the applicability of the new class action regime; hence the court's decision that it lacks jurisdiction to hear lawsuits brought by consumers outside the Netherlands is final and binding. The court suspended further trial level proceedings pending a decision by the appellate court.

In Portugal, a Portuguese consumer organization had filed an opt-out class action potentially affecting up to approximately 70 thousand vehicles with type EA 189 engines. In July 2023, the Supreme Court dismissed the class action as inadmissible because the plaintiff consumer organization lacked standing to sue. The judgment became final in September 2023.

In South Africa, an opt-out class action seeking damages is pending; the action pertains to some 80 thousand vehicles, including vehicles with type EA 189 engines.

Furthermore, individual lawsuits and similar proceedings are pending against Volkswagen AG and other Volkswagen Group companies in various countries; most of these lawsuits are seeking damages or rescission of the purchase contract.

In Germany, roughly 25 thousand individual lawsuits relating to various diesel engine types are currently pending against Volkswagen AG or other group companies, with the plaintiffs suing for damages or rescission of the contract in most cases.

In 2020, the BGH issued a series of fundamental judgments deciding legal issues of major importance for the litigation still pending with regard to vehicles with type EA 189 engines. The BGH held that buyers who had purchased vehicles prior to public disclosure of the diesel issue could return their vehicles to Volkswagen AG and receive a refund of the purchase price paid, less a deduction for the benefit derived from using the vehicle. However, buyers had no tort-based claim for damages if they purchased their vehicles after the ad hoc announcement of 22 September 2015 or if they raise claims based solely on a temperature-dependent exhaust gas recirculation (so-called thermal window) in the engine. In February 2022, the BGH issued further fundamental judgments concerning vehicles with EA 189 motors affirming that buyers of new vehicles of the Volkswagen brand were entitled to residual damage claims against Volkswagen AG after the knowledge-based limitation period has expired; the BGH had previously held that purchasers of used cars lacked such claims. The BGH held that buyers must return their vehicles in order to claim payment and that such payment was reduced by the benefit derived from using the vehicle and by the dealer profit margin. In an additional fundamental judgment rendered in July 2022 concerning vehicles with EA 189 engines, the BGH held that buyers of new vehicles of other group brands have no claim for residual damages against Volkswagen AG.

In late June 2023, the BGH handed down judgments in lawsuits against Volkswagen AG and AUDI AG posing the issue as to how the case law of the ECJ on the potential claims of buyers under European type approval law should be implemented in German law. The BGH held that the negligent use of an impermissible defeat device may in principle entitle plaintiffs to differential damages in tort amounting to 5% to 15% of their vehicle's purchase price. Whether this claim is given in a particular instance is for the appeals courts to determine. The BGH stated that, when deciding whether a deactivation device was impermissible, it did not matter whether the limits in the NEDC testing procedure would be complied with even when system functioning was modified. The BGH held that liability does not arise where the manufacturer is not at fault, e.g., because the relevant public authority had approved the deactivation device in its specific configuration and taking account of identified combinations of deactivation devices, or would have done so upon request. Where a claim for differential damages exists in principle, the buyer must furthermore accept an offset for the benefit derived from using the vehicle and for the vehicle's value to the extent these exceed the vehicle's diminished value. An implemented software update may also potentially mitigate damages.

Volkswagen estimates the likelihood that the plaintiffs will prevail to be 50% or less in the great majority of cases: customer class actions, complaints filed by consumer and/or environmental organizations, and individual lawsuits. Contingent liabilities are disclosed by Volkswagen for these proceedings where the amount of such liabilities can be measured and the chance that the plaintiff will prevail was assessed by Volkswagen as not remote. Given the early stage of the proceedings, it is in some cases not yet possible to quantify the realistic risk exposure. Furthermore, provisions were recognized at the level of the Volkswagen Group to the extent necessary based on the current assessment.

At this time, it cannot be estimated by Volkswagen how many customers will choose to file lawsuits in the future in addition to those already pending and what prospect of success such lawsuits might have.

3. Lawsuits filed by investors worldwide (excluding the USA/Canada)

Investors from Germany and abroad have filed claims for damages against Volkswagen AG – in some cases along with Porsche SE as joint and several debtors – based on purported losses due to alleged misconduct in capital market communications in connection with the diesel issue.

Almost all investor lawsuits are now pending before the Braunschweig Regional Court or the Braunschweig Higher Regional Court. In August 2016, the Braunschweig Regional Court issued an order referring common questions of law and fact relevant to the investor lawsuits pending in Braunschweig to the Higher Regional Court in Braunschweig for binding declaratory rulings pursuant to the Kapitalanleger-Musterverfahrensgesetz (“KapMuG” – German Capital Investor Model Declaratory Judgment Act). The investor lawsuits pending against Volkswagen AG in Germany are stayed pending resolution of the common issues, unless the cases can be dismissed for reasons independent of the common issues that are to be adjudicated in the model case proceedings. The resolution in the model case proceedings of the common questions of law and fact will be binding for the pending cases that have been stayed as described. The model case plaintiff is Deka Investment GmbH. Oral argument in the model case proceedings before the Braunschweig Higher Regional Court began in September 2018. The Braunschweig Higher Regional Court issued several notification rulings stating its position on certain legal issues of fundamental importance for the litigation. In July 2023, the Braunschweig Higher Regional Court issued an order for the taking of evidence including the examination of numerous persons as well as the production and consultation of documents and records. The mandated taking of evidence focuses initially on whether the board of management of Volkswagen AG or individual members thereof and/or individual members of Volkswagen AG’s Ad Hoc Disclosure Clearing Office (the persons with ad hoc disclosure responsibility in the court’s view) had or, as Volkswagen AG’s state of knowledge indicates, lacked knowledge of the installation of deactivation devices prohibited under US law in Volkswagen AG vehicles, as well as on the conceptions of these persons regarding the potential share price impact of the information that each respectively possessed. Volkswagen AG has the burden of proof on some issues. The taking of testimony commenced in September 2023. To date, none of the witnesses examined has testified to having personal knowledge or to knowledge on the part of persons with ad hoc disclosure responsibility. Several witnesses invoked a privilege against giving testimony. In some cases (not as to persons with ad hoc disclosure responsibility), the Braunschweig Higher Regional Court affirmed a comprehensive right to refuse to testify. The implications of the refusal to testify given Volkswagen AG’s burden of proof cannot be assessed abstractly. Pursuant to Sec. 286 of the Code of Civil Procedure, the Braunschweig Higher Regional Court must decide at its discretion and conviction, taking account of the entire content of the hearings and the results of the evidence taken.

Further investor lawsuits are pending before the Stuttgart Regional Court against Volkswagen AG, in some cases along with Porsche SE as joint and several debtor.

Excluding the USA and Canada, claims in connection with the diesel issue totaling roughly €9.2 billion are currently pending worldwide against Volkswagen AG in the form of investor lawsuits, judicial applications for dunning and conciliation procedures, and claims under the

KapMuG. To date, claims in the high triple-digit-millions range have been withdrawn or finally and conclusively dismissed. Volkswagen AG remains of the opinion that it duly complied with its capital market obligations. Therefore, no provisions have been recognized for these investor lawsuits at the level of the Volkswagen Group. Contingent liabilities have been disclosed by Volkswagen where the chance of success was estimated by Volkswagen to be not less than 10%.

4. Proceedings in the USA/Canada

In the USA and Canada, the matters described in the EPA's notices of violation are the subject of various types of lawsuits and requests for information that have been filed against Volkswagen AG and other Volkswagen Group companies, in particular by customers, investors, and various government agencies in the USA and Canada.

In November 2023, Volkswagen reached a settlement agreement resolving the environmental claims brought by the Attorney General of the State of Texas and various Texas municipalities against Volkswagen AG, Volkswagen Group of America, Inc., and certain affiliates. The settlement agreement became final in January 2024 after it was approved by the court. In November 2023, Volkswagen also finalized a settlement agreement resolving the environmental claims brought by two municipalities (Hillsborough County, Florida and Salt Lake County, Utah) against Volkswagen Group of America, Inc. and certain affiliates.

In March 2019, the US Securities and Exchange Commission ("SEC") filed a lawsuit against, among others, Volkswagen AG, Volkswagen Group of America Finance, LLC, and VW Credit, Inc., asserting claims under US federal securities law based, among other things, on alleged misstatements and omissions in connection with the offer and sale of certain bonds and asset-backed securities. In August 2020, the US District Court for the Northern District of California dismissed, among other things, all claims against VW Credit, Inc. relating to asset-backed securities. In September 2020, the SEC filed an amended complaint that, among other things, removed the dismissed claims.

In line with IAS 37.92, no statements have been made concerning estimates of financial impact or regarding uncertainty as to the amount or maturity of provisions and contingent liabilities in relation to proceedings in the USA/Canada. This is so as to not compromise the results of the proceedings or the interests of the company.

5. Special audit

In a November 2017 ruling, the Higher Regional Court of Celle ordered, upon the request of three US funds, the appointment of a special auditor for Volkswagen AG. The special auditor was supposed to examine whether the members of the board of management and supervisory board of Volkswagen AG breached their duties in connection with the diesel issue from 22 June 2006 onwards and, if so, whether this resulted in damages for Volkswagen AG.

Volkswagen AG had filed a constitutional complaint with the German Federal Constitutional Court against this decision, which was originally unappealable as formal matter. Volkswagen AG also filed a constitutional complaint against the subsequent (and likewise formally unappealable) decision by the Higher Regional Court of Celle to appoint a special auditor other than the one initially appointed. Following November 2022 rulings by the Federal Constitutional Court that upheld both of the constitutional complaints and remanded the cases to the Celle Higher Regional Court, the Higher Regional Court directed that extensive evidence be taken in the case concerning the order for a special audit. Proceedings in the case concerning the replacement of the special auditor were suspended until the completion of the taking of evidence. Volkswagen AG had in addition previously filed an action before the Braunschweig Regional Court seeking to enjoin the special auditor from performing the audit as long as he had not furnished sufficient proof of his independence. The Braunschweig Regional Court dismissed the action for injunctive relief in the summer of 2022; Volkswagen AG then appealed this decision to the Braunschweig Higher Regional Court.

A second motion seeking appointment of a special auditor for Volkswagen AG to examine matters relating to the diesel issue was filed with the Regional Court of Hanover. The proceedings in this matter were resumed after initially being stayed pending the decision of the Federal Constitutional Court in the first special audit case.

In line with IAS 37.92, no further statements have been made by the Volkswagen Group concerning estimates of financial impact or regarding uncertainty as to the amount or maturity of provisions and contingent liabilities in relation to the diesel issue. This is so as to not compromise the results of the proceedings or the interests of the company.

In connection with the diesel issue, the following matters should be highlighted with regard to Porsche AG and its subsidiaries:

AUDI AG has held Porsche AG harmless for the costs arising from legal risks, litigation, product liability claims or other third-party claims in relation to the 2013-2016 Porsche Cayennes affected by the diesel issue in North America and it was agreed not to plea the statute of limitations until 31 July 2023 and subsequently extended until 31 July 2025. Consequently, from today’s perspective, the Porsche AG Group does not expect that Porsche AG group will be subject to any significant outflow of resources in this regard. Accordingly, no receivables were recognized at the level of the Porsche AG Group for other costs incurred at the level of the Porsche AG Group in connection with the diesel issue in North America, for which AUDI AG has signed a hold harmless agreement, as an outflow of resources is not virtually certain as of the reporting date. It was agreed to not plea the statute of limitations until 31 July 2023 and this was subsequently extended until 31 July 2025. For the legal proceedings outside of the US and Canada in connection with the diesel issue, Porsche AG expects – based on previous agreements and accounting practice – that the costs incurred in this connection for legal risks and litigation costs at the level of the Porsche AG Group will be borne by AUDI AG and will pass the costs on to the latter. No extensive provisions are recognized at the level of the Porsche AG Group for future expected outflows of resources.

Further judgments, estimates and assumptions of the management at the level of the Volkswagen Group

The impairment testing of non-financial assets (especially brand names, capitalized development costs and special operational equipment) and equity-accounted investments, or investments accounted at cost, and the measurement of options on shares in companies that are not traded in an active market require assumptions about the future cash flows during the planning period, and possibly beyond it, as well as about the discount rate to be applied. The estimates made in order to derive cash flows mainly relate to future market shares, the trend in the respective markets and the profitability of the Volkswagen Group's products. When determining cash flows for conducting impairment tests on companies or equity investments with new technology operations, it is of particular importance to assess whether these new technologies are technically feasible and have the potential for industrial use. With regard to the assumptions in the detailed planning period, reference is made to the above explanations in the subsection "Assumptions relating to the Volkswagen Group's planning". The Volkswagen Group's estimation of cash flows is generally based on the expected growth trends for the markets concerned. The estimates for the cash flows following the end of the planning period are generally based on a growth rate of up to 1% p.a. (up to 1% p.a.) at the Volkswagen Group. Value in use is determined for the purpose of impairment testing of indefinite-lived intangible assets and finite-lived intangible assets – mainly capitalized development costs – using the pretax weighted average cost of capital (WACC) rates of 10.7% (10.2%) in the passenger cars segment of the Volkswagen Group, 12.1% (13.4%) in the commercial vehicles segment of the Volkswagen Group and 15.7% (14.2%) in the power engineering segment of the Volkswagen Group, which are adjusted if necessary for country-specific discount factors. Moreover, the following aspects were of significance for impairment tests at the level of the Volkswagen Group:

- The Porsche cash-generating unit is based on the assumption of the Volkswagen Group that Porsche's current position as a profitable manufacturer of exclusive sports cars is to be expanded further. Under the "Road to 20" program, the Porsche Group has a long-term profitability target of achieving an operating return on sales of more than 20% for the group.

- For MAN Truck & Bus, the year 2023 marked a turnaround, after the positive effects from the realignment program had not been fully leveraged because of the negative impacts of the war in Ukraine in the prior year. After a period of stabilization in 2024, the transformation towards e-mobility will, from the Volkswagen Group's point of view, have an increasing effect on cash from the fiscal year 2025 onwards.

- Moreover, Navistar Sales & Services is to be taken to new levels of strength. The measures of the Volkswagen Group applied to this end range from using the powerful component and technology organization within the TRATON GROUP through expanding the financial services business down to making even more effective use of one of the largest independent dealer and service networks in the North American market which Navistar has already access to.

- At Scania Vehicles & Services, a rise in sales volume and the expansion of the vehicle services business are additionally having a positive impact on the planned cash flows.

In addition, the recoverability of the lease assets depends in particular on the residual value of the leased vehicles after expiration of the lease term, because this represents a significant portion of the expected cash flows.

The impairment tests performed at the level of Volkswagen have a potential impact not only on the original carrying amounts of the Volkswagen Group, but also on the hidden reserves identified in the course of the purchase price allocations conducted by Porsche SE.

If there are no observable market inputs, the fair values of assets acquired and liabilities assumed in a business combination are measured using recognized valuation techniques, such as the relief-from-royalty method or the residual method.

Impairment testing of financial assets requires estimates about the extent and probability of occurrence of future events. As far as possible, estimates are derived from experience taking into account current market data as well as rating categories and scoring information.

Accounting for provisions is also based on estimates of the extent and probability of occurrence of future events, as well as estimates of the discount rate. As far as possible, these are also based on experience or external opinions. Calculation of the pension provisions is based on actuarial assumptions. The provisions are regularly adjusted to reflect new information obtained. The use of expected values invariably means that unused provisions are reversed or additional amounts have to be recognized for provisions. Warranty claims from sales transactions are calculated on the basis of losses to date, estimated future losses and the policy on ex gratia arrangements. In addition, assumptions must be made about the nature and extent of future warranty and ex gratia claims.

For the provisions recognized in connection with the diesel issue, assumptions were made in particular for working hours, material costs and hourly wage rates, depending on the series, model year and country concerned. In addition, assumptions were made for future resale prices of repurchased vehicles. These assumptions are based on qualified estimates, which are based in turn on external data, and also reflect additional information available internally, such as values derived from past experience. For further information on litigation and the legal risks associated with the diesel issue at the Volkswagen Group, see subsection “Litigation and diesel issue” above.

At the level of the Volkswagen Group, tax provisions were recognized for potential future tax backpayments, while other provisions were recognized for ancillary tax payments arising in this connection.

Volkswagen AG and its subsidiaries have operations worldwide and are audited by local tax authorities on an ongoing basis. Amendments to tax laws and changes in legal precedent and their interpretation by the tax authorities in the respective countries may lead to tax payments that differ from the estimates made in the financial statements. The measurement of the tax provision is based on the most likely exposure resulting from this risk materializing. Volkswagen decides whether to account for multiple tax uncertainties separately or in groups on the merits of each individual case considered, depending on which type of presentation is better suited to predicting the extent to which the tax risk will materialize. The pricing of individual products and services is complex, especially in relation to contracts for the cross-border supply of intragroup goods and services, because it is in many cases not possible to observe market prices for internally generated products, or the use of market prices for similar products is subject to uncertainty because they are not comparable. In these cases, prices – including for tax purposes – are determined on the basis of standardized, generally accepted valuation techniques.

If actual developments differ from the assumptions made by Volkswagen for recognizing the provisions, the figures actually recorded may differ compared to the estimates expected originally.

