Group quarterly statement

1st Quarter

2020
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. As of 31 March 2020, the Porsche SE Group had 951 employees (31 December 2019: 951 employees).

Porsche SE is a holding company. In particular, it holds the majority of the ordinary shares in Volkswagen AG, one of the leading automobile manufacturers in the world. The Volkswagen Group comprises twelve brands with registered offices in seven European countries: Volkswagen passenger cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen commercial vehicles, Scania and MAN. The collaboration between the MAN and Scania commercial vehicle brands is coordinated in TRATON SE, which has been listed on the stock exchange since mid-2019. In addition to the investment in Volkswagen AG, the Porsche SE Group holds 100% in PTV AG, shares in INRIX as well as shares in three technology start-ups in the USA.

The principal criteria of Porsche SE for the acquisition of investments are the connection to the automotive value chain, industrial production or the future of mobility. The automotive value chain comprises the entire spectrum from basic technologies and supporting the development and production process through to vehicle- and mobility-related services. The prerequisites for investment by Porsche SE are always the positioning in an attractive market environment and above-average growth potential.

Porsche SE is currently focusing its search on companies in the area of autonomous driving, electromobility, transport management, innovative production/manufacturing methods as well as innovative mobility offerings.

This group quarterly statement by Porsche SE relates to the development of business and its effects on the results of operations, financial position and net assets in the first three months Mennoof the fiscal year 2020.

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.
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Global spread of coronavirus

At the end of December 2019, initial cases of a new, sometimes fatal lung disease emerged in Wuhan, in the Chinese province of Hubei. This disease is attributable to a novel coronavirus. Infections also began to appear outside China from mid-January 2020. In order to slow the spread of the SARS-CoV-2 virus and contain the resulting Covid-19 pandemic, governments around the world have introduced measures during 2020 that have resulted in a huge disruption to everyday life and economic activity.

The Porsche SE Group currently assumes that the Covid-19 pandemic is a temporary event that will have a negative impact in the short-term, but not on the group’s long-term business performance.

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

Due to its capital share in Volkswagen AG, Porsche SE is significantly influenced by developments at the level of the Volkswagen Group. In this connection, the main topics for the first quarter of 2020 were the diesel issue and the Covid-19 pandemic at the level of the Volkswagen Group and the implications for the Porsche SE Group of these issues.

On 18 September 2015, the US Environmental Protection Agency (EPA) publicly announced in a notice of violation that irregularities in relation to nitrogen oxide (NOx) emissions had been discovered in emissions tests on certain vehicles of Volkswagen Group with type 2.0 l diesel engines in the USA. In this regard, numerous court and governmental proceedings were subsequently initiated in various countries (“diesel issue”; see the description in the combined management report of Porsche SE for the fiscal year 2019 in the section “Diesel issue” in the section “Significant events and developments at the Volkswagen Group”).

As a result of the Covid-19 pandemic, the Volkswagen Group recorded a sharp decline in its business after the first three months of the current fiscal year. The group result after tax decreased from €3.1 billion in the prior year to €0.5 billion. By contrast, special items resulting from the diesel issue were not recorded at the level of the Volkswagen Group in the first quarter of 2020. In the prior year, these had burdened the Volkswagen Group’s operating result with minus €1.0 billion.

The Covid-19 pandemic and the diesel issue also have an impact on the development of the prices of Volkswagen AG’s ordinary and preference shares and thus the market capitalization of Porsche SE’s investment. As of 31 March 2020, there was no need to recognize an impairment loss on the basis of the earnings forecasts for the
investment accounted for at equity in Volkswagen AG. However, particularly a further increase in the costs of mitigating the diesel issue as well as any lasting decreases in profit stemming from the Covid-19 pandemic might still lead to an impairment in the value of the investment. There may also still be subsequent effects on the dividend policy of Volkswagen AG and therefore on the cash inflows at the level of Porsche SE. Legal risks from claims brought against Porsche SE stemming from the diesel issue may also have an effect on the results of operations, financial position and net assets of the Porsche SE Group.

Porsche SE acquires further ordinary shares in Volkswagen AG

Porsche SE holds the majority of the ordinary shares in Volkswagen AG as a core investment, sees itself as a long-term anchor investor that acts strategically and is also still convinced of the Volkswagen Group’s potential for increasing value added. In the period from 17 March 2020 to 20 April 2020, Porsche SE acquired a total of 0.2% of the ordinary shares in Volkswagen AG for €81 million in capital market transactions, of which 0.1% or €26 million relates to the period until the quarterly closing date. As of 31 December 2019 Porsche SE held 53.1% and at the reporting date 53.3% of the ordinary shares in Volkswagen AG. This increase in the investment is another demonstration of the company’s clear commitment to Volkswagen.

2020 annual general meeting postponed

The spread of the coronavirus and the associated regulations aimed at containing the spread of the virus as well as the desire to protect the health of shareholders, employees and service providers led to Porsche SE’s annual general meeting for the fiscal year 2019, originally planned for 19 May 2020, being postponed. The new date for the annual general meeting and the order of events will be announced depending on how the pandemic continues to develop.

The annual general meeting of Volkswagen AG for the fiscal year 2019 was also postponed for the same reasons.
Significant developments and current status relating to litigation risks and legal disputes

For several years, Porsche SE has been involved in various legal proceedings. The main developments that occurred in the legal proceedings during the reporting period are described in the following, although 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 expansion 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 is pending with the Higher Regional Court of Celle. Subject of those actions are alleged damage claims based on alleged market manipulation and alleged inaccurate information in connection with Porsche SE’s expansion of the investment in Volkswagen AG. In part these claims are 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 assert alleged claims for damages of about €5.4 billion (plus interest). Since the beginning of the model case several hearings have already been held before the Higher Regional Court of Celle, in which the court, inter alia, explained its preliminary view on the state of affairs and of the dispute. The next dates for hearings are currently scheduled beginning in May 2020. Porsche SE is of the opinion that the claims asserted in the suspended initial proceedings are without merit and that the requested establishment objectives in the model case will be rejected. Porsche SE considers its opinion endorsed by the previous development of the oral hearing before the Higher Regional Court of Celle.

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 a currently suspended action concerning alleged damages of about €1.81 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.

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 24 January 2020, a further motion for recusal against the expert witness was filed, on which a decision is yet to be made. 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 and shareholder proceedings

In connection with the diesel issue, legal proceedings with a total volume of approximately €1.1 billion (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 respectively alleged incorrect capital market information in connection with the diesel issue. Some of these proceedings are directed against both Porsche SE and Volkswagen AG. In one proceeding, in addition to Porsche SE, Robert Bosch GmbH was made defendant. Porsche SE considers the actions to be inadmissible in part, but in any case to be without merit.

Before the Regional Court of Stuttgart 199 actions are currently pending at first instance. After withdrawal of one action by one plaintiff in the amount of around €11 million in February 2020 and withdrawal of one additional action early in March 2020, the actions concern payment of damages, if quantified, in the total amount of approximately €916.6 million (plus interest) and in part establishment of liability for damages. In the majority of the proceedings pending before the Regional Court of Stuttgart, motions for recusal by the plaintiff side are pending. To the extent that decisions have been made so far on these motions for recusal, they have been dismissed. 30 claims for damages against Porsche SE, with a claim volume (according to the current assessment of the partially unclear head of claims) of approximately €9 million (plus interest), are pending before the Regional Court of Braunschweig. A number of the proceedings pending before the Regional Court of Stuttgart and the Regional Court of Braunschweig are currently suspended with reference to the KapMuG proceedings pending before the Higher Regional Court of Stuttgart and the Higher Regional Court of Braunschweig. 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 to be without merit.
In addition, two further proceedings, in which a total of further approximately €164 million (plus interest) in damages was claimed, are pending before the Higher Regional Court of Stuttgart on appeal. The Regional Court of Stuttgart granted these actions in the amount of approximately €47 million (plus interest) and otherwise dismissed the actions on 24 October 2018. Porsche SE and the respective plaintiffs filed appeals. The appeal proceedings are currently suspended with reference to the KapMuG proceedings pending before the Higher Regional Court of Stuttgart and the Higher Regional Court of Braunschweig. The orders to suspend the proceedings by the Higher Regional Court of Stuttgart were appealed by the respective plaintiffs on points of law. In one proceeding, the appeal on points of law against the order to suspend the proceeding has meanwhile been withdrawn. Porsche SE considers these actions filed against it before the 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, is pending before the Higher Regional Court of Stuttgart. The Higher Regional Court of Stuttgart decided by court order dated 27 March 2019 that the model case proceeding is inadmissible. An appeal proceeding on points of law against this decision is pending at the Federal Court of Justice.