Government grants are recognized based on an assessment as to whether there is reasonable assurance that the Volkswagen Group companies will fulfill the conditions for awarding the grants and that the grants will in fact be awarded. This assessment is based on the nature of the legal entitlement and past experience.

Estimates of the useful life of finite-lived assets are based on experience and are reviewed regularly. Where estimates are modified the residual useful life is adjusted and an impairment loss is recognized, if necessary. As part of this review, the useful lives of certain items of property, plant and equipment were reassessed and extended in January 2023 at the level of the Volkswagen Group. These adjustments had a positive effect on the operating result in an amount of around €1.4 billion in 2023 (of which €92 million relates to the Porsche AG Group). For 2024, the Volkswagen Group expects a positive effect of around €0.8 billion (of which around €1.6 million relates to the Porsche AG Group).

Estimates of lease terms under IFRS 16 are based on the non-cancelable period of a lease and an assessment of whether existing extension and termination options will be exercised. The determination of the lease term and the discount rates used impacts on the amounts to be recognized for right-of-use assets and lease liabilities.

Measuring deferred tax assets requires assumptions regarding future taxable income and the timing of the realization of deferred tax assets.

Changes to underlying premises

The estimates and assumptions are based on premises that are derived from the current information available. In particular, the circumstances given when preparing the consolidated financial statements as to the realistic expectations of future development of the global and industry-specific environment were used to estimate the company's future business performance. Estimates and assumptions remain subject to a high degree of uncertainty because future business developments are subject to uncertainties that in part cannot be influenced by the Volkswagen Group including Porsche AG and its subsidiaries and in particular by the Porsche SE Group. This applies in particular to short and medium-term forecast cash flows as well as the discount rates used. The planning of the Porsche SE Group and the Volkswagen Group including Porsche AG and its subsidiaries is based on the assumption that global economic output will grow overall in 2024, albeit at a slower pace – subject to the risks presented in the section "Accounting judgments, estimates and assumptions of the management at the level of the Volkswagen Group".

Judgments and estimates of the management included assumptions relating to the development of the Volkswagen Group including Porsche AG and its subsidiaries, macroeconomic development as well as the development of automotive markets that are described in the forecast report as part of Porsche SE's combined group management report. Reference is also made to the explanations in the subsection "Assumptions relating to the Volkswagen Group's planning"

Variances from assumptions and estimates at the level of the Volkswagen Group including Porsche AG and its subsidiaries of the expected future economic conditions that cannot be influenced by management also have an indirect impact at the level of the Porsche SE Group. Furthermore, at the level of Porsche SE, in particular the outcome of litigation may cause variances from expectations.

In cases where the actual development differs from the original expectation, the premises, and if necessary the carrying amounts of the assets and liabilities concerned, will be adjusted accordingly. Prior to the date of authorization for issue of the consolidated financial statements by the board of management, there were no indications that the carrying amounts of the assets and liabilities presented in the consolidated balance sheet would require any significant adjustment.

[3] Scope of consolidation

List of shareholdings of the group as of 31 December 2023

	Share in capital as of 31/12/2023 %	Currency	FX rate 1 € =	Equity in local currency thousand	Result in local currency thousand
Fully consolidated entities					
Germany					
Porsche Beteiligung GmbH, Stuttgart[1]	100.0	EUR	-	42,786	-
Porsche Zweite Beteiligung GmbH, Stuttgart[1]	100.0	EUR	-	315,025	-
Porsche Dritte Beteiligung GmbH, Stuttgart[1]	100.0	EUR	-	107,925	-
Porsche Vierte Beteiligung GmbH, Stuttgart[1]	100.0	EUR	-	3,524	-
Associates					
Germany					
Volkswagen Aktiengesellschaft, Wolfsburg	31.9[2]	EUR	-	42,192,978	6,243,132
Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart	12.5[3]	EUR	-	11,572,533	6,839,604
Isar Aerospace SE, Ottobrunn[4]	3.3	EUR	-	56,078	–65,185
International					
European Transport Solutions S.à r.l., Luxembourg[5]	35.5	EUR	-	315,805	–19,988
INRIX Inc., Kirkland, Washington[6]	11.3	USD	1.1077	–160,733	–15,214

[1] Profit and loss transfer agreement with Porsche SE
[2] Diverging from the capital share, the share in voting rights is 53.3% as of the reporting date.
[3] Diverging from the capital share, the share in voting rights is 25.0% plus one voting right as of the reporting date.
[4] Formerly Isar Aerospace Technologies GmbH, Ottobrunn; figures taken from the 2022 statutory separate financial statements of Isar Aerospace Technologies GmbH, as the statutory separate financial statements for 2023 were not yet available at the time of preparing the consolidated financial statements of Porsche SE; Isar Aerospace SE is an associate because Porsche SE has the power to significantly influence its financial and operating policy decisions through participation rights granted on the supervisory board.
[5] Figures pursuant to IFRSs
[6] Consolidated figures taken from the 2022 consolidated financial statements of INRIX Inc., as the consolidated financial statements for 2023 were not yet available at the time of preparing the consolidated financial statements of Porsche SE; INRIX Inc. is an associate because Porsche SE has the power to significantly influence its financial and operating policy decisions through participation rights granted on the board of directors and related committees.

Porsche Beteiligung GmbH, Porsche Zweite Beteiligung GmbH, Porsche Dritte Beteiligung GmbH and Porsche Vierte Beteiligung GmbH satisfied the conditions of Sec. 264 (3) HGB and make use of the exemption from the requirement to publish financial statements.

Changes in the scope of consolidation in the fiscal year

The investment in Isar Aerospace SE, Ottobrunn (formerly Isar Aerospace Technologies GmbH, Ottobrunn, “Isar Aerospace”) was measured at fair value through profit or loss until the participation in an additional financing round in March of the reporting year (see note [21]). In the course of participating in this financing round, Porsche SE was granted participation rights through representation on the supervisory board, which give Porsche SE the power to significantly influence the financial and operating policy decisions of the company. As a result, the shares in Isar Aerospace have since been accounted for at equity (see notes [5] and [12]).

Changes in the scope of consolidation in the prior year

Acquisition of ordinary shares in Porsche AG

On 28 September 2022, Volkswagen successfully placed 25% of the preference shares (including additional allocations) of its subsidiary Porsche AG with investors at a value of around €9.4 billion. These preference shares have been traded on the regulated market of the Frankfurt Stock Exchange since 29 September 2022. Since the end of the stabilization period on 11 October 2022, the free float of the preferred shares has been 24.2% of the preference share capital of Porsche AG. The remaining shares of the preference share capital of Porsche AG continue to be held by Volkswagen Group companies. The ordinary shares of Porsche AG are not listed.

The basis for the IPO was a comprehensive agreement to enter into a number of contracts between Volkswagen and Porsche SE. In this context, the two parties agreed that Porsche SE would acquire 25% plus one share of the ordinary shares (around 12.5% of share capital) of Porsche AG from Volkswagen. The total price for 25% plus one share of Porsche AG’s ordinary shares amounted to €10.1 billion applying a premium of 7.5% on the placement price of the preference shares. The remaining shares of Porsche AG’s ordinary share capital continue to be held by Volkswagen Group companies. Under the share purchase agreement, Volkswagen AG as warrantor provided several warranties to Porsche SE, which essentially puts Porsche SE in the same position as buyers of the preference shares sold under the IPO. In addition, Volkswagen AG assumed a small number of other standard market guarantees, most of them limited to positive knowledge of Volkswagen AG.

Porsche SE acquired the ordinary shares in two tranches. Closing of the transfer of the first tranche of the ordinary shares was completed at the beginning of the fourth quarter of 2022. The material transfer of the second tranche of ordinary shares took place as of the end of the fiscal year 2022, granting a lien on the ordinary shares of the second tranche to secure Volkswagen’s remaining purchase price receivable. As of 31 December 2022, Porsche SE thus had a purchase price obligation in an amount of €3.0 billion.

At the same time, Porsche SE had a dividend claim of €3.1 billion on the basis of the resolution of the extraordinary general meeting of Volkswagen AG on 16 December 2022.

Volkswagen AG and Porsche SE agreed to offset Porsche SE’s dividend claim against Volkswagen AG with Porsche SE’s remaining purchase price obligation. In the consolidated financial statements as of 31 December 2022, the dividend receivable and the purchase price liability were therefore presented on a net basis. Upon payment of the special dividend on 9 January 2023, the set-off process was completed and the lien on the ordinary shares of the second tranche granted in connection with the transfer of the second tranche expired.

As a result of the price setting for the preference shares of Porsche AG and the arrangements in the share purchase agreement regarding the representation of Porsche SE on the supervisory board of Porsche AG (see note [23]), Porsche SE’s investment (25% plus one share of the ordinary shares) in Porsche AG has been accounted for at equity from 29 September 2022. The IPO of Porsche AG and the acquisition of ordinary shares by Porsche SE also affected the carrying amount of the investment in Volkswagen AG accounted for at equity. These effects are presented in notes [4] and [7].

Sale of the investment in PTV Planung Transport Verkehr GmbH, Karlsruhe (“PTV”), and acquisition of shares in European Transport Solutions S.à r.l., Luxembourg, Luxembourg (“ETS”)

In October 2021, Bridgepoint Advisers Limited, London, UK (“Bridgepoint”), and Porsche SE entered into a partnership to advance the development of PTV. Upon fulfillment of all closing conditions on 6 January 2022, all shares in PTV were transferred to a subsidiary of ETS, effective 31 January 2022. At the same time, Porsche SE for its part acquired a 40% stake in ETS. The purchase price for the acquisition of these shares was paid in a non-cash transaction by transferring part of the purchase price receivable from the sale of the shares in PTV. The consideration received amounted to €0.3 billion. As a result of this partnership, Porsche SE sees a further significant increase in the potential for value development at PTV and hopes to participate in this through the remaining indirect share in the company.

Due to the sale of shares in PTV, Porsche SE has classified the PTV Group as a discontinued operation as defined by IFRS 5 since 30 September 2021. Fulfilling the closing conditions on 6 January 2022 resulted in a loss of control and therefore the deconsolidation of PTV. This resulted in a disposal of assets and liabilities of €0.3 billion and €0.1 billion, respectively, and a deconsolidation gain of around €0.1 billion was recorded in the result from discontinued operations.

The shares in ETS were recognized at acquisition cost of around €77 million and ETS has since been included in the consolidated financial statements of Porsche SE as an associate in accordance with the equity method using the initial ownership interest of around 40%.

At the beginning of June 2022, the indirect acquisition of all shares in Econolite Group, Inc., Anaheim, USA (“Econolite”), was completed by ETS. To finance the purchase price, Porsche SE participated in a capital increase with an amount of around €35 million. In turn, the previous owners of Econolite acquired a non-controlling interest in ETS of around 10%, reducing Porsche SE’s stake in ETS through a dilution gain of around €1 million to around 35.5%.

Preference shares of Volkswagen AG

In the period from 29 March 2022 to 6 May 2022, Porsche SE acquired a total of 1.3%, or around 2.6 million, of the preference shares in Volkswagen AG for €400 million via the capital market. This represents a capital share of around 0.5%. This increased Porsche SE’s shareholding in Volkswagen AG to 31.9% of subscribed capital. Porsche SE’s shareholding in the ordinary shares in Volkswagen AG remains unchanged at 53.3%.

As a financing component for the acquisition of ordinary shares in Porsche AG, in June 2022 the supervisory board of Porsche SE approved a disposal plan for the 2.7 million preference shares in Volkswagen AG in total. As a result, the preference shares were reported as assets classified as held for sale pursuant to IFRS 5.

In particular in light of the successful placement of a Schuldschein loan of around €2.7 billion in March 2023, which significantly exceeded the volume predictable on the basis of similar transactions in the past, circumstances arose after the end of the fiscal year 2022 that made a sale of the 2.7 million preference shares of Volkswagen AG held by Porsche SE as a financing component by June 2023 not seem highly probable anymore. As a result, the preference shares were therefore no longer classified as assets held for sale in the first quarter of the fiscal year 2023 (see note [1], section “Changes to the prior-year period).

[4] Disclosures on significant investments accounted for at equity

Investments in Volkswagen AG accounted for at equity

Summarized financial information on the result from investments in Volkswagen AG accounted for at equity

Taking into account the identification and subsequent measurement of hidden reserves and liabilities for the shares held by Porsche SE, the Volkswagen Group reports the following figures:

€ million	VW Tranche 1 FY2009 (29.88%) 2023	VW Tranche 2 FY2015 (0.88%) 2023	VW Tranches 3 & 4 FY2018-2020 (0,66%) 2023	VW Tranche 5 FY2022 (0.52 %) 2023	VW Total 2023
Revenue	322,284	322,284	322,284	322,284	-
Total comprehensive income	14,842	10,038	−5,337	−6,733	-
thereof other comprehensive income	−3,059	−3,731	−4,660	−6,596	-
thereof profit from continuing operations	17,902	13,769	−676	−137	-
less result attributable to non-controlling interests and hybrid capital investors	−1,914	−1,914	−1,914	−1,914	-
less/plus effects from preference dividends	−12	−12	−12	18	-
Result for the year adjusted for at equity accounting	15,975	11,843	−2,603	−2,034	-
Result from investment in Volkswagen AG accounted for at equity	**4,773**	**104**	**−17**	**−10**	**4,849**

€ million	VW Tranche 1 FY2009 (29.88%) 2022	VW Tranche 2 FY2015 (0.88%) 2022	VW Tranches 3 & 4 FY2018-2020 (0.66%) 2022	VW Tranche 5 FY2022 (0.52%) 2022	VW Total 2022
Revenue	279,232	279,232	279,232	202,761[1]	-
Total comprehensive income	27,162[1]	26,011[2]	23,814[2]	12,822[1]	-
thereof other comprehensive income	11,396[1]	10,918[2]	10,714[2]	5,308[1]	-
thereof profit from continuing operations	15,767[1]	15,093[2]	13,100[2]	7,513[1]	-
less result attributable to non-controlling interests and hybrid capital investors	–969[1]	–969[2]	–969[2]	–822[1]	-
less/plus effects from preference dividends	–12[1]	–12	–12	18[1]	-
Result for the year adjusted for at equity accounting	14,785[1]	14,112[2]	12,119[2]	6,709[1]	-
Income from first-time at equity accounting of newly acquired shares				597[1]	
Result from investment in Volkswagen AG accounted for at equity	**4,417[1]**	**124[2]**	**81[2]**	**632[1]**	**5,254[1]**

1 Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

2 Prior-year figures were adjusted due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

Note [5] contains further information on the development in the result.

Summarized financial information on the carrying amount of the investments in Volkswagen AG accounted for at equity

Taking into account uniform accounting policies as well as the identification and subsequent measurement of hidden reserves and liabilities for the shares held by Porsche SE, the Volkswagen Group reports the following figures:

	VW Tranche 1 FY2009 (29.88%)	VW Tranche 2 FY2015 (0.88%)	VW Tranches 3 & 4 FY2018-2020 (0,66%)	VW Tranche 5 FY2022 (0.52 %)	VW Total
€ million	**31/12/2023**	**31/12/2023**	**31/12/2023**	**31/12/2023**	**31/12/2023**
Non-current assets	368,279	379,934	391,523	401,033	-
Current assets	239,644	239,644	239,644	239,644	-
Non-current liabilities	207,522	213,210	216,387	220,404	-
Current liabilities	205,874	205,874	205,874	205,874	-
Equity	194,526	200,493	208,905	214,398	-
less non-controlling interests and hybrid capital investors	–26,656	–27,145	–27,392	–28,033	-
less/plus effects from preference dividends	–12	–12	–12	18	-
Equity adjusted for at equity accounting	167,858	173,336	181,501	186,383	-
Equity share adjusted for at equity accounting	50,149	1,520	1,207	976	-
less intercompany profit	–1,288				-
less proportionate result from changes in the proportion of equity held by non-controlling interests	–1,798	–41	–31	–24	-
Carrying amount of the investment in Volkswagen AG accounted for at equity	**47,063**	**1,480**	**1,176**	**952**	**50,670**

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section "Changes to the prior-year period".

[2] Prior-year figures were adjusted due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section "Changes to the prior-year period".

	VW Tranche 1 FY2009 (29.88%)	VW Tranche 2 FY2015 (0.88%)	VW Tranches 3 & 4 FY2018-2020 (0,66%)	VW Tranche 5 FY2022 (0.52 %)	VW Total
€ million	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022
Non-current assets	348,187[1]	364,815[2]	392,428[2]	406,047[1]	-
Current assets	224,159[1]	224,159[2]	224,159[2]	224,159[1]	-
Non-current liabilities	205,933[1]	211,791[2]	215,617[2]	222,434[1]	-
Current liabilities	182,723[1]	182,723[2]	182,723[2]	182,723[1]	-
Equity	183,690[1]	194,461[2]	218,247[2]	225,049[1]	-
less non-controlling interests and hybrid capital investors	−24,356[1]	−24,845[2]	−25,092[2]	−25,733[1]	-
less/plus effects from preference dividends	−12[1]	−12	−12	18[1]	-
Equity adjusted for at equity accounting	159,321[1]	169,604[2]	193,143[2]	199,333[1]	-
Equity share adjusted for at equity accounting	47,598[1]	1,488[2]	1,284[2]	1,044[1]	-
less intercompany profit	−1,288[1]				
less proportionate result from changes in the proportion of equity held by non-controlling interests	−1,798[1]	−41	−31	−24[1]	-
Carrying amount of the investment in Volkswagen AG accounted for at equity[1]	**44,512[1]**	**1,447[2]**	**1,253[2]**	**1,020[1]**	**48,232[1]**

The eliminated intercompany profit is attributable to the contribution of the holding business operations of Porsche SE to Volkswagen AG in the fiscal year 2012 (hereinafter also referred to as “contribution” or “business contribution”). The contribution of the holding business operations of Porsche SE to Volkswagen AG primarily involved the transfer of the investment in Porsche Holding Stuttgart GmbH, Stuttgart, and all other investments of Porsche SE existing at the time of the contribution (with the exception of the investment in Volkswagen AG). As Volkswagen AG was already an associate of Porsche SE at that time, this intercompany profit had to be eliminated. This reduced the carrying amount of the investment in Volkswagen AG tranche 1 accounted for at equity in the consolidated financial statements of Porsche SE; directly before the IPO of Porsche AG in the prior year, this eliminated intercompany profit amounted to €1,465 million. The sale of preference shares of Porsche AG by Volkswagen to third parties in the course of the IPO in the prior year equivalent to a capital share of 12.1% triggered the proportionate realization of the intercompany profit of €177 million (see note [7]). Since then, the remaining intercompany profit reducing the carrying amount of the investment in Volkswagen AG accounted for at equity amounts to €1,288 million.

The sale of preference shares and ordinary shares of Porsche AG (see note [3] section “Changes in the scope of consolidation in the prior year”) increased the equity of the Volkswagen Group by €19.1 billion, net of bank commissions and fees of €0.1 billion taken directly to equity; of this amount, €10.8 billion is reported as non-controlling interests and the remaining portion is allocated to the shareholders of Volkswagen AG (“result from changes in the proportion of equity held by non-controlling interests”). In the course of accounting for the investment in Volkswagen AG at equity in the consolidated financial statements of Porsche SE, this result from changes in the proportion of equity held by non-controlling interests – after alignment with uniform group accounting policies – had to be eliminated on a pro rata basis to the extent that it resulted from the acquisition of ordinary shares by Porsche SE itself. At the level of the Porsche SE Group, this was also accounted for without an effect on profit or loss.

Note [12] contains further information on the development of the carrying amount accounted for at equity.

Disclosures on the impairment test of the investments in Volkswagen AG accounted for at equity

The market value of Porsche SE’s investment in Volkswagen AG accounted for at equity amounts to €18,948 million as of 31 December 2023 (€23,558 million). As the carrying amount of the investment in Volkswagen AG accounted for at equity of €50,670 million (€48,232 million) exceeds the pro rata market capitalization of €18,948 million (€23,558 million), an impairment test was performed as of 31 December 2023.

The impairment test regarding the investment in Volkswagen AG was performed by determining the value in use on the basis of a discounted cash flow method.

As in the prior year, the calculation of the value in use was based on the current five-year plan prepared by the board of management of Volkswagen AG. The development of the results of operations assumed for the fiscal year 2024 for the purpose of the impairment test is within the range forecast by Volkswagen, which indicates an operating return on sales for the group of between 7.0% and 7.5% and revenue that is up to 5% higher than the prior year. With regard to the overall five-year planning period, the assumed average annual revenue growth, based on 2023, is in the upper single-digit percentage range.

The Volkswagen Group’s planning is based on the assumption that global economic output will grow overall in 2024 albeit at a slower pace. Volkswagen expects the persistently high inflation in many regions and the resulting restrictive monetary policy measures taken by central banks to have an increasingly adverse effect on consumer spending. From Volkswagen’s point of view, risks will continue to arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, Volkswagen sees continuing geopolitical tensions and conflicts as weighing on growth prospects; risks are associated in particular with the Russia-Ukraine war and the confrontations in the Middle East. Nevertheless, Volkswagen assumes that both the advanced economies and the emerging markets will show positive momentum on average, albeit with below-average growth in gross domestic product. Volkswagen also expects the global economy to recover in 2025 and continue a path of stable growth until 2028.

Trends for the automotive markets in the individual regions are expected to be mixed but predominantly positive in 2024. Overall, the global volume of new car sales is expected to be slightly higher than in the reporting year. Growing demand is forecast for passenger cars worldwide in the period from 2025 to 2028.

In the planning period, the planned automotive investment ratio is above the level of the long-term target ratio of around 9% of revenue. It is assumed that the operating return on sales will develop positively over the planning years, in line with the Volkswagen Group's long-term target of an operating return on sales of between 9% and 11% by 2030.

For further estimates and assumptions based on the planning of the Volkswagen Group, reference is made to the section "Accounting judgments, estimates and assumptions of the management at the level of the Volkswagen Group" in note [2].

An annual growth rate of 1.0% (1.0%) was used to extrapolate the cash flows beyond the detailed planning period. The sustainable operating return on sales of 9% is based on the lower end of the Volkswagen Group's long-term target. For the investment in Volkswagen AG, a weighted average cost of capital of 10.2% (8.5%) or an pre-tax capital cost rate of 14.4% (11.9%) was used to discount the cash flows. This was derived using a peer group analysis and thus reflects a risk-adequate return on capital customary in the industry. To take into account the share of equity of Porsche AG not attributable to Volkswagen AG of 25%, the value of equity of Volkswagen AG was reduced accordingly.

The impairment test included a sensitivity analysis of the critical assumptions. This involved analyzing whether an isolated reduction in the sustainable operating return on sales by one percentage point, an isolated reduction of the sustainable annual growth rate by one percentage point or an isolated increase in the average weighted cost of capital by one percentage point would lead to an impairment of the investment in Volkswagen AG.

The value in use determined in the impairment test is higher than the carrying amount of the investment in Volkswagen AG accounted for at equity. The sensitivity analysis also yielded a value in use that was higher than the carrying amount in all of the scenarios considered. As a result, there was no need to recognize an impairment loss as of 31 December 2023, as was also the case in the prior year.

Investments in Porsche AG accounted for at equity

Summarized financial information on the result from investments in Porsche AG accounted for at equity

Taking into account the identification and subsequent measurement of hidden reserves and liabilities for the shares accounted for by Porsche SE, the Porsche AG Group reports the following figures:

€ million	Porsche AG (12.5%) 2023	(12.5%) 2022[1]
Revenue	40,530	11,070
Total comprehensive income	2,074	723[2]
thereof other comprehensive income	–1,065	623[2]
thereof profit from continuing operations	3,139	100[2]
less result attributable to non-controlling interests	0	–1[2]
less effects from preference dividends	–5	–1
Result for the year adjusted for at equity accounting	3,134	98[2]
Result from investment in Porsche AG accounted for at equity	**391**	**12[2]**

[1] As a result of the acquisition of ordinary shares in Porsche AG in the prior year, the comparative figure contains pro rata figures for the period from 29 September to 31 December 2022.
[2] Prior-year figures were adjusted due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

Note [5] contains further information on the development in the result.

Summarized financial information on the carrying amount of the investments in Porsche AG accounted for at equity

Taking into account the identification and subsequent measurement of hidden reserves and liabilities for the shares held by Porsche SE, the Porsche AG Group reports the following figures:

€ million	Porsche AG (12.5%) **31/12/2023**	Porsche AG (12.5%) 31/12/2022
Non-current assets	63,160	62,451[1]
Current assets	20,113	21,951[1]
Non-current liabilities	24,935	24,889[1]
Current liabilities	13,593	16,579[1]
Equity	44,745	42,934[1]
less non-controlling interests	–1	–10[1]
less effects from preference dividends	–5	–1
Equity adjusted for at equity accounting	44,740	42,922[1]
Equity share adjusted for at equity accounting	5,592	5,365[1]
plus goodwill	4,831	4,831[1]
Carrying amount of the investment in Porsche AG accounted for at equity	**10,423**	**10,196**[1]

[1] Prior-year figures were adjusted due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

Note [12] contains further information on the development of the carrying amount accounted for at equity.

Disclosures on the impairment test of the investments in Porsche AG accounted for at equity

The ordinary shares of Porsche AG held by Porsche SE are not listed. Applying the stock price of the preference shares of Porsche AG plus an ordinary share premium of 7.5% would result in a proportionate value of Porsche SE’s investment in Porsche AG of €9,781 million (€11,599 million) as of 31 December 2023. The ordinary share premium is derived from the acquisition of ordinary shares of Porsche AG by Porsche SE. As the carrying amount of the investment in Porsche AG accounted for at equity of €10,423 million (€10,196 million) exceeds the derived pro rata value of the investment in Porsche AG of €9,781 million (€11,599 million), an impairment test was performed as of 31 December 2023.

The impairment test regarding the investment in Porsche AG was performed by determining the value in use on the basis of a discounted cash flow method.

The calculation of the value in use was based on the current five-year plan prepared by the board of management of Porsche AG. The development of the results of operations assumed for the fiscal year 2024 for the purpose of the impairment test is within the range forecast by Porsche AG, which indicates an operating return on sales of between 15% and 17% and revenue of between €40 billion and €42 billion. With regard to the overall five-year planning period, the assumed average annual revenue growth, based on 2023, is in the upper single-digit percentage range.

The Porsche AG Group's planning is based on the assumption that average global economic output will continue to grow in 2024, albeit at a lower level than in the reporting year. This is provided that geopolitical conflicts and tensions with global repercussions do not intensify any further. The Porsche AG Group expects that global demand for passenger cars will develop differently from one region to another but, with the intensity of competition increasing, growth will be slightly higher overall than the level of the reporting year. In China, however, the Porsche AG Group continues to expect challenging market conditions, which the Porsche AG Group will counter by balancing market distribution across all sales regions and aligning supply and demand.

It is assumed that the operating return on sales will develop positively over the planning years, in line with the Porsche AG Group's long-term target of an operating return on sales of 20%.

For further estimates and assumptions based on the planning of the Porsche AG Group, reference is made to the section "Accounting judgments, estimates and assumptions of the management at the level of the Volkswagen Group" in note [2].

An annual growth rate of 2.0% was used to extrapolate the cash flows beyond the detailed planning period. The sustainable operating return on sales of 20% is based on the Porsche AG Group's long-term target. For the investment in Porsche AG, a weighted average cost of capital of 8.9% or an pre-tax capital cost rate of 11.7% was used to discount the cash flows. This was derived using a peer group analysis and thus reflects a risk-adequate return on capital customary in the industry.

The impairment test included a sensitivity analysis of the critical assumptions. This involved analyzing whether an isolated reduction in the sustainable operating return on sales by one percentage point, an isolated reduction of the sustainable annual growth rate by one percentage point or an isolated increase in the average weighted cost of capital by one percentage point would lead to an impairment of the investment in Porsche AG.

The value in use determined in the impairment test is significantly higher than the carrying amount of the investment in Porsche AG accounted for at equity. The sensitivity analysis also yielded a value in use that was higher than the carrying amount in all of the scenarios considered. As a result, there was no need to recognize an impairment loss as of 31 December 2023, as was also the case in the prior year.

Investments in ETS accounted for at equity

Summarized financial information on the result from investments in ETS accounted for at equity

Taking into account the identification and subsequent measurement of hidden reserves and liabilities for the shares accounted for by Porsche SE, the ETS Group reports the following figures:

€ million	ETS (35.55%) **2023**	(35.55%) 2022
Revenue	325	236
Total comprehensive income	–17	–17
thereof other comprehensive income	0	1
thereof profit from continuing operations	–16	–19
less result attributable to non-controlling interests	0	0
Result for the year adjusted for at equity accounting	–17	–19
Result attributable to Porsche SE	–6	–7
Gain from dilution of shares		1
Result from investment in ETS accounted for at equity	**–6**	**–6**

Note [5] contains further information on the development in the result.

Summarized financial information on the carrying amount of the investments in ETS accounted for at equity

Taking into account the identification and subsequent measurement of hidden reserves and liabilities for the shares held by Porsche SE, the ETS Group reports the following figures:

€ million	ETS (35.55%) **31/12/2023**	 (35.55%) 31/12/2022
Non-current assets	392	411
Current assets	177	173
Non-current liabilities	330	352
Current liabilities	143	120
Equity	97	112
less non-controlling interests	0	0
Equity adjusted for at equity accounting	97	112
Equity share adjusted for at equity accounting	34	40
plus goodwill	66	66
Carrying amount of the investment in ETS accounted for at equity	**101**	**106**

Note [12] contains further information on the development of the carrying amount accounted for at equity.

With regard to the investments in ETS accounted for at equity, there were no indications of impairment as of 31 December 2023.

Notes to the consolidated income statement

[5] Result from investments accounted for at equity

The result from investments accounted for at equity breaks down as follows:

€ million	VW 2023	Porsche AG 2023	Portfolio investments 2023	Total 2023
Result from ongoing at equity accounting before purchase price allocations	5,111	643	–9	5,745
Effects from purchase price allocations	–262	–252	–1	–516
Impairment			–1	–1
	4,849	**391**	**–11**	**5,229**

€ million	VW 2022	Porsche AG 2022	Portfolio investments 2022	Total 2022
Result from ongoing at equity accounting before purchase price allocations	4,716[1]	162[2]	–9	4,869[1]
Effects from purchase price allocations	–59[1]	–150	–1	–210[1]
Income from first-time at equity accounting of newly acquired shares	597[1]			597[1]
Reversal of impairment			7	7
	5,254[1]	**12[2]**	**–3**	**5,263[1]**

1 Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period” and in note [4].
2 Prior-year figures were adjusted due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

With regard to further information pursuant to IFRS 12 and explanations on the impairment tests for the investments accounted for at equity, reference is made to note [4].

Result from the investments in Volkswagen AG accounted for at equity

The result from ongoing at equity accounting results from the development in earnings at the level of the Volkswagen Group. The increase in the Volkswagen Group’s result is based on an increase in the operating result and the financial result as well as a simultaneous reduction in the income tax expense.

The increase in the Volkswagen Group’s operating result in the reporting year is primarily the result of a higher sales volume combined with improved price positioning and effects from the product mix. These factors were offset in particular by increased product costs (for raw materials in particular) and exchange rate effects. In addition, the result of the Volkswagen Group was adversely impacted by negative effects from the fair value measurement of derivatives to which hedge accounting is not applied, especially commodity hedges. In the prior-year period, these effects had a positive impact and were also reinforced by positive effects from derivatives in the financial services division.

The financial result of the Volkswagen Group increased compared to the prior year mainly as a result of lower non-cash expenses from adjustments to the carrying amounts of investments due to changes in share prices and impairment tests as well as positive net income from securities and funds. Please refer to the explanations presented in the section “Results of operations of the Volkswagen Group” in the combined group management report.

As a result of impairment tests performed at the level of the Volkswagen Group, impairment losses were recognized for amortized hidden reserves which were recognized in an ancillary calculation in connection with investments in associates of the Volkswagen Group in the course of the purchase price allocations at the level of Porsche SE for tranche 2, tranches 3 and 4 and tranche 5. These were recognized in an ancillary calculation at the carrying amount accounted for at equity and are included in the effects from purchase price allocations in a total amount of €232 million.

In the prior year, Porsche SE acquired a total of 1.3%, or around 2.6 million, of the preference shares in Volkswagen AG for €400 million via the capital market. This represents a capital share of around 0.5% (see note [3]). In the prior year, the acquisition resulted overall in income from first-time at equity accounting of €597 million as a result of a bargain purchase.

Result from the investments in Porsche AG accounted for at equity

The increase in the result from ongoing at equity accounting of the investments in Porsche AG is due in particular to the fact that the comparative prior-year figure only contains the pro rata result from investments in Porsche AG accounted for at equity for the period from 29 September to 31 December 2022 due to the acquisition of ordinary shares in Porsche AG during the prior year. With regard to the development in the result at the level of the Porsche AG Group, reference is made to the explanations presented in the section “Results of operations of the Porsche AG Group” in the combined group management report.

The purchase price allocation for the acquisition of ordinary shares of Porsche AG, which was accounted for on a provisional basis in the consolidated financial statements as of 31 December 2022, was finalized in the reporting year. The finalization of the purchase price allocation did not result in any material effects on the carrying amount of the investment as of 31 December 2022 or on the subsequent accounting effects in the current reporting period. For further explanations on the purchase price allocation for the acquisition of ordinary shares of Porsche AG, reference is made to the explanations in note [1] of the consolidated financial statements of Porsche SE for the fiscal year 2022.

Result from the portfolio investments accounted for at equity

The portfolio investments accounted for at equity primarily relate to ETS, INRIX Inc., Kirkland, Washington, USA (“INRIX”), and, since the fiscal year 2023, Isar Aerospace (see explanations in note [3]).

In the fiscal year, an impairment loss of less than €1 million was recognized on the carrying amount of the investment in INRIX accounted for at equity (in the prior year reversal of impairment of €7 million).

[6] Income and expenses from investment valuation

The items income and expenses from investment valuation contain the valuation effects from portfolio investments measured at fair value. Reference is made to note [21] for aggregated disclosures on the fair values of the financial instruments of the Porsche SE Group.

[7] Other operating income

Other operating income consists of:

€ million	**2023**	2022
Income from recognition of a contractual claim for compensation against Volkswagen AG	218	
Proportionate realization of an eliminated intercompany profit attributable to the contribution of the holding business operations		177[1]
Income from reversal of provisions and accruals	1	1
Sundry other operating income	1	1
	220	**179[1]**

1 Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period” and in note [4].