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. Several oral hearings have taken place before the Higher Regional Court of Braunschweig. The next oral hearing is set to take place on 8 September 2020. With regard to the partial model case ruling of the Higher Regional Court of Braunschweig regarding questions of jurisdiction, an appeal proceeding on points of law is pending at the Federal Court of Justice.

During the reporting period, no significant new developments have 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 case 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 and the shareholder proceedings.

In relation to the investigation proceedings on suspicion of market manipulation against Prof. Dr. Martin Winterkorn, Hans Dieter Pötsch and Matthias Müller there were also no new developments during the reporting period. However, regulatory fining proceedings against Porsche SE pursuant to Sec. 30, 31 Regulatory Offences Act (OWiG) have been initiated. Porsche SE considers the allegation made to be without merit.
Covid-19 pandemic

Due to the global fall in demand as well as the interruptions in production, which are partly still ongoing, the Covid-19 pandemic had a negative impact on the Volkswagen Group's financial position and results of operations in the first quarter. For further details, please refer to the sections “Results of operations of the Volkswagen Group”, “Opportunities and risks at the Volkswagen Group” and “Anticipated development of the Volkswagen Group”.

Partnerships

In January 2020, the Volkswagen Group and Microsoft Germany agreed to work together on long-term sustainability and social initiatives for the future. The aim is to promote and jointly implement projects in the context of social responsibility issues, such as sustainability, digital education and training, as well as corporate employee commitment to the common good. Both Volkswagen and Microsoft Germany are already committed to these issues within the framework of their respective social responsibilities. Now, the companies want to cooperate on their social commitments in order to generate synergies and create social added value together.

Planned full acquisition of Audi shares

In the context of restructuring competencies and responsibilities at the Volkswagen Group, Volkswagen AG plans to increase its shareholding in AUDI AG from approximately 99.64% at present to 100% by way of a squeeze-out under stock corporation law. To this end, Volkswagen AG submitted a formal request to AUDI AG in February 2020 for a transfer of the shares of the minority shareholders. Under this request, the squeeze-out under stock corporation law is to be resolved by the annual general meeting of AUDI AG this year.

AUDI AG will continue to be a stock corporation, compatible with the capital market, and codetermination rights of employees will be unaffected. Audi will remain an independent brand within the group.

Planned merger of MAN SE with TRATON SE

In order to simplify the TRATON GROUP’s corporate structure, TRATON SE (TRATON) plans to merge MAN SE (MAN) with TRATON. In connection with this merger, TRATON is planning a squeeze-out under merger law, in which the shares held by MAN’s minority shareholders will be transferred to TRATON in return for an appropriate cash settlement. To this end, TRATON submitted a formal request to MAN in February 2020 for the share
transfer and proposed that the companies commence negotiations on a merger agreement. TRATON currently holds 94.36% of MAN’s capital stock. The amount of the cash settlement has not yet been determined. As a result of the merger, MAN Truck & Bus SE and Scania AB will become wholly owned direct subsidiaries of TRATON.

Full takeover of Navistar planned

At the end of January 2020, TRATON submitted a proposal for the acquisition of all ordinary shares outstanding in the US truck maker Navistar International Corporation (Navistar) that are not already owned by TRATON, for a price of US$ 35.00 per share (a total of approximately US$ 2.9 billion) in cash.

TRATON already holds a 16.8% stake in Navistar. The aim of the transaction is to enhance the ability to meet challenges from new regulations and fast-developing technologies in connectivity, propulsion and autonomous driving.

If accepted, TRATON would become the sole owner of Navistar. The proposal is subject, in particular, to the negotiation of a merger agreement between TRATON and Navistar, a satisfactory due diligence process and approval of the merger agreement by the boards of TRATON and Volkswagen AG as well as by the board of directors and shareholders’ meeting of Navistar.

Settlement in model declaratory proceedings

On 28 February 2020, Volkswagen AG and Verbraucherzentrale Bundesverband e.V. (Federation of Consumer Organizations) entered into an out of court settlement to terminate the consumer action for model declaratory judgment. Under the terms of the settlement, Volkswagen AG will offer individual settlements to consumers who registered claims under the action for model declaratory judgment and meet the settlement criteria. The volume of such settlements amounts to €830 million. Verbraucherzentrale Bundesverband e.V. has withdrawn the action for model declaratory judgment. As of the date of publication of the Volkswagen interim report Volkswagen has entered into individual settlements with some 200 thousand customers in an aggregate amount of €626 million.
The business development of the Porsche SE Group is largely shaped by its investment in Volkswagen AG as well as the development of the actions pending against it. For the business development of Porsche SE, please refer to the sections “Significant events and developments at the Porsche SE Group” and “Explanatory notes on results of operations, financial position and net assets”. The following statements take into consideration factors influencing operating developments in the passenger cars, commercial vehicles and financial services business areas at the Volkswagen Group.