Other operating income includes income of €218 million from the recognition of a contractual claim for compensation against Volkswagen AG. This results from a compensation mechanism in the contribution agreement, based on tax benefits and tax disadvantages, in connection with the contribution of the holding business operations of Porsche SE to Volkswagen AG in the fiscal year 2012 (see note [23]).

In the prior year, €177 million of other operating income related to the proportionate realization of an intercompany profit that was eliminated in the fiscal year 2012. This intercompany profit was attributable to the contribution of the operating business of Porsche SE, i.e., primarily the investment in Porsche Holding Stuttgart GmbH, to Volkswagen AG in the fiscal year 2012. The sale of preference shares of Porsche AG by Volkswagen to third parties in the course of the IPO of Porsche AG triggered the proportionate realization of the intercompany profit in the prior year (see note [4], section “Investments in Volkswagen AG accounted for at equity”).

[8] Personnel expenses

Personnel expenses break down as follows:

€ million	**2023**	2022
Wages and salaries	15	14
Social security contributions	0	0
Pension and other benefit costs	2	2
	17	**17**

The average number of employees during the fiscal year was 41 (35) and breaks down as follows:

Employees (annual average)	**2023**	2022
Employees with personnel responsibility	10	9
Employees	31	26
Employees according to Sec. 314 (1) No. 4 HGB in connection with Sec. 315e HGB	**41**	**35**
Other	4	4
Total	**45**	**39**

[9] Other operating expenses

Other operating expenses consist of:

€ million	**2023**	2022
Legal and consulting fees	7	15
Other external services	7	6
Sundry other operating expenses	4	5
	18	**25**

Sundry other operating expenses contain expenses for short-term leases, for leases of low-value assets and for variable lease components totaling €1 million (€1 million).

[10] Financial result

The financial result breaks down as follows:

€ million	**2023**	2022
Interest expense of financial liabilities	–320	–47
Interest result from hedging instruments (hedge accounting)	32	–17
Other finance costs	–5	–8
Finance costs	–293	–71
Other financial result	24	14
Financial result	**–269**	**–57**

The increase in finance costs is related to the debt capital initially raised in the fourth quarter of 2022 and the interest period recognized for the whole year for the first time in the reporting year (see note [17]).

Using the effective interest method results in an interest expense of €320 million (€47 million) for financial liabilities.

The interest result from hedging instruments (hedge accounting) consists, on the one hand, of accrued interest from interest rate hedging instruments in place in the fiscal year 2023 to which hedge accounting is applied. On the other hand, it also includes reclassifications from the cash flow hedge reserve of discontinued hedging instruments that remain economically effective and whose gains or losses are not recognized immediately at the time of their termination but are recognized concurrently with the future gain or loss effects of the refinancing instruments (see note [21]). The interest result from hedging instruments (hedge accounting) consists of expenses of €4 million (€17 million) and income of €37 million (€0 million). Other finance costs primarily contain commitment fees of €3 million (€2 million).

Other financial result largely comprises interest income from fixed-term deposits and securities classified as current assets of €24 million (€3 million). In the prior year this also included positive effects of €13 million from the measurement of interest rate derivatives to which hedge accounting was not applied.

[11] Income tax

The income tax expense (–) and income (+) disclosed breaks down into:

€ million	**2023**	2022
Current tax income/expense	3	–11
Deferred tax expense/income	–51	64[1]
thereof related to the origination/reversal of temporary differences	–53	–30[1]
thereof deferred tax assets on tax loss carryforwards	2	94[1]
Income tax expense/income	**–48**	**53[1]**

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

The current tax income recognized in the reporting year is largely due to the reversal of provisions for income taxes for 2009 and an income tax receivable for 2022 due to the tax loss carryback from 2023.

This was counterbalanced by a deferred tax expense (net). This is mainly due to the higher year-on-year carrying amount of the investment in Volkswagen AG accounted for at equity and the resulting higher deferred tax expense. In the reporting year, deferred tax liabilities on the higher carrying amount of the investment in Volkswagen AG accounted for at equity were recognized in profit or loss in line with the share of the result from investments accounted for at equity recognized in the consolidated income statement.

Tax losses which have been unused so far and for which no deferred tax assets were recognized amounted to €1,320 million (€1,151 million) and do not lapse over time in their entirety.

The following reconciliation shows the differences between the expected income tax expense calculated at the group parent company's tax rate of 30.5% (30.5%) and the reported income tax expense:

€ million	**2023**	2022
Result before tax	5,143	5,343[1]
Group tax rate	30.5%	30.5%
Expected income tax expense	**–1,569**	**–1,630**[1]
Difference in tax base	1,505	1,576[1]
Recognition and measurement of deferred tax	–54	92[1]
Tax relating to other periods	70	15
Other differences	0	0
Reported income tax expense	**–48**	**53**[1]

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section "Changes to the prior-year period".

The item "difference in tax base" mainly relates to the tax exemption or non-deductibility of dividend income and sales of investments in connection with the investments accounted for at equity. The reconciliation item "recognition and measurement of deferred tax" mainly results from deferred tax not recognized as of the reporting date on tax losses from the reporting year of minus €55 million. The effects in the reporting year relating to other periods are largely due to the claim for compensation against Volkswagen AG recognized through profit or loss of €67 million.

€ million	Deferred tax assets 31/12/2023	Deferred tax assets 31/12/2022	Deferred tax liabilities 31/12/2023	Deferred tax liabilities 31/12/2022
Intangible assets			0	0
Investments accounted for at equity			427	387[1]
Other receivables and assets	3		9	45
Unused tax losses	259	257[1]		
Provisions for pensions	4	3		
Other provisions	1	3		
Other liabilities	1	1	9	8
Gross value	267	264[1]	445	440[1]
Offsetting	–267	–264[1]	–267	–264[1]
Reclassification				
Carrying amount according to consolidated balance sheet	**0**	**0**	**178**	**176**[1]

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5. Reference is made to the explanations in note [1], in the section “Changes to the prior-year period”.

The changes in deferred tax assets and liabilities recognized through other comprehensive income can be found in the statement of comprehensive income. In the fiscal year, deferred tax liabilities of €0 million (€24 million) were recognized directly via equity. All other changes are recognized through profit or loss.

Notes to the consolidated balance sheet

[12] Investments accounted for at equity

€ million	VW	Porsche AG	Portfolio investments	Total
As of 1 January 2023	48,232[1]	10,196[2]	116	58,545[1]
Additions			25	25
Result from investments accounted for at equity	4,849	391	–11	5,229
Other comprehensive income from investments accounted for at equity	–1,033	–42	0	–1,074
Other changes in equity from investments accounted for at equity	15	–9	0	6
Dividends	–1,393	–114		–1,507
As of 31 December 2023	**50,670**	**10,423**	**131**	**61,225**

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section "Changes to the prior-year period" and in note [4].
[2] Prior-year figures were adjusted due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section "Changes to the prior-year period" and in note [4].

€ million	VW	Porsche AG	Portfolio investments	Total
As of 1 January 2022	41,518[1]		6	41,524[1]
Additions	400	10,106	112	10,619
Result from investments accounted for at equity	5,254[2]	12[1]	–3	5,263[2]
Proportionate realization of an eliminated intercompany profit attributable to the contribution of the holding business operations	177[2]			177[2]
Other comprehensive income from investments accounted for at equity	3,529[2]	78	0	3,606[2]
Other changes in equity from investments accounted for at equity	1,608[2]	0	2	1,610[2]
Dividends	–4,253[2]			–4,253[2]
As of 31 December 2022	**48,232[2]**	**10,196[1]**	**116**	**58,545[2]**

[1] Prior-year figures were adjusted due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section "Changes to the prior-year period" and in note [4].
[2] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section "Changes to the prior-year period" and in note [4].

With regard to further information pursuant to IFRS 12 and explanations on the impairment tests for the investments accounted for at equity, reference is made to note [4].

In the fiscal year 2023, on the basis of the resolution of the annual general meeting on 10 May 2023, Porsche SE received from Volkswagen AG a dividend of €1,393 million. In the prior year, Porsche SE obtained dividend claims against Volkswagen AG of €1,201 million on the basis of the resolution of the annual general meeting on 12 May 2022 and of €3,052 million on the basis of the resolution of the extraordinary general meeting on 16 December 2022. As a result of these dividend resolutions, the carrying amount of the investment in Volkswagen AG accounted for at equity decreased by €1,393 million in the fiscal year 2023 and by a total of €4,253 million in the prior year.

In the fiscal year 2023, on the basis of the resolution of the annual general meeting on 28 June 2023, Porsche SE received from Porsche AG a dividend of €114 million, which reduced the carrying amount of the investment in Porsche AG accounted for at equity in the fiscal year 2023. In the prior year, Porsche SE did not receive any dividends from Porsche AG.

The investments in portfolio companies accounted for at equity mainly include ETS, INRIX and, since the fiscal year 2023, Isar Aerospace (see explanations in note [3]).

In the fiscal year 2023, an impairment loss of less than €1 million was recognized on the carrying amount of the investment in INRIX accounted for at equity (in the prior year reversal of impairment of €7 million).

[13] Other financial assets

€ million	31/12/2023			31/12/2022		
	Current	Non-current	Total	Current	Non-current	Total
Other portfolio investments		98	98		59	59
Derivative financial instruments	10	3	13		142	142
Sundry other financial assets	8	2	11	25	3	28
	19	**103**	**122**	**25**	**204**	**229**

Other portfolio investments increased primarily due to the acquisition of investments in portfolio companies.

The decrease in the carrying amount of the non-current derivative financial instruments is mainly due to the settlement of interest rate hedging instruments in the course of refinancing (see note [21]). On the date of their settlement, the instruments concerned had a total positive market value of €96 million (excluding accrued interest). The remaining changes are attributable to changes in the fair value recognized in other comprehensive income of interest rate derivatives designated as hedging instruments, to which hedge accounting continues to be applied, which are recognized in the amount of €3 million as derivative financial instruments under non-current other financial assets and in the amount of €43 million under non-current other financial liabilities (see note [21]). The current derivative financial instruments relate to accrued interest of €10 million as of the reporting date.

Sundry other financial assets primarily contain accrued interest from fixed-term deposits of €5 million (€1 million) as of the reporting date. In the prior year, it mainly comprised the special dividend receivable from Volkswagen AG of €22 million, which was settled on 9 January 2023. Based on the agreement to offset the special dividend claim of Porsche SE of €3,052 million against the remaining purchase price liability of the ordinary shares in Porsche AG acquired by Porsche SE against Volkswagen of €3,030 million, the special dividend receivable was presented net as of 31 December 2022.

[14] Equity

The development of equity is presented in the consolidated statement of changes in equity.

Subscribed capital

Unchanged from the figure at the end of the prior year, Porsche SE's subscribed capital totals €306.25 million and continues to be divided into 153,125,000 ordinary shares and 153,125,000 non-voting preference shares which have been fully paid in. Each share represents a €1 notional amount of the subscribed capital. The preference shares carry an additional dividend of 0.6 cents per share in the event of there being net profit available for distribution and a corresponding resolution on a distribution.

Capital reserves

The capital reserves contain additions from share premiums reduced by the transaction costs incurred.

Retained earnings

Retained earnings contain current profits and those earned by the group companies in prior years and not yet distributed as well as part of the changes in equity recognized on a pro rata basis as part of at equity accounting.

Other reserves (OCI)

Other reserves are divided into items to be reclassified to profit or loss in subsequent periods (reclassifiable items) and items that are not to be reclassified to profit or loss in subsequent periods (non-reclassifiable items).

The non-reclassifiable items contain the cumulative actuarial losses of the Porsche SE Group from pensions of €2 million (prior year: gains of €1 million) as well as the corresponding deferred tax assets of €1 million (prior year: deferred tax liabilities of €0 million). In the reporting year, the reclassifiable items contain the cash flow hedge reserve, in which the effective changes in fair value of the interest rate swaps held as hedging instruments accumulated as of the reporting date of €26 million (€129 million) as well as the corresponding deferred tax liabilities of €8 million (€39 million) are recognized (see note [21]). The reclassifiable items and the non-reclassifiable items of minus €14 million (minus €24 million) and €25 million (€18 million), respectively, also contain deferred taxes on the investment in associates.

In addition, both reclassifiable and non-reclassifiable items include as a significant component the accumulated reclassifiable other comprehensive income of €954 million (€1,599 million) after deferred taxes and the accumulated non-reclassifiable other comprehensive income of minus €1,650 million (minus €1,211 million) after deferred taxes recognized as a result of applying the equity method since the acquisition of the investments accounted for at equity.

In the fiscal year, a net amount of €22 million (minus €12 million) resulting from the accumulated income from cash flow hedges and €129 million (€410 million) resulting from the accumulated expenses from investments accounted for at equity was transferred to profit or loss (recycling).

Proposal for the appropriation of profit

The separate financial statements of Porsche SE as of 31 December 2023 in accordance with the German Commercial Code show a net profit of €1,441 million (€4,104 million). With transfers of €658 million to retained earnings (€2,052 million), the net profit available for distribution amounts to €783 million (€2,052 million). The board of management proposes a resolution for the distribution of a dividend of €2.554 per ordinary share and €2.560 per preference share, i.e., a total distribution of €783 million. Dividends paid out in the fiscal year 2023 amounted to €2.554 (€2.554) per ordinary share and €2.560 (€2.560) per preference share, in total €783 million (€783 million).

Earnings per share

Basic earnings per share are calculated by dividing the share of the result of Porsche SE's shareholders by the weighted average number of ordinary and preference shares outstanding during the fiscal year.

Taking into account the additional dividend for holders of preference shares results in a difference of 0.6 cents between the earnings per ordinary share and earnings per preference share. Since there were no transactions in 2023 and 2022 that had a dilutive effect on the number of shares, diluted earnings per share correspond to the basic earnings per share.

		2023	2022
Average number of ordinary shares outstanding	Number	153,125,000	153,125,000
Average number of preference shares outstanding	Number	153,125,000	153,125,000
Result after tax	€ million	5,096	5,492[1]
Result after tax from continuing operations	€ million	5,096	5,396[1]
Result after tax from discontinued operations	€ million		96
Profit/loss attributable to shareholders of Porsche SE	€ million	5,096	5,492[1]
Profit/loss attributable to ordinary shares (basic and diluted)	€ million	2,547	2,746[1]
Profit/loss attributable to preference shares (basic and diluted)	€ million	2,548	2,746[1]
Profit/loss attributable to shareholders of Porsche SE from continuing operations	€ million	5,096	5,396[1]
Profit/loss attributable to ordinary shares (basic and diluted) from continuing operations	€ million	2,547	2,697[1]
Profit/loss attributable to preference shares (basic and diluted) from continuing operations	€ million	2,548	2,698[1]
Earnings per ordinary share (basic and diluted)	€	16.64	17.93[1]
Earnings per preference share (basic and diluted)	€	16.64	17.94[1]
Earnings per ordinary share (basic and diluted) from continuing operations	€	16.64	17.62[1]
Earnings per preference share (basic and diluted) from continuing operations	€	16.64	17.62[1]

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section "Changes to the prior-year period" and in note [4].

[15] Provisions for pensions and similar obligations

The Porsche SE Group provides both defined contribution and defined benefit plans.

In the case of defined contribution plans, the company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the company. Contributions amount to €0 million (€0 million) and were recognized in profit or loss.

Provisions for pensions and similar obligations are recognized for benefits in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits generally depend on the length of service, remuneration and working hours arrangements of the beneficiary employees. The direct and indirect obligations include both current pension obligations and future pension and retirement benefit obligations. Porsche SE also provides conversion models, where employees at Porsche SE can make their own contributions to establish an additional personal pension account.

Actuarial assumptions

Pension obligations are calculated using actuarial methods based on a discount rate of 3.3% (3.8%), career progress of 1.0% (0.5%) and turnover of 2.7% (3.0%) as well as a wage and salary increase of 3.0% that remained unchanged on the prior year. Due to the increase in long-term inflation expectations, future pension increases were adjusted to 2.2% (2.0%). The most recent 2018 G Heubeck mortality tables were used for the calculation.

The carrying amount of pension provisions is derived as follows:

€ million	**2023**	2022
Present value (unfunded)	33	28
Provisions for pensions as of 31 December	**33**	**28**

Changes in the present value of pension obligations

€ million	**2023**	2022
As of 1 January	28	42
Current service cost	1	2
Interest expenses	1	0
Subtotal pension expense recognized through profit or loss	2	2
Actuarial gains (–) and losses (+) arising from changes in demographic assumptions	0	
Actuarial gains (–) and losses (+) arising from changes in financial assumptions	3	–15
Actuarial gains (–) and losses (+) arising from experience adjustments	0	–1
Subtotal revaluations recognized in other comprehensive income	3	–16
Pension payments	–1	–1
Employee contributions	0	0
As of 31 December	**33**	**28**

In the course of sensitivity analyses, changes in individual parameters were assumed with otherwise no change to the assumptions. The discount rate and future salary increases were each increased/decreased by 0.5 percentage points and future pension increases and turnover each increased/decreased by 0.25 percentage points. The effects on the pension provisions ranged from minus €2 million to €3 million (minus €2 million to €2 million) in the reporting period.

The weighted average duration of pension obligations is 16 years (16 years). The cash outflow of pension provisions is expected to amount to €1 million (€1 million) within the next year, €5 million (€4 million) in a period of between one and five years and €27 million (€23 million) in a period of more than five years.

[16] Other provisions

	31/12/2023			31/12/2022		
€ million	current	non-current	Total	current	non-current	Total
Provisions for costs of litigation	9	20	29	10	25	34
Provisions for bonuses and personnel costs	5	4	9	5	2	8
Provisions for interest on taxes and other taxes	4		4	5		5
Sundry other provisions				9		9
	18	**24**	**42**	**29**	**27**	**56**

The amount reported for provisions for costs of litigation represents the expected amount to be paid for all litigation in which Porsche SE is involved directly or indirectly. They have been set up at the amount of attorneys' fees and litigation expenses (reference is made to the description of the litigation underlying these provisions in note [22]). The provision amounts and timing of the outflows are based on estimations that are continuously rolled forward and adjusted when needed.

The cash outflow for all non-current other provisions is expected within a period of between one and five years.

Other provisions developed as follows:

€ million	As of 1/1/2023	Additions	Utilization	Reversal	Discounting	**As of 31/12/2023**
Provisions for costs of litigation	34	0	–5	0	0	29
Provisions for bonuses and personnel costs	8	6	–5	0	0	9
Provisions for interest on taxes and other taxes	5	0	0	–1		4
Sundry other provisions	9		–9	0		
	56	**6**	**–19**	**–2**	**1**	**42**

[17] Financial liabilities

Financial liabilities are measured at amortized cost and break down as follows:

		31/12/2023			31/12/2022	
€ million	current	non-current	Total	current	non-current	Total
Schuldschein loan	65	2,719	2,785			
Bonds	22	1,986	2,008			
Bank loans	20	1,911	1,932	3,924	3,152	7,075
Lease liabilities	1	0	1	1	0	1
Other financial liabilities				17		17
Financial liabilities	**109**	**6,616**	**6,725**	**3,941**	**3,152**	**7,093**

In the reporting year, current financial liabilities largely relate to accrued interest from the respective financial instruments. By contrast, non-current financial liabilities relate to the notional amounts less the transaction costs to be allocated using the effective interest method.

In the reporting period, the following significant developments occurred in financial liabilities:

In March 2023, Porsche SE successfully placed a Schuldschein loan of around €2.7 billion. The Schuldschein loan comprises eight tranches with terms of three, five, seven and ten years, each of which is subject to a fixed or variable interest rate. Of the total volume, €1.0 billion is subject to a term of three years, €1.4 billion to a term of five years, €0.2 billion to a term of seven years and €0.2 billion to a term of ten years.

As part of a debt issuance program set up in the fiscal year 2023, Porsche SE issued a first bond in April 2023 with a total volume of €750 million, an annual coupon of 4.5% and a term until September 2028. This was followed by two further bonds in June 2023: one bond with a volume of €500 million, a coupon of 4.125% and a term until September 2027 and another with a volume of €750 million, a coupon of 4.25% and a term until September 2030.

In the prior year, bank financing totaled €7.1 billion. Of this amount, €3.9 billion related to a bridge loan with a term of up to two years, €3.0 billion to a bank loan with a term of five years and €0.2 billion to a bank loan with a term of three years. The bridge loan was presented as a current financial liability as of 31 December 2022 because, although Porsche SE had the unilateral option to extend the bridge loan by another year, the planning was based on the assumption that the extension option would not be exercised. In the fiscal year, the bridge loan was repaid in full using the proceeds from the Schuldschein loan, the first bond and also using the dividend payment from Volkswagen AG. The five-year bank loan was repaid from the total proceeds of €1,250 million raised from the issuance of the other two bonds.

The variable bank loans and tranches of the Schuldschein loan are or were subject to variable interest rates based on the Euro Interbank Offered Rate (EURIBOR) plus a margin.

Other notes

[18] Notes to the consolidated statement of cash flows

In the statement of cash flows, cash flows are divided into cash inflows and outflows from operating, investing and financial activities, regardless of how the balance sheet is presented.

Cash inflow from operating activities is derived indirectly, starting from the result after tax. Therefore, all non-cash expenses and income, mainly the result from investments comprising the result from investments accounted for at equity as well as the income and expenses from investment valuation, are eliminated from the result after tax and adjusted for changes in other operating assets and liabilities. Other non-cash income from the prior year primarily contains the realized intercompany profit in connection with the contribution of the holding business operations of Porsche SE to Volkswagen AG in the fiscal year 2012 (see note [4], section "Investments in Volkswagen AG accounted for at equity"). In the reporting year, cash inflow from operating activities primarily contains the total dividend inflows of €1,415 million received by Porsche SE from Volkswagen AG and the total dividend inflows of €114 million received by Porsche SE from Porsche AG. Of the Volkswagen dividend, €1,393 million related to the ordinary dividend of Volkswagen AG for the fiscal year 2022 and €22 million to the special dividend, which had been resolved by the annual general meeting of Volkswagen AG on 16 December 2022 in connection with the IPO and the sale of ordinary shares in Porsche AG, but not paid out until 9 January 2023. Porsche SE's dividend claim against Volkswagen AG totaling €3,051 million was offset against the remaining purchase price liability for Porsche SE's acquisition of ordinary shares in Porsche AG to Volkswagen of €3,030 million. No capital gains tax was deducted from these dividend inflows. In the prior year, the gross dividend of €1,201 million attributable to Porsche SE was initially subject to capital gains tax plus solidarity surcharge of 26.375% or €317 million and was only paid out in the amount of the net dividend of €884 million. The refund of the capital gains tax originally deducted from dividends received less income tax for the 2022 assessment period totaling €316 million in the reporting year is reported in "Income tax received". Cash inflow from operating activities also contains, in addition to a payment made by Volkswagen AG of €209 million from a contractual claim for compensation (see note [23]), payments from the termination of interest rate derivatives of €97 million and from interest received from fixed-term deposits of €17 million (€1 million). In the reporting period, this was mainly offset by cash outflows of €248 million (€52 million) for interest paid including transaction costs in connection with financial liabilities (see note [17]).

Cash outflow from investing activities is mainly due to cash paid in connection with acquisitions of investments in portfolio companies and the participation in subsequent financing rounds at existing portfolio investments totaling €64 million (€14 million), cash received from time deposits of €35 million (cash paid of €40 million) as well as purchases of other securities of €214 million (sales of €75 million). In the prior year, cash outflows from investing activities mainly included cash paid for the acquisition of ordinary shares of Porsche AG of €7,075 million (including acquisition-related costs), for the acquisition of preference shares of Volkswagen AG of €400 million and for participating in a capital increase of ETS of €35 million. This was counterbalanced by cash received from the sale of the shares in PTV of €226 million less the cash and cash equivalents of the PTV Group of €25 million disposed of in the course of the deconsolidation.

The cash outflow from financing activities in the fiscal year 2023 resulted from the dividend payments made to the shareholders of Porsche SE of €783 million (€783 million) and the repayment of bank loans and the bridge loan in excess of the refinancing from the Schuldschein loan and the bonds of €439 million (see note [17]). In the prior year, the cash inflow from financing activities was due in particular to raising debt capital for the purchase price payment of the ordinary shares of Porsche AG of €7,070 million (see note [17]).

The financial liabilities from financing activities developed as follows:

€ million	As of 1/1/2023	Changes in cash	Non-cash changes	**As of 31/12/2023**
Financial liabilities	7,093	–496	129	6,725

€ million	As of 1/1/2022	Changes in cash	Non-cash changes	**As of 31/12/2022**
Financial liabilities	0	7,043	49	7,093

Cash and cash equivalents according to the statement of cash flows correspond to the cash and cash equivalents presented in the balance sheet and contain bank balances including short-term time deposits with an original term of up to three months.

The statement of cash flows contains a total of €1 million (€1 million) for total cash outflows from leases, of which €1 million related to continuing operations in the prior year.

[19] Segment reporting

Porsche SE is a holding company whose investment strategy aims to create sustainable value for its shareholders. The investments of Porsche SE fall into two categories. The core investments category includes the long-term core investments in Volkswagen AG and in Porsche AG. In the portfolio investments category, the Porsche SE Group holds non-controlling interests in technology companies. Investments in private equity and venture capital funds are also allocated to this category. Usually, portfolio investments are held by Porsche SE for a temporary period of time and are typically characterized by their high potential for growth and for increasing value during the holding period. In both categories, the sector focus is on mobility and industrial technology and is to be supplemented by investments in related areas in the future. As chief operating decision maker, the board of management of Porsche SE uses the areas “core investments” and “portfolio investments” and their contribution to the result after tax as the basis for managing and allocating resources. Porsche SE’s holding operations, comprising Porsche SE’s corporate functions, including the holding financing function, are all allocated to the “core investments” for the purpose of managing resources.

The segment reporting of Porsche SE is based on the internal management and reporting within the Porsche SE Group and, on the basis of the investment strategy, reports the two segments “core investments” and “portfolio investments”. Transactions between the segments, i.e., in particular intragroup financing transactions, are not managed separately and are therefore eliminated so that consolidated figures are always used for management purposes.

The methods mentioned in the section “Basis of presentation” apply to the segment reporting.

Reporting segments 2023:

€ million	Core investments	Portfolio investments	**Group fiscal year 2023**
Result from investment in Volkswagen AG accounted for at equity	4,849		4,849
Result from investment in Porsche AG accounted for at equity	391		391
Result from investment in portfolio investments accounted for at equity		–11	–11
Result from investments accounted for at equity	**5,240**	**–11**	**5,229**
Income from investment valuation		1	1
Expenses from investment valuation		–1	–1
Result from investments	**5,240**	**–11**	**5,229**
Other operating income	220	0	220
Personnel expenses	–17		–17
Amortization and depreciation	–1		–1
Other operating expenses	–18	–1	–18
Result before financial result	**5,424**	**–12**	**5,412**
Finance costs	–293		–293
Other financial result	24		24
Result before tax	**5,155**	**–12**	**5,143**
Income tax	–47	0	–48
Result after tax from continuing operations	**5,107**	**–12**	**5,096**
Non-cash expenses (–) and income (+)	5,100	–11	5,089
Segment assets as of 31 December 2023	62,129	229	62,358
thereof from investments accounted for at equity	61,094	131	61,225
thereof from investment in Volkswagen AG accounted for at equity	50,670		50,670
thereof from investment in Porsche AG accounted for at equity	10,423		10,423
thereof from portfolio investments accounted for at equity		131	131
thereof additions to non-current assets[1]	1		1
Segment liabilities as of 31 December 2023	7,031	1	7,032

[1] With the exception of financial instruments, deferred tax assets, assets from defined benefit plans and rights from insurance contracts.

Reporting segments 2022:

€ million	Core investments	Portfolio investments	Group fiscal year 2022
Result from investment in Volkswagen AG accounted for at equity	5,254[1]		5,254[1]
Result from investment in Porsche AG accounted for at equity	12[2]		12[2]
Result from investment in portfolio investments accounted for at equity		–3	–3
Result from investments accounted for at equity	**5,266[1]**	**–3**	**5,263[1]**
Income from investment valuation		12	12
Expenses from investment valuation		–11	–11
Result from investments	**5,266[1]**	**–2**	**5,263[1]**
Other operating income	179[1]	0	179[1]
Personnel expenses	–17		–17
Amortization and depreciation	–1		–1
Other operating expenses	–24	–1	–25
Result before financial result	**5,403[1]**	**–3**	**5,399[1]**
Finance costs	–71		–71
Other financial result	14		14
Result before tax	**5,346[1]**	**–3**	**5,343[1]**
Income tax	53[1]	0	53[1]
Result after tax from continuing operations	**5,399[1]**	**–3**	**5,396[1]**
Non-cash expenses (–) and income (+)	5,452[1]	5	5,457[1]
Segment assets as of 31 December 2022	59,337[1]	175	59,512[1]
thereof from investments accounted for at equity	58,429[1]	116	58,545[1]
thereof from investment in Volkswagen AG accounted for at equity	48,232[1]		48,232[1]
thereof from investment in Porsche AG accounted for at equity	10,196[1]		10,196[1]
thereof from portfolio investments accounted for at equity		116	116
thereof additions to non-current assets[3]	1		1
Segment liabilities as of 31 December 2022	7,373[1]	0	7,373[1]

1 Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Please refer to the explanations in the section “Changes in the reporting period”.

2 Prior-year figures were adjusted due to the first-time application of IFRS 17. Please refer to the explanations in the section “Changes in the reporting period”.

3 With the exception of financial instruments, deferred tax assets, assets from defined benefit plans and rights from insurance contracts.

With regard to further information pursuant to IFRS 12 and explanations on the impairment tests for the investments accounted for at equity, reference is made to note [4]. The developments of the result from investments accounted for at equity and carrying amount of the investments accounted for at equity are explained in notes [5] and [12]. In both the reporting year and the prior year, all non-current assets in the “core investments” segment are located/held entirely in Germany. The investments contained in the “portfolio investments” segment are based in North America, Europe and Israel.

[20] Capital management

The aim of capital management at Porsche SE is to maintain a robust financial profile so as to strengthen its financial flexibility and preserve its ability to act strategically. The focus here is on securing sufficient liquidity, a broad access to the capital market at attractive conditions and limiting financial risks. In order to ensure this, Porsche SE is currently aiming to further reduce its debt – subject to possible acquisitions – and continue to be geared towards an investment grade profile. For the purpose of capital management, Porsche SE can, among other things, make adjustments to the dividend payments to shareholders. Group net debt serves as a core management indicator in this respect. This comprises financial liabilities less cash and cash equivalents, time deposits and securities each as recognized in the consolidated balance sheet of Porsche SE. Net debt of the Porsche SE Group corresponds to negative net liquidity. The terminology for the management indicator net liquidity was adjusted accordingly following the raising of debt capital in the prior year. The way in which the management indicator is determined is otherwise unchanged in the fiscal year 2023.

Group net debt amounted to minus €5,717 million (€6,672 million) as of the reporting date.

€ million	**31/12/2023**	31/12/2022
Equity	55,326	52,139[1]
Share of total capital	89%	88%[1]
Non-current financial liabilities	6,616	3,152
Current financial liabilities	109	3,941
Total financial liabilities	6,725	7,093
Share of total capital	11%	12%[1]
Total capital	**62,051**	**59,232**[1]

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Please refer to the explanations in the section “Changes in the reporting period”.

Please refer to note [17] for the composition and development of financial liabilities as of the reporting date.

Porsche SE has an undrawn credit line of €1 billion with a term until 18 September 2026. The term can be extended by a further year until 18 September 2027 with the consent of the lending banks.

The financing agreements entered into by Porsche SE contain agreed conditions, and the bank financing raised in the prior year contains additional financial covenants that are customary in the market. These conditions and covenants, which are monitored by Porsche SE as part of its capital management, were all met in the reporting period. The financial covenants relate in particular to the market value of Porsche SE’s shares in Volkswagen AG and in Porsche AG as well as to the interest cover. The bank financing also includes conditions that link the amount of the dividend distributions of Porsche SE to its shareholders to the amount of the dividend distributions received by Porsche SE from its investments in Volkswagen AG and Porsche AG. This allows for both a rigorous reduction of financial liabilities as well as a continued appropriate profit participation of the shareholders of Porsche SE. If the conditions and financial covenants are breached, the lending banks and investors may call in the corresponding financial liabilities, regardless of the contractually agreed maturities. On the basis of the current financial planning, Porsche SE expects to continue to comply with the conditions and financial covenants.

In order to hedge against interest rate changes, Porsche SE has entered into derivative hedging instruments (see note [21]).

[21] Financial risk management and financial instruments

1 Financial risk management principles

The principles and responsibilities for managing the risks are generally defined by the board of management and monitored by the supervisory board. The same applies in particular to risks that could arise from financing activities and the use of financial instruments. As part of operational risk management, processes were defined in particular to govern ongoing monitoring of the liquidity situation of the Porsche SE Group, ongoing monitoring of financial covenants in the course of third-party financing, the use of financial derivatives, ongoing monitoring of the enterprise value of Volkswagen AG and Porsche AG, of the portfolio investments, of the cash investments and of developments on the capital and money markets. This also includes monitoring any concentrations of risk within the Porsche SE Group. The risks are identified, evaluated, managed, monitored and documented. The guidelines and the supporting systems are checked regularly and brought into line with current market developments.

For further details on risk management and on risks relating to financing and the use of financial instruments, reference is made to the section “Opportunities and risks of future development” in Porsche SE’s combined group management report.

2 Credit and default risk

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the carrying amounts recognized.

Cash and cash equivalents, time deposits, securities are invested and derivative financial instruments are entered into with different counterparties in Germany and abroad in order to spread the risk.

At the Porsche SE Group, the expected credit loss model under IFRS 9 is generally applied consistently to all financial assets and other risk exposures. In particular, all financial assets measured at amortized cost are subject to the general approach provided there is no objective evidence of impairment upon initial recognition. The general approach divides the financial assets into three risk provisioning levels. Level 1 comprises financial assets that are recognized for the first time or do not show any significant increase in the probability of default. This level involves calculating anticipated bad debts for the next twelve months. Level 2 comprises financial assets that show a significant increase in the probability of default. Level 3 comprises financial assets that already show objective evidence of default. These two levels involve calculating anticipated bad debt for the entire term.

At the Porsche SE Group, the impairment model pursuant to IFRS 9 applies to assets with a total carrying amount of €1,014 million (€449 million).