General economic development

The global spread of the SARS-CoV-2 coronavirus, the associated restrictions, and the resulting downturn in demand and supply meant that growth in the world economy was negative in the first quarter of 2020. The average rate of expansion of gross domestic product was far below the prior-year level in both the advanced economies and the emerging markets. At country level, however, performance depended on the extent to which the negative impacts of the global Covid-19 pandemic were already materializing in the reporting period. The governments and central banks of affected countries responded in some cases with substantial fiscal and monetary policy measures. This meant cuts in the already relatively low interest rates. There was a marked fall in prices for energy resources, while other commodity prices remained, on average, relatively stable year on year. Currencies in some emerging markets depreciated noticeably over the first quarter. Global trade in goods declined further in the reporting period.

Trends in the markets for passenger cars and light commercial vehicles

Global demand for passenger cars fell substantially year on year from January to March 2020 as a result of the Covid-19 pandemic (down 23.3%). The slump affected all sales regions, with above-average losses recorded particularly in the overall markets of Asia-Pacific and Western Europe. There was a comparatively smaller decline in Central and Eastern Europe, Middle East, Africa and in North and South America.

Global demand for light commercial vehicles decreased substantially from January to March 2020 compared to the prior year.
Trends in the markets for commercial vehicles

Owing to the Covid-19 pandemic and limited availability of market data for the commercial vehicles business area, reliable registration data is only available for January and February 2020 as of the date of publication of the Volkswagen interim report. These figures do not show the negative effects arising from the spread of the SARS-CoV-2 coronavirus that impacted the commercial vehicles markets that are relevant for Volkswagen in March.

In the markets that are relevant for the Volkswagen Group, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was markedly lower between January and February 2020 than in the prior-year period and will most likely continue to deteriorate in March as a consequence of the pandemic.

Trends in the markets for financial services

Demand for automotive financial services was buoyant in the first three months of 2020 due, among other things, to the persistently low key interest rates in the main currency areas. At the same time, the Covid-19 pandemic put pressure on the demand for financial services in nearly all regions.

Volkswagen Group deliveries

The Volkswagen Group delivered 2.0 million (2.6 million) vehicles to customers worldwide from January to March 2020. The decrease of 23.0% year on year was due almost exclusively to the Covid-19 pandemic and the measures taken worldwide to curb its spread.

The Volkswagen Group registered declining demand year on year in nearly all regions. Exceptions were recorded in the Middle East region and in some individual markets such as Russia, Brazil and Japan.

Sales figures for both passenger cars and commercial vehicles declined as a result of the fall in demand. Bentley and Bugatti were the only Volkswagen Group brands that did not fall short of their prior-year figures. The Volkswagen Group’s passenger car market share in an overall market worldwide that is experiencing a substantial downturn was 12.3% (12.3%).
### Volkswagen Group deliveries from 1 January to 31 March