Financial assets measured at amortized cost at the Porsche SE Group largely comprise cash and cash equivalents, securities and time deposits. The time deposits have a weighted average original maturity of around four months. These financial instruments are allocated to risk provisioning level 1.

There are no significant impairment losses that need to be recognized.

3 Liquidity risk

The Porsche SE Group needs sufficient liquidity to meet its financial obligations.

The solvency and liquidity of the Porsche SE Group is continuously monitored by means of liquidity planning. Solvency and liquidity are additionally secured by a cash liquidity reserve and an undrawn credit line. The undrawn credit line had a volume of €1 billion as of the reporting date.

The following overview shows the contractual undiscounted cash outflows from financial liabilities:

€ million	Remaining contractual maturities			
	within 1 year	in 1 to 5 years	more than 5 years	Total
31/12/2023				
Non-current financial liabilities	221	6,365	1,244	7,830
Trade payables	1			1
Non-current other financial liabilities	–18	58	1	41
Current financial liabilities	109			109
	313	**6,422**	**1,244**	**7,980**
31/12/2022				
Non-current financial liabilities	133	3,685		3,818
Trade payables	4			4
Current financial liabilities	224	4,051		4,275
Current other financial liabilities	1			1
	363	**7,736**		**8,099**

The cash outflows resulting from non-current financial liabilities as of the reporting period are primarily due to interest and principal payments for bank loans, Schuldschein loans and bonds, in the case of variable interest taking into account the EURIBOR interest curve as of the reporting date. The cash outflows resulting from current financial liabilities within the next year as of the reporting date primarily relate to interest payments for bank loans, Schuldschein loans and bonds. The cash outflows resulting from non-current other financial liabilities within the next year as of the reporting date relate to payments from interest rate hedging instruments with negative fair values as of the reporting date, taking into account the EURIBOR interest curve. The accrued interest of €7 million related to these instruments is included in current other financial assets as of the reporting date and is therefore not included in the table above. Both the non-current and current financial liabilities contain lease liabilities totaling €1 million (€1 million).

The cash outflows resulting from current financial liabilities within the next 1 to 5 years as of the prior year reporting date related to both interest and principal payments for the bridge loan. This was classified as a current financial liability due to its original term of 1 year and the planned repayment in full in the fiscal year 2023, which also occurred as expected (see note [17]). However, when determining the contractual term to assess the liquidity risk, it had to be taken into account that Porsche SE had the possibility to unilaterally extend the term of the bridge loan to a total of 2 years.

The financing agreements are subject to conditions and financial covenants that are customary in the market. The latter result from the bank financing agreements and relate in particular to the market value of Porsche SE’s shares in Volkswagen AG and in Porsche AG as well as to the interest cover. A breach of conditions and financial covenants can in principle lead to the outstanding financing volume falling due and therefore to liquidity risks. Such developments are not foreseeable at present and are considered to be unlikely.

There are no significant concentrations of risk that are not evident from the notes to the financial statements and the combined group management report.

4 Market risk

The Porsche SE Group is exposed to interest rate, stock price and currency risks in the course of its general business activities. There are no significant concentrations of risk that are not evident from the notes to the financial statements and the combined group management report.

4.1 Interest rate risk

4.1.1 Risk situation, risk management strategy and objective

Interest rate risks generally result from changes in market interest rates and affect the fair value of fixed-interest time deposits and securities, interest rate derivatives, financial receivables and liabilities as well as the interest of floating-rate assets and liabilities. The risk management strategy of Porsche SE aims to achieve a balanced reduction in uncertainty surrounding earnings and liquidity as a result of variable interest payments from borrowings.

To hedge the interest rate risks resulting from the financing components, fixed-payer swaps with an initial notional amount of €5.8 billion were concluded in the prior year as part of the implementation of the risk management strategy, of which €600 million related to interest rate swaps to which hedge accounting is not applied as of the prior-year reporting date. In the reporting year, Porsche SE’s interest rate risk changed in particular as a result of the refinancing of the bridge loan and the partial refinancing of the five-year bank loan (see note [17]). As a result, the portfolio of interest rate hedging instruments was adjusted on the one hand in view of the fixed-interest refinancing components by terminating interest rate swaps, and on the other hand by concluding interest rate swaps matching the variable-rate tranches of the Schuldschein loan. After these adjustments, there were interest rate swaps with a notional amount of €3.3 billion with an average fixed interest rate of around 2.86% and terms of up to around six years as of 31 December 2023. The interest rate swaps terminated in the fiscal year had positive market values at the time of their termination. Of these, €83 million (excluding accrued interest) related to interest rate swaps accounted for under hedge accounting and €13 million related to interest rate swaps to which hedge accounting is not applied. The hedging instruments and financing components of Porsche SE are based on the same hedged risk in the form of the EURIBOR interest rate risk. The interest rate hedging instruments are accounted for under hedge accounting pursuant to IFRS 9 in the form of cash flow hedges.

Effects of the interest rate risk on the result and equity arose in particular from the financial liabilities as well as their interest rate hedges.

Interest rate risk within the meaning of IFRS 7 is determined using sensitivity analyses. The effects of the risk-variable market rates of interest on the financial result and on equity are presented, net of tax. If market interest rates had been 100 basis points higher as of 31 December 2023, equity would have been €72 million (€197 million) higher and the result after tax unchanged (€11 million higher). If market interest rates had been 100 basis points lower as of 31 December 2023, equity would have been €75 million (€207 million) lower and the result after tax unchanged (€12 million lower).

4.1.2 Hedge accounting

Disclosures on gains and losses from cash flow hedges

€ million	**2023**	2022
Gains or losses (statement of comprehensive income) from changes in fair value of hedging instruments within hedge accounting	**–71**	**116**
Recognized in cash flow hedge reserve through other comprehensive income	–103	129
Recognized in profit or loss (ineffectiveness)		
Reclassification from the cash flow hedge reserve to profit or loss	**32**	**–13**
Due to early discontinuation of the hedging relationship		3
Due to realization of the hedged item	32	–17

Changes in deferred tax liabilities of minus €31 million (€39 million) were recognized as a result of the changes in the cash flow hedge reserve presented in the table.

The gain or loss from changes in the fair value of hedging instruments used in hedge accounting corresponds to the basis for determining hedge ineffectiveness. The ineffective portion of a cash flow hedge is the income or expense resulting from changes in the fair value of the hedging instrument that exceed the changes in the fair value of the hedged item. This hedge ineffectiveness is attributable to differences in the parameters for the hedging instrument and the hedged item. There were no cases of hedge ineffectiveness in the reporting year. There was an insignificant degree of ineffectiveness in the prior year, which was recognized in other financial result.

The reclassifications from the cash flow hedge reserve to the income statement due to the realization of the hedged item include interest from hedging instruments as well as reclassifications from the cash flow hedge reserve of discontinued hedges that remain economically effective (see note [10]). Of these reclassifications, €4 million (€17 million) relates to expenses and €37 million (€0 million) to income.

Disclosures on hedging instruments in hedge accounting

The table below shows the notional amounts, fair values and thus the carrying amount as well as base variables for determining the ineffectiveness of hedging instruments designated in cash flow hedges:

Mio. €	Notional amount	Other financial assets	Other financial liabilities	Fair value changes to determine hedge ineffectiveness
31/12/2023				
Interest rate swaps to hedge interest rate risks	3,252	13	43	−65

€ million	Notional amount	Other financial assets	Financial liabilities	Fair value changes to determine hedge ineffectiveness
31/12/2022				
Interest rate swaps to hedge interest rate risks	5,200	129	17	113

The fair value change used to determine ineffectiveness corresponds to the fair value change of the designated component.

The summary below presents the remaining maturities of the notional amounts of the hedging instruments:

€ million	Remaining maturity			Notional amount total
	within 1 year	1 to 5 years	more than 5 years	**31/12/2023**
Interest rate swaps to hedge interest rate risks		3,146	106	3,252

€ million	Remaining maturity			Notional amount total
	within 1 year	1 to 5 years	more than 5 years	31/12/2022
Interest rate swaps to hedge interest rate risks		5,200		5,200

The maturities of the hedging instruments do not exceed the expected remaining maturities of the hedged items.

The fair value of the hedging instruments is determined using market data as of the reporting date as well as appropriate valuation techniques. The following forward interest rate structures were used as a basis for the calculation:

in %	EURIBOR 3 months	EURIBOR 6 months
3 months interest	3.59%	3.39%
6 months interest	3.07%	2.92%
1 year interest	2.28%	2.28%
3 years interest	2.22%	2.27%

Disclosures on hedged items in hedge accounting

Components of notional amounts of the financing volume have been designated as hedged items, with the hedged notional amount components being fully designated in each case. The notional amounts of the hedging instruments stated in the section above match the hedged notional amount components of the hedged items. The table below shows the base variables for determining the ineffectiveness and the amounts recognized in the cash flow hedge reserve for active hedging relationships:

€ million	Fair value changes to determine hedge ineffectiveness	Reserves for active cashflow hedges	Reserves for. discontinued cashflow hedges
31/12/2023			
Hedged items	67	– 40	66
Deferred tax assets		12	– 20
31/12/2022			
Hedged items	– 114[1]	129	
Deferred tax assets		– 39[1]	

1 Presented in absolute amounts in the prior year

Hedged items in cash flow hedges are expected to be realized in accordance with the maturity patterns of the hedging instruments.

Development of the cash flow hedge reserve

Applying cash flow hedge accounting requires the designated effective changes in fair value of the hedging instruments to be recognized in the cash flow hedge reserve via other comprehensive income. They are reclassified to profit or loss in the case of hedges of variable-interest financial liabilities at the times when the hedged future interest payments have an impact on the income statement; reclassifications are recognized in the financial result. This principle applies equally to the changes in value recognized in the cash flow hedge reserve of already discontinued hedging instruments that remain economically effective. They are reclassified to profit or loss over the shorter of the term of the follow-up financing and the remaining term of the hedging instrument upon termination. Any additional changes in the fair value of the designated or non-designated components are recognized in profit or loss as ineffectiveness.

The table below shows the development of the cash flow hedge reserve:

€ million	**2023**	2022
As of 1 January	129	
Gains (+) or losses (-) from effective hedging relationships	–71	116
Reclassification due to changes in whether the hedged item is expected to occur		–3
Reclassification due to realization of the hedged item	–32	17
As of 31 December	**26**	**129**

Methods for monitoring hedge effectiveness

Hedge effectiveness is examined on a prospective basis using the critical terms match method, which requires a comparison of the base variables for the valuation of hedging instruments and hedged items. On this basis, a systematic compensating effect of hedged items and hedging instruments could be expected prospectively for all hedging relationships due to an economic relationship with respect to the hedged risk. Retrospective analysis of effectiveness or ineffectiveness uses a test for ineffectivities in the form of the dollar offset method. Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

In the case of interest rate hedges at Porsche SE, the critical terms match method gives rise to the expectation of prospective effectiveness of the hedges as of the reporting date. There was no ineffectiveness in the reporting year and no significant ineffectiveness in the prior year.

4.2 Stock price risk

Stock price risks arise from fluctuations in market prices.

Effects of the stock price risk on the result or on equity stem from investments whose equity instruments are listed.

For portfolio investments whose equity instruments are listed, the share prices observable on the market are monitored and regularly marked to market. Changes in share prices fully affect the group result of Porsche SE as a result of accounting for equity instruments at fair value through profit or loss.

If the stock price of the listed portfolio investments as of 31 December 2023 had been 10% higher, equity would have been €0 million (€0 million) higher and the result after tax €0 million (€0 million) higher. If the stock price of the listed portfolio investments as of 31 December 2023 had been 10% lower, equity would have been €0 million (€0 million) lower and the result after tax €0 million (€0 million) lower.

4.3 Foreign currency risk

The Porsche SE Group is not exposed to any significant risks from exchange rate fluctuations in its operating activities.

5 Measurement of financial instruments

The following table shows the reconciliation of the items of the balance sheet to the classes of financial instruments corresponding to the measurement categories at the Porsche SE Group, broken down by the carrying amount and fair value of the financial instruments:

	31/12/2023				
	Measured at fair value through profit or loss	Measured at amortized cost		Not assigned to any measurement category	Balance sheet item
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	
Non-current assets					
Investments accounted for at equity	n/a	n/a	n/a	61,225	61,225
Other financial assets	101	2	2	n/a	103
Current assets					
Other financial assets	10	8	8	n/a	19
Securities	n/a	283	283	n/a	283
Time deposits	n/a	230	230	n/a	230
Cash and cash equivalents	n/a	494	494	n/a	494
Non-current liabilities					
Financial liabilities	n/a	6,616	6,903	0	6,616
Other financial liabilities	43	n/a	n/a	n/a	43
Current liabilities					
Trade payables	n/a	1	1	n/a	1
Financial liabilities	n/a	108	108	1	109
Other financial liabilities	n/a	1	1	n/a	1

	31/12/2022				
	Measured at fair value through profit or loss	Measured at amortized cost		Not assigned to any measurement category	Balance sheet item
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	
Non-current assets					
Investments accounted for at equity	n/a	n/a	n/a	58,545[1]	58,545[1]
Other financial assets	200	3	3	n/a	204
Current assets					
Other financial assets	n/a	25	25	n/a	25
Securities	n/a	70	70	n/a	70
Time deposits	n/a	265	265	n/a	265
Cash and cash equivalents	n/a	86	86	n/a	86
Non-current liabilities					
Financial liabilities	n/a	3,152	3,152	0	3,152
Current liabilities					
Trade payables	n/a	4	4	n/a	4
Financial liabilities	17	3,924	3,924	1	3,941
Other financial liabilities	n/a	1	1	n/a	1

[1] Prior-year figures were adjusted due to the retrospective application of IAS 28 for the preference shares of Volkswagen AG held by Porsche SE and previously classified pursuant to IFRS 5 and due to the first-time application of IFRS 17. Reference is made to the explanations in note [1], in the section “Changes in the reporting period”.

The allocation of fair value to the various levels is based on the availability of observable market data on an active market. Level 1 presents the fair values of financial instruments where a market price on active markets can be determined. Level 2 presents the fair value of financial instruments for which market data are directly or indirectly observable. In particular, the inputs used are yield curves or index and currency rates. The presented fair values of the assets are determined using pricing methods or present value methods. Fair values of financial instruments in level 3 are determined using inputs that are not based on observable market data.

For financial liabilities not measured at fair value, fair value as of the reporting date can be derived directly from observable market prices in the case of bonds and in the case of bank loans as well as Schuldschein loans by calculating present values using yield curves and risk premiums of own bonds. In the prior year, given their exclusively variable interest rate, the notional value of financial liabilities provided a reasonable approximation of their fair value. The carrying amount of current assets and current liabilities not measured at fair value through profit or loss provides a reasonable approximation of their fair value. Transfers between the levels are taken into account on the respective reporting dates.

The following overview contains the breakdown of the financial instruments measured at fair value by level:

€ million	**31/12/2023**	Level 1	Level 2	Level 3
Financial instruments measured at fair value				
Non-current other financial assets	101	2	3	96
Current other financial assets	10		10	
Non-current other financial liabilities	43		43	

€ million	31/12/2022	Level 1	Level 2	Level 3
Financial instruments measured at fair value				
Non-current other financial assets	200	3	142	56
Current financial liabilities	17		17	

The interest rate swaps entered into to hedge the interest rate risk are recognized under current other financial assets or financial liabilities in the amount of the interest result caused in the current interest period and by the reporting date. The remaining fair value (clean price) is recognized under non-current other financial assets or non-current other financial liabilities. The fair values of the interest rate swaps constitute level 2 fair values as their measurement is based on observable yield curves.

Non-current other financial assets also contain investments in portfolio companies. The fair value of these assets is based on stock prices, information derived from most recently performed financing measures or the discounted cash flow method.

There were no transfers between the levels in the reporting year and the prior year. Since March 2023, the investment in Isar Aerospace has no longer been measured at fair value through profit or loss, but accounted for at equity instead (see note [3], in the section “Changes in the scope of consolidation in the fiscal year”) and is thus no longer included in the table above as of the reporting date.

The table below shows a reconciliation of the fair value of the non-current financial assets that were allocated to level 3 in the fiscal year:

€ million	**2023**	2022
Fair value as of 1 January	56	29
Changes in fair value recognized through profit or loss	0	12
Reclassification in investments accounted for at equity	–9	
Investments	49	14
Fair value as of 31 December	**96**	**56**

The net gains or losses of the respective measurement categories are as follows:

€ million	**2023**	2022
Assets at fair value through profit or loss	0	14
Financial assets measured at amortized cost	24	1
Financial liabilities measured at amortized cost	–288	–68
	–264	**–53**

In the reporting year, net gains or losses from financial assets measured at fair value through profit or loss primarily result from the measurement of investments in portfolio companies at fair value. In the prior year, this also included effects from the measurement of interest rate hedging instruments, which were no longer accounted for under hedge accounting following the elimination of the planned hedged item in the prior year. The measurements are recognized in the consolidated income statement under income/expenses from investment valuation or in other financial result (see note [10]). Net gains or losses from assets measured at fair value through profit or loss contain unrealized gains of €1 million (€24 million) and unrealized losses of €1 million (€11 million).

Net gains and losses from financial assets measured at amortized cost result in particular from the interest income from fixed-term deposits and securities classified as current assets and the net gains and losses from financial liabilities measured at amortized cost from the interest expenses from financial liabilities (see note [10]).

[22] Contingent liabilities from legal disputes

Porsche SE is involved in various legal proceedings. Porsche SE's assessment of the actions pending as of 31 December 2023 is presented below. To date, provisions have been recorded for the expected legal fees and litigation expenses for all cases, but not for the underlying claims, as the likelihood of plaintiffs prevailing is estimated to be 50% or less. Due to the complexity of the underlying facts and legal issues, the financial extent of the amount in dispute is stated below.

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

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

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

Since 2012, Porsche SE and two companies of an investment fund have been in dispute over the existence of alleged claims in the amount of about US$195 million and have filed lawsuits in Germany and England respectively. On 6 March 2013, the English proceedings were suspended at the request of both parties until a final decision had been reached in the proceedings commenced in the Regional Court of Stuttgart concerning the question of which court is the court first seized. A final decision on this issue continues to be outstanding. Currently, the proceedings are pending before the Higher Regional Court of Stuttgart. On 21 December 2021, the Higher Regional Court of Stuttgart decided that witnesses are to be interrogated in the United Kingdom by way of a request for mutual legal assistance. On 11 May 2023 one of the witnesses was interrogated by the Oxford County Court. The other witness referred to his right to refuse to testify pursuant to German law via the High Court. The Higher Regional Court of Stuttgart will decide whether or not the right to refuse to testify applies. Only thereafter, and only if the Higher Regional Court of Stuttgart has decided that a right to refuse to testify does not apply, can the other witness be interrogated by the English courts. Porsche SE considers the action filed in England to be inadmissible and the asserted claims to be without merit.

Legal proceedings and legal risks in connection with the diesel issue

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

Before the Regional Court of Stuttgart 209 actions are currently pending at first instance. The actions pending at first instance concern payment of damages, if quantified, in the total amount of approximately €797 million (plus interest) and in part establishment of liability for damages. After various claims have been referred to and fro, eleven claims for damages against Porsche SE, with a claim volume (according to the current assessment of the partially unclear head of claims) of approximately €3.1 million (plus interest), are now pending before the Regional Court of Braunschweig. Proceedings at first instance, with a total amount of approximately €80.9 million (plus interest), are currently suspended, whereby the majority of the suspended proceedings are suspended with reference to a KapMuG proceeding meanwhile pending before the Federal Court of Justice. Porsche SE considers the actions filed against it before the Regional Court of Stuttgart to be without merit. The actions filed against Porsche SE before the Regional Court of Braunschweig are considered by Porsche SE to be inadmissible and without merit.

In addition, two further proceedings, in which a total of a further approximately €129 million (plus interest) in damages was claimed, are pending before the Higher Regional Court of Stuttgart on appeal. In one of the appeal proceedings in which approximately €5.7 million (plus interest) in damages was claimed, the Regional Court of Stuttgart had granted the action in the amount of approximately €3.2 million (plus interest) and otherwise dismissed the action on 24 October 2018. Porsche SE and the plaintiff filed appeals. The proceeding has been suspended in the meanwhile with reference to a KapMuG proceeding pending before the Federal Court of Justice. In the further proceeding, which is partly on appeal, plaintiffs object to the fact that the Regional Court of Stuttgart dismissed their actions as inadmissible on 26 August 2021. The amount in dispute is approximately €123 million (plus interest). Porsche SE considers these actions pending against it before the Higher Regional Court of Stuttgart to be without merit.

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

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

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

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

[23] Related parties

Related parties of Porsche SE

In accordance with IAS 24, transactions and relationships with third parties which are in control of or controlled by the Porsche SE Group must be disclosed. Pursuant to a consortium agreement, the Porsche and Piëch families have control of the parent company Porsche SE.

The disclosure requirements under IAS 24 also extend to persons who have the power to exercise significant influence over the entity, i.e., who have the power to participate in the financial and operating policies of the entity, but do not control it. In the fiscal year 2023 and in the comparative period, this concerns members of the supervisory board and the board of management of Porsche SE as well as their close family members.

The disclosure requirements pursuant to IAS 24 also include persons and entities over which the Porsche SE Group can exercise a significant influence. In the reporting period and the comparative period, related parties included the associates as well as their subsidiaries and therefore in particular Volkswagen AG and its subsidiaries including Porsche AG and its subsidiaries.

Disclosures on related parties and relationships with associates

The table below contains the receivables and liabilities contained in the balance sheet as of the reporting date as well as the supplies and services rendered and received and other income and expenses for the fiscal year resulting from business transactions between the Porsche SE Group and its related parties:

€ million	Supplies and services rendered and other income		Supplies and services received and other expenses	
	2023	2022	**2023**	2022
Porsche and Piëch families	0	0		
Associates	218	0	5	5
	218	**0**	**5**	**5**

€ million	Receivables		Liabilities	
	31/12/2023	31/12/2022	**31/12/2023**	31/12/2022
Associates	0	22	0	10
	0	**22**	**0**	**10**

Service transactions with core investments

As in the prior year, service transactions were primarily with the Volkswagen Group in the reporting year. Supplies and services received and other expenses in the reporting period mainly consisted of services as well as the provision of vehicles. In the prior year, liabilities mainly comprised obligations in connection with the contribution of the holding business operations of Porsche SE to Volkswagen AG in the fiscal year 2012.

Dividends

On the basis of the resolution of the extraordinary general meeting of Volkswagen AG on 16 December 2022, there was a special dividend claim against Volkswagen of €3,052 million as of 31 December 2022. This was offset against the remaining purchase price liability to Volkswagen of the ordinary shares in Porsche AG acquired by Porsche SE in the prior year of €3,030 million and is presented in the table above on a net basis in the amount of €22 million as of 31 December 2022 under receivables from associates. Upon payment of the special dividend on 9 January 2023, the set-off process was completed.

The dividend of €1,393 million (€884 million) received from Volkswagen AG on 15 May 2023, based on the resolution by the annual general meeting of Volkswagen AG on 10 May 2023, is not included in the table above. No capital gains tax was withheld for the dividends received in the fiscal year (in the prior year capital gains tax plus solidarity surcharge of €317 million was withheld).

The dividend of €114 million received from Porsche AG of on 3 July 2023, based on the resolution by the annual general meeting of Porsche AG on 28 June 2023, is also not included in the table above. No capital gains tax was withheld for the dividends received in the fiscal year. In the prior year, Porsche SE did not receive any dividends from Porsche AG.

Other transactions with core investments

The following agreements were entered into by Porsche SE, Volkswagen AG and entities of the Porsche Holding Stuttgart GmbH Group in connection with the contribution of the holding business operations of Porsche SE to Volkswagen AG in the fiscal year 2012 and the comprehensive agreement prior to that as well as the associated agreements implementing it, which continued to be valid:

- Volkswagen AG has agreed to hold Porsche SE harmless for internal purposes from any claims of the German Deposit Protection Fund after Porsche SE issued a hold harmless declaration to the deposit guarantee fund agency as required by the Association of German Banks in August 2009. In addition, Volkswagen AG has undertaken to hold the Deposit Protection Fund harmless from any losses incurred as a result of its actions in favor of a majority-owned bank.

- During the assessment periods 2006 to 2009, Porsche SE was initially the legal successor of Porsche AG and later the ultimate tax parent and thus liable for tax payments. In the course of the contribution of the business operations in the fiscal year 2012, the tax obligations of Porsche SE and its subsidiaries for the period to until 31 July 2009 were not transferred to Volkswagen AG. Under the contribution agreement, Porsche SE in certain circumstances holds Porsche Holding Stuttgart GmbH, Porsche AG and their legal predecessors harmless from tax disadvantages that exceed the obligations from periods up until and including 31 July 2009 recognized at the level of these entities. In return, Volkswagen AG has undertaken to reimburse Porsche SE for any tax advantages of Porsche Holding Stuttgart GmbH, Porsche AG and their legal predecessors and subsidiaries relating to tax assessment periods up to 31 July 2009. The amount of tax benefits and tax disadvantages to be taken into account is regulated in the contribution agreement. It was therefore not possible to reasonably determine any potential compensation claim until the tax field audit of Porsche AG for the 2009 assessment period had been completed. After the tax field audit of Porsche AG for the assessment period 2009 was substantively completed in the third quarter of 2023, the findings of the tax field audit of Porsche AG were accepted by Porsche SE which is liable for the tax payments as the former ultimate tax parent. Based on the findings of the tax field audit of Porsche AG for the assessment periods 2006 to 2009, Porsche SE had a claim for compensation of €209 million against Volkswagen AG net of €9 million provisions recognized in prior years, which was confirmed by Volkswagen AG and settled in the fourth quarter of 2023. The table above contains the corresponding income of Porsche SE of €218 million in the fiscal year 2023.

Within the scope of the comprehensive agreement, Porsche SE and Volkswagen AG had granted each other put and call options relating to the 50.1% share in Porsche Holding Stuttgart GmbH remaining at Porsche SE prior to the contribution of its holding business operations to Volkswagen AG. Both Volkswagen AG (in the event that it exercises its call options) as well as Porsche SE (in the event that it exercises its put options) had both agreed to bear any tax expenses arising from exercising the options and from any downstream measures with respect to the investments in Porsche Holding Stuttgart GmbH (e.g., from back taxes on the 2007 and/or 2009 spin-off). If Volkswagen AG, Porsche Holding Stuttgart GmbH, Porsche AG or their respective subsidiaries had enjoyed tax benefits as a result of subsequent taxation of the 2007 and/or 2009 spin-off, the purchase price payable by Volkswagen AG for the transfer of the remaining 50.1% share in Porsche Holding Stuttgart GmbH would have increased by the present value of the tax benefits if Porsche SE had exercised its put options. This rule was taken over in the course of the contribution agreement to the extent that Porsche SE has a payment claim against Volkswagen AG equivalent to the present value of the recoverable tax benefits from any recapture taxation of the spin-off in 2007 as a result of back tax payments on the 2007 spin-off owing to the contribution. In connection with the contribution it was also agreed that Porsche SE would release Volkswagen AG, Porsche Holding Stuttgart GmbH and its subsidiaries from any tax liability with respect to subsequent taxation in 2012 resulting from any action or omission by Porsche SE upon or subsequent to the execution of the contribution. Also in that event, too, Porsche SE has a payment claim against Volkswagen AG in the amount of the present value of the recoverable tax benefits resulting from such a transaction at the level of Volkswagen AG or one of its subsidiaries.

Further agreements were entered into and declarations were issued in connection with the contribution of Porsche SE's holding company operating business to Volkswagen AG, in particular:

- Porsche SE under certain circumstances holds its subsidiaries transferred under the contribution agreement, Porsche Holding Stuttgart GmbH and Porsche AG and its subsidiaries, harmless from certain obligations towards Porsche SE pertaining to the period up to and including 31 December 2011 and that go beyond the obligations recognized for these entities for this period.

- In addition, Porsche SE holds Volkswagen AG, Porsche Holding Stuttgart GmbH, Porsche AG and their subsidiaries harmless from half of the amount of the tax (with the exception of income tax) arising at their respective levels in connection with the contribution and that would not have been incurred had the call options been exercised for the shares in Porsche Holding Stuttgart GmbH remaining at Porsche SE prior to the contribution. Accordingly, Volkswagen AG holds Porsche SE harmless for half the amount of such tax incurred there.

- It was also agreed to allocate based on causation any subsequent VAT receivables and/or VAT liabilities from transactions up to 31 December 2009 between Porsche SE and Porsche AG. A corresponding receivable by Porsche SE from Porsche AG is contained in the table above.

- Various information, conduct and cooperation duties were agreed in the contribution agreement between Porsche SE and the Volkswagen Group.

As part of the IPO and the acquisition of ordinary shares of Porsche AG by Porsche SE in the fiscal year 2022, Porsche SE and Volkswagen AG also entered, among other arrangements, into a “procedural and amendment agreement and agreement to amend the comprehensive agreement”. The latter led to amendments to some provisions, including those on appointments to governing bodies of Porsche AG, contained in the comprehensive agreement. In this context, Volkswagen AG and Porsche SE agreed on the significant participation of representatives of Porsche SE on the supervisory board of Porsche AG. Ultimate decision rights of the shareholder representatives determined by Volkswagen on the supervisory board with regard to the ability to direct the relevant activities at Porsche AG within the meaning of IFRS 10 will ensure continued control by Volkswagen AG. Under the share purchase agreement, Volkswagen AG as warrantor provided several warranties to Porsche SE, which essentially puts Porsche SE in the same position as buyers of the preference shares sold in the IPO. In addition, Volkswagen AG assumes a small number of other standard market guarantees, most of them limited to positive knowledge of Volkswagen AG.

Transactions with portfolio investments

The table above does not contain Porsche SE’s participation in a capital increase of ETS with an amount of around €35 million in the prior year. In this connection, please also refer to the corresponding explanations in note [3].

Disclosures on the relationships with members of the board of management and supervisory board

The following benefits and payments were recorded for the board work of the members of the board of management and the supervisory board of Porsche SE:

€ million	**2023**	2022
Short-term employee benefits	6	5
Post-employment benefits	1	1
Other long-term benefits	2	2
	9	**8**

Post-employment benefits contain additions to the pension provisions. Other long-term benefits concern the addition to provisions for the long-term component of the variable incentive of the members of the board of management of Porsche SE.

As of the end of the fiscal year, the outstanding balances for the remuneration of active members of Porsche SE's board of management and supervisory board amounted to €11 million (€8 million).

[24] Remuneration of the board of management and the supervisory board[1]

The total remuneration of members of Porsche SE's board of management amount to €5 million in the fiscal year 2023 (€4 million).

Remuneration for former board of management members amounts to €0 million (€0 million).

The provisions for post-employment benefits recognized for former members of the board of management amount to €2 million (€2 million) as of the reporting date.

The total remuneration of the supervisory board for the fiscal year 2023 amounts to €1 million (€1 million).

[1] Disclosure pursuant to Sec. 314 (1) No. 6a Sentence 1 to 4, 6b HGB in conjunction with Sec. 315e HGB

[25] Auditor’s fees

The auditor’s fees charged by the auditor Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf (in the prior year PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Stuttgart branch), for the fiscal year in accordance with Sec. 314 (1) No. 9 HGB break down as follows:

€ thousand	**2023**	2022
Audit of financial statements services	490	841
Other assurance services	26	
	517	**841**

Other assurance services relate to the audit in accordance with the European Market Infrastructure Regulation (“EMIR”).

[26] Subsequent events

There were no events with a significant effect on net assets, financial position and results of operations after 31 December 2023.

[27] Declaration on the German Corporate Governance Code

The board of management and supervisory board of Porsche SE submitted the annual declaration of compliance in accordance with Sec. 161 AktG in December 2023 and made it permanently accessible to shareholders on the company's website at www.porsche-se.com/en/company/corporate-governance/.

Stuttgart, 13 March 2024

Porsche Automobil Holding SE
The board of management

Hans Dieter Pötsch Dr. Manfred Döss Dr. Johannes Lattwein Lutz Meschke

Additional information

Additional information

Responsibility statement

We assure to the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report, which has been combined with the management report of Porsche SE, includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Stuttgart, 13 March 2024

Porsche Automobil Holding SE
The board of management

Hans Dieter Pötsch   Dr. Manfred Döss   Dr. Johannes Lattwein   Lutz Meschke

The following copy of the auditor’s report also includes a “Report on the assurance of electronic rendering, of the consolidated financial statements and the group management report, prepared for publication purposes in accordance with Sec. 317 (3b) HGB” (“Separate report on ESEF conformity”). The subject matter (ESEF documents) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Unternehmensregister (German Company Register) and the Porsche SE-Homepage.

Independent auditor’s report

[Note: This document is a convenience translation of the German original. The original German language document is the authoritative version.]

To the Porsche Automobil Holding SE, Stuttgart

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of Porsche Automobil Holding SE, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2023 to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Porsche Automobil Holding SE, Stuttgart, for the financial year from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the disclosures on the appropriateness and effectiveness of the risk management system and the internal control system contained in the subsection “Internal control system including internal control system of Porsche SE relevant for the financial reporting process” of the section “Risk management and internal control system of the Porsche SE Group” of the group management report and the disclosures contained in the subsection “Monitoring the effectiveness of the risk management system and the internal control system” of the section “Risk early warning system at Volkswagen” of the group management report as well as the declaration of compliance contained in the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the non-audited parts of the group management report listed above.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with section 316 ff. HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2023 to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In the following, we present the key audit matters from our point of view:

❶ Valuation of the investment in Volkswagen AG (incl. effects of the diesel issue on the valuation of the investment in Volkswagen AG)

❷ Valuation of the investment in Porsche AG

❸ Assessment of legal risks and their presentation in the consolidated financial statements

We have structured our presentation of these key audit matters as follows:

① Risk for the consolidated financial statements

② Audit approach

③ Reference to related information

❶ Valuation of the investment in Volkswagen AG (incl. effects of the diesel issue on the valuation of the investment in Volkswagen AG)

① Risk for the consolidated financial statements

In the company's consolidated financial statements, the investment in the associate Volkswagen AG of €50.7 billion (81% of total assets) is reported under “Investments accounted for at equity”. The investment in Volkswagen AG therefore represents the most significant asset of Porsche SE and, as it is accounted for using the equity method, has a significant influence on the results of operations and net assets of the Porsche SE Group through the profit/loss attributable to Porsche SE. The assessment of the executive directors of Porsche SE regarding the recoverability of the shares in Volkswagen AG accounted for at equity is subject to a high degree of estimation and judgement uncertainty with regard to key measurement parameters and the assumptions made in the corporate planning. The provisions for risks in connection with the diesel issue recognized in the consolidated financial statements of Volkswagen AG as at 31 December 2023 are based on the knowledge of the executive directors of Volkswagen AG as presented therein. The provisions recognized in the Volkswagen Group in connection with the diesel issue, the contingent liabilities disclosed and the other latent legal risks are in some cases subject to considerable estimation and discretionary uncertainties on the part of the executive directors of Volkswagen AG because of the unfinished clarification of the facts, the complexity of the individual influencing factors and the ongoing consultations with the authorities. In the event of a sustained decline in earnings due to unexpected additional burdens to deal with the diesel issue, the investment in Volkswagen AG may be impaired. Due to the materiality of the accounting provisions at the level of Volkswagen AG and the scope of the assumptions and judgements made by the executive directors of Volkswagen AG and the resulting impact on the profit or loss of Porsche SE, this matter was of particular significance for our audit.