<table>
<thead>
<tr>
<th>Regions</th>
<th>2020</th>
<th>2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe/Other markets</td>
<td>1,013,334</td>
<td>1,239,353</td>
<td>-18.2</td>
</tr>
<tr>
<td>North America</td>
<td>188,633</td>
<td>216,662</td>
<td>-12.9</td>
</tr>
<tr>
<td>South America</td>
<td>126,976</td>
<td>131,459</td>
<td>-3.4</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>677,101</td>
<td>1,018,086</td>
<td>-33.5</td>
</tr>
<tr>
<td><strong>Worldwide</strong></td>
<td><strong>2,006,044</strong></td>
<td><strong>2,605,560</strong></td>
<td><strong>-23.0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>by brands</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen passenger cars</td>
<td>1,091,507</td>
<td>1,456,384</td>
<td>-25.1</td>
</tr>
<tr>
<td>Audi</td>
<td>352,993</td>
<td>447,247</td>
<td>-21.1</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>232,885</td>
<td>307,617</td>
<td>-24.3</td>
</tr>
<tr>
<td>SEAT</td>
<td>130,316</td>
<td>151,612</td>
<td>-14.0</td>
</tr>
<tr>
<td>Bentley</td>
<td>2,395</td>
<td>2,268</td>
<td>5.6</td>
</tr>
<tr>
<td>Lamborghini</td>
<td>1,944</td>
<td>1,992</td>
<td>-2.4</td>
</tr>
<tr>
<td>Porsche</td>
<td>53,125</td>
<td>55,700</td>
<td>-4.6</td>
</tr>
<tr>
<td>Bugatti</td>
<td>20</td>
<td>20</td>
<td>0.0</td>
</tr>
<tr>
<td>Volkswagen commercial vehicles</td>
<td>94,869</td>
<td>125,557</td>
<td>-24.4</td>
</tr>
<tr>
<td><strong>Passenger cars and light commercial vehicles total</strong></td>
<td><strong>1,960,054</strong></td>
<td><strong>2,548,397</strong></td>
<td><strong>-23.1</strong></td>
</tr>
<tr>
<td>Scania</td>
<td>18,184</td>
<td>23,576</td>
<td>-22.9</td>
</tr>
<tr>
<td>MAN</td>
<td>27,806</td>
<td>33,587</td>
<td>-17.2</td>
</tr>
<tr>
<td><strong>Commercial vehicles total</strong></td>
<td><strong>45,990</strong></td>
<td><strong>57,163</strong></td>
<td><strong>-19.5</strong></td>
</tr>
</tbody>
</table>

1 Prior-year deliveries have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures.
Sales, production and inventories at the Volkswagen Group

The Volkswagen Group’s unit sales to the dealer organization¹ declined by 25.0% year on year in the first three months of 2020 to 1.9 million vehicles (including the Chinese joint ventures). The main reason for the decline was the negative impact of the Covid-19 pandemic. Arising uncertainty in connection with this and national measures introduced to contain the pandemic, such as mobility restrictions and closing stores, were accompanied by a fall in customer demand. Falls in demand were recorded especially in China and Western Europe.

Between January and March 2020, the Volkswagen Group’s production fell by 24.8% year on year to a total of 2.0 million vehicles due to the measures taken to stem the spread of the SARS-CoV-2 virus. The impact of national measures to contain the pandemic led to a disruption of the supply chains and consequently to production stoppages in the Volkswagen Group. This resulted in a decline in production, particularly at the locations in China and somewhat later in Europe toward the end of the first quarter of 2020.

Global inventories at group companies and in the dealer organization were lower on 31 March 2020 than at year-end 2019, and also below the corresponding prior-year figure.

Financial services of the Volkswagen Group

Demand for the financial services division’s products and services was affected in the period from January to March 2020 by the Covid-19 pandemic. The number of new financing, leasing, service and insurance contracts signed worldwide decreased by 2.0% to 2.1 million. As the group’s deliveries fell out of proportion to the aforementioned contracts signed, the ratio of leased and financed vehicles to group deliveries (penetration rate) in the financial services division’s markets in the reporting period increased to 39.8% (33.8%). As of 31 March 2020, the total number of contracts was 23.7 million, 0.3% higher than at the end of 2019.

¹ The dealer organization comprises all external dealer companies that are supplied by the Volkswagen Group.
In the following explanations, the significant results of operations as well as the financial position and net assets of the Porsche SE Group are presented for the first three months of the fiscal year 2020 and as of 31 March 2020. While the prior-year figures for the results of operations and cash flows relate to the period from 1 January to 31 March 2019, the net assets use figures as of 31 December 2019 as comparative figures.

The Porsche SE Group distinguishes between two segments. The first segment, “PSE”, primarily includes Porsche SE holding operations including the investments accounted for at equity. The second segment, “Intelligent Transport Systems” (“ITS”), comprises the development of smart software solutions for transport logistics as well as traffic planning and traffic management. The results of operations of the Porsche SE Group are essentially the sum of the two segments, as the consolidation effects are immaterial.

Results of operations of the Porsche SE Group

The Porsche SE Group’s result after tax came to €99 million (€1,198 million1) in the first quarter of the fiscal year 2020. Of this, €104 million (€1,202 million1) related to the PSE segment. For the ITS segment, a result after tax of minus €5 million (minus €4 million) was derived. This included negative effects from the purchase price allocation amounting to €2 million (€2 million).

1 Prior-year figures were adjusted due to the change in a purchase price allocation.
### Condensed consolidated income statement

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<thead>
<tr>
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<tbody>
<tr