② Audit approach

As part of our audit, we first analyzed the underlying process and its suitability for assessing the recoverability of the investment in the investee in order to assess the recoverability of the carrying amount of the investment in Volkswagen AG performed by the executive directors of Porsche SE. We involved our valuation specialists in the audit for the methodological and mathematical assessment of the valuation model and the calculation parameters applied. Furthermore, we assessed the corporate planning approved by the board of management and supervisory board of Volkswagen AG and compared key planning assumptions with external analysts' estimates. In addition, we compared the planning prepared in previous periods with the results that actually materialized in order to assess the accuracy of the business plans. We also assessed the derivation of the risk-adjusted capitalization rate, in particular by assessing the peer group, comparing the market data used with external evidence and verifying the mathematical accuracy. We assessed the company's sensitivity analyses in order to be able to estimate an impairment risk in the event of a possible change in one of the key assumptions. With regard to the effects of unexpected additional burdens to deal with the diesel issue on the current result of Volkswagen AG and thus on the measurement of the at-equity result recognized at Porsche SE in the current financial year, we accompanied the audit of the Volkswagen consolidated financial statements by its group auditor. For this purpose, we issued audit instructions to the auditor of the consolidated financial statements of Volkswagen AG in which we provided guidance on risk classification and the audit approach, in particular in connection with risks relating to the diesel issue. In addition, we regularly obtained information on the current status of the audit in personal meetings and reviewed the working papers of the auditor of the consolidated financial statements. Furthermore, we assessed the retrospective application of IAS 28 to the preference shares in Volkswagen AG held by Porsche SE, which were recognized in accordance with IFRS 5 in the prior year. For this purpose, we verified the timing of the retrospective application of IAS 28 by inspecting the minutes of the board of management and supervisory board, reviewed the adjustments to the prior-year comparatives and assessed the changes compared to the prior-year accounting presented in the notes to the consolidated financial statements.

Our audit procedures did not lead to any reservations relating to the valuation of Volkswagen AG (incl. the effects of the diesel issue on the valuation of the investment in Volkswagen AG).

② Reference to related information

The accounting policies applied to the investment in Volkswagen AG and the related disclosures on the judgements made by the executive directors with regard to the assessment of the recoverability of the investment in Volkswagen AG are presented in section [1] “Significant accounting policies” in the notes to the consolidated financial statements and in the sections “Accounting policies”, [2] “Accounting judgements, estimates and assumptions of the management" section "Further judgments, estimates and assumptions of the management at the level of the Volkswagen Group", [4] "Disclosures on significant investments accounted for at equity", [5] "Result from investments accounted for at equity", [12] "Investments accounted for at equity" and in the group management report in the sections "Significant events and developments at the Porsche SE Group" and "Opportunities and risks of the Porsche SE Group".

❷ Valuation of the investment in Porsche AG

① Risk for the consolidated financial statements

The share in the associate Porsche AG of €10.4 billion (17% of total assets) is reported in the company's consolidated financial statements under "Investments accounted for at equity". The investment in Porsche AG represents a significant asset of Porsche SE and, as it is accounted for using the equity method, influences the results of operations, financial position and net assets of the Porsche SE Group through the profit/loss attributable to Porsche SE on a pro rata basis. As part of a purchase price allocation, the cost of the investment was offset against the proportionate assets and liabilities recognized in the carrying amount of the investment accounted for at equity in a secondary calculation. Porsche SE consulted an external expert to perform the purchase price allocation. The purchase price allocation for the acquisition of the ordinary shares in Porsche AG to be performed for the purposes of inclusion using the equity method had not yet been completed as of 31 December 2022, meaning that the purchase price allocation was finalized in 2023. The assessment of the executive directors of Porsche SE regarding the recoverability of the shares in Porsche AG accounted for using the equity method is subject to high estimation and judgement uncertainties with regard to key measurement parameters and the assumptions made in the corporate planning. Against this background, this matter was of particular significance in the context of our audit.

② Audit approach

First, we assessed the classification of Porsche AG as an associate in the consolidated financial statements of Porsche SE and obtained an understanding of the preliminary purchase price allocation as of 31 December 2022. In addition, we assessed the appropriateness of the purchase price allocation finalized in 2023 in the course of the at-equity valuation, the significant assumptions and the valuation methods. Finally, we assessed whether the disclosures in the notes to the consolidated financial statements on the finalization of the purchase price allocation comply with the requirements of IFRS. As part of our audit, we analyzed the underlying process and its suitability for assessing the recoverability of the investment in the investee in order to assess the recoverability of the carrying amount of the investment in Porsche AG performed by the executive directors of Porsche SE. We involved our valuation specialists in the audit for the methodological and mathematical assessment of the valuation model and the calculation parameters applied. Furthermore, we assessed the corporate planning approved by the executive board and supervisory board of Porsche AG and compared key planning assumptions with external analyst estimates. We also satisfied ourselves that the planning data relevant to the Porsche AG Group were comprehensibly included in the approved corporate planning of Volkswagen AG. In addition, we compared the business plans prepared in prior periods with the results actually realized in order to assess the accuracy of the business plans. We also assessed the derivation of the risk-adjusted capitalization rate, in particular by questioning the peer group, comparing the market data used with external evidence and verifying the mathematical accuracy. In order to be able to assess an impairment risk in the event of a possible change in one of the key assumptions, we assessed the company's sensitivity analyses. As part of our audit, we asked the executive directors about the existence of indications of impairment of the investment in Porsche AG and evaluated the statements and information received on the basis of our knowledge of the legal and economic environment of the Porsche AG Group. We issued audit instructions to the auditor of the consolidated financial statements of Porsche AG, in which we provided guidance on risk assessment and the audit approach. In addition, we regularly obtained information on the current status of the audit in personal meetings and reviewed the working papers of the auditor of the consolidated financial statements.

Our audit procedures did not lead to any reservations relating to the valuation of the investment in Porsche AG.

③ Reference to related information

The accounting policies applied with regard to the investment in Porsche AG and the related disclosures on the exercise of judgement by the executive directors with regard to the assessment of the recoverability of the investment in Porsche AG are presented in the notes to the consolidated financial statements in section [1] ”Significant accounting policies” in the notes to the consolidated financial statements and in the sections “Accounting policies”, [2] “Accounting judgements, estimates and assumptions of the management” section “Further judgments, estimates and assumptions of the management at the level of the Volkswagen Group”, [4] “Disclosures on significant investments accounted for at equity”, [5] “Result from investments accounted for at equity”, [12] “Investments accounted for at equity” and in the group management report in the sections “Significant events and developments at the Porsche SE Group” and “Opportunities and risks of the Porsche SE Group”.

❸ Assessment of legal risks and their presentation in the consolidated financial statements

① Risk for the consolidated financial statements

As an investment-managing holding company, Porsche SE holds the investment in Volkswagen AG in particular. In connection with the establishment of the investment in Volkswagen AG and in connection with the diesel issue that became known at Volkswagen AG in September 2015, the company is exposed to legal risks in the form of lawsuits filed directly against Porsche SE, which could lead to significant expenses and cash outflows for the company in the event of a negative outcome of the proceedings. The assessment of the probability of occurrence of these legal risks at the level of Porsche SE is subject to a high degree of estimation and judgement uncertainty. Against this background, the assessment of these legal risks and their presentation in the consolidated financial statements was of particular significance in the context of our audit.

② Audit approach

In assessing the estimates of the legal risks made by the executive directors, we first obtained an understanding of the process in order to identify which controls the executive directors have implemented to recognize and assess risks at an early stage. In order to assess the estimates made by the executive directors of Porsche SE regarding the probability of occurrence of the legal risks, we discussed the risks and pending proceedings with the legal department, the company's executive board member responsible for legal affairs and compliance and representatives of the law firms handling the proceedings, taking into account current developments during the reporting period. We involved internal legal experts in our audit and obtained written confirmation letters from external lawyers. Furthermore, we evaluated the company's disclosures in the notes to the consolidated financial statements.

Our audit procedures did not lead to any reservations relating to the assessment of legal risks and their presentation in the consolidated financial statements.

③ Reference to related information

The executive directors' assessment of the legal risks is contained in the notes to the consolidated financial statements in the section [22] “Contingent liabilities from legal disputes” and in the group management report in the sections “Significant events and developments at the Porsche SE Group” and “Opportunities and risks of the Porsche SE Group”.

Other Information

The executive directors are responsible for the other information. The other information comprises the disclosures on the appropriateness and effectiveness of the risk management system and the internal control system contained in the “Internal control system including internal control system of Porsche SE relevant for the financial reporting process” subsection of the “Risk management and internal control system of the Porsche SE Group” section of the group management report as well as the disclosures contained in the “Monitoring the effectiveness of the risk management system and the internal control system” subsection of the “Risk early warning system at Volkswagen” section of the group management report, which are not audited components of the group management report.

The other information also includes the declaration of compliance pursuant to Sections 289f HGB and 315d HGB as well as the other parts of the “Annual Report” outside the consolidated financial statements, the group management report and our auditor's report thereon.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the supervisory board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 316 ff. HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance of Electronic Rendering, of the Consolidated Financial Statements and the Group Management Report, Prepared for Publication Purposes in Accordance with Section 317 Paragraph 3a HGB

Assurance Opinion

We have performed assurance work in accordance with section 317 paragraph 3a HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in in the electronic file “Porsche SE_KA+KLB_ESEF-2023-12-31-de.zip” and prepared for publication purposes complies in all material respects with the requirements of section 328 paragraph 1 HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of section 328 paragraph 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2023 to 31 December 2023 contained in the “Report on the Audit of the Consolidated Financial Statements and of the Group Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering, of the consolidated financial statements and the group management report, contained in the file identified above in accordance with section 317 paragraph 3a HGB and the IDW Assurance Standard “Assurance on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with Section 317 Paragraph 3a HGB” (IDW AsS 410) (06.2022) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the “Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management 1 “Requirements for Quality Management in the Audit Firm” (IDW QMS 1 (09.2022)).

Responsibilities of the executive directors and the supervisory board for the ESEF Documents

The executive directors of the company are responsible for the preparation of the ESEF documents with the electronic renderings of the consolidated financial statements and the group management report in accordance with section 328 paragraph 1 sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with section 328 paragraph 1 sentence 4 no. 2 HGB.

In addition, the executive directors of the company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor’s Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328 paragraph 1 HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL), in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the closing date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 30 June 2023. We were engaged by the supervisory board on 7 August 2023. We have been the group auditor of the Porsche Automobil Holding SE, Stuttgart, without interruption since the financial year 2023.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor’s Report

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Prof. Dr. Thomas Senger.

Düsseldorf, 13 March 2024

Grant Thornton AG
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Prof. Dr. Martin Jonas Wirtschaftsprüfer [German Public Auditor]	Prof. Dr. Thomas Senger Wirtschaftsprüfer [German Public Auditor]

Report of the independent auditor for the remuneration report

[Note: This document is a convenience translation of the German original. The original German language document is the authoritative version.]

To the Porsche Automobil Holding SE, Stuttgart

Opinion on the audit of the remuneration report

We have audited the remuneration report of Porsche Automobil Holding SE, Stuttgart, for the financial year from 1 January 2023 to 31 December 2023 including the related disclosures, which was prepared to comply with section 162 German Stock Corporations Act [Aktiengesetz - AktG].

Responsibility of the management board and the supervisory board

The management board and the supervisory board of Porsche Automobil Holding SE are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of section 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the remuneration report. The procedures selected depend on the auditor's judgement. This includes the assessment of the risks of material misstatement of the remuneration report, whether due to fraud or error, including the related disclosures. In making those risk assessments, the auditor considers the internal control system relevant to the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal control system. An audit also includes assessing the accounting principles used and the reasonableness of accounting estimates made by management and the supervisory board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on our audit, the remuneration report for the financial year from 1 January 2023 to 31 December 2023, including the related disclosures, complies in all material respects with the accounting provisions of section 162 AktG.

Reference to an other matter - Formal audit of the remuneration report in accordance with section 162 AktG

The substantive audit of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by section 162 paragraph 3 AktG, including the issue of an audit opinion on this audit. Since we express an unqualified opinion on the content of the remuneration report, this opinion includes that the information pursuant to section 162 paragraph 1 and 2 AktG have been made in all material respects in the remuneration report.

Restriction of use

We issue this auditor's report on the basis of the engagement agreed with Porsche Automobil Holding SE. The audit was conducted for the purposes of the Company and the auditor's report is solely intended to inform the Company about the results of the audit. Our responsibility for the audit and for our auditor's report is solely to the Company in accordance with this engagement. The auditor's report is not intended for third parties to make (investment and/or asset) decisions based on it. Accordingly, we do not assume any responsibility, duty of care or liability towards third parties; in particular, no third parties are included in the scope of protection of this contract. Section 334 of the German Civil Code [Bürgerliches Gesetzbuch - BGB], according to which defences arising from a contract can also be asserted against third parties, is not waived.

Düsseldorf, 14 March 2024

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Martin Jonas
Wirtschaftsprüfer
[German Public Auditor]

Prof. Dr. Thomas Senger
Wirtschaftsprüfer
[German Public Auditor]

Multi-year summary

Figures

		2023 IFRS	2022[1] IFRS	2021 IFRS	2020 IFRS	2019 IFRS
Porsche SE Group						
Total assets	€ million	62,358	59,512	42,533	36,250	35,592
Equity	€ million	55,326	52,139	42,196	35,946	35,284
Investments accounted for at equity	€ million	61,225	58,545	41,527	35,259	34,597
Investment result	€ million	5,229	5,263	4,615	2,700	4,414
Financial result	€ million	–269	–57	–7	–4	24
Result before tax	€ million	5,143	5,343	4,565	2,654	4,416
Result after tax from continuing operations	€ million	5,096	5,396	4,563	2,630	4,408
Result after tax	€ million	5,096	5,492	4,566	2,624	4,408
Earnings per ordinary share[2]	€	16.64	17.62	14.90	8.59	14.39
Earnings per preference share[2]	€	16.64	17.62	14.90	8.59	14.39
Net debt[3]	€ million	5,717	6,672	–641	–563	–553
Employees on 31 December		42	38	882	916	951

		2023 HGB	2022 HGB	2021 HGB	2020 HGB	2019 HGB
Porsche SE						
Net profit	€ million	1,441	4,104	824	703	788
Net profit available for distribution	€ million	783	2,052	783	676	952
Dividend per ordinary share	€	2.554[4]	2.554	2.554	2.204	2.204
Dividend per preference share	€	2.560[4]	2.560	2.560	2.210	2.210

[1] Adjusted
[2] From continuing operations, basic and diluted
[3] Negative net debt equals positive net liquidity
[4] Proposal to the annual general meeting of Porsche SE

Glossary

Selected terms at a glance

Gross margin

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

Dividend yield

The dividend yield is the ratio of the dividend for the reporting year to the closing price per share class on the last trading day of the reporting year; it represents the interest rate earned per share. The dividend yield is used in particular for measuring and comparing shares.

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.

Operating result

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

Operating return on sales

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

Plug-in-hybrid

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

Rating

Systematic assessment of companies in terms of their credit quality. Ratings are expressed by means of rating classes, which are defined differently by the individual rating agencies.

Tax rate

The tax rate is the ratio of income taxes to profit before tax, expressed as a percentage. It shows what percentage of the profit generated has to be paid over as tax.

Return on sales before tax

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

Imprint

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Disclaimer

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

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

The annual report contains references and links to websites with further information outside this publication. These links are provided for convenience only. The information contained on such websites is not part of this annual report.

This annual report is published in English and German. In the event of discrepancies, the authoritative German version of the document takes precedence over the English translation.

For technical reasons, there may be differences between the financial statements contained in this document and those published in accordance with legal requirements.

This document does not constitute, and should not be construed as, investment advice or an offer, a recommendation, or a solicitation to purchase, sell or subscribe to securities The document is not intended to provide the basis for a valuation of securities or other financial instruments.

Financial calendar

21 March 2024
Annual Press and Analyst Conference

14 May 2024
Group quarterly statement 1st Quarter 2024

11 June 2024
Annual General Meeting 2024

13 August 2024
Half-yearly financial report 2024

13 November 2024
Group quarterly statement 3rd Quarter 2024

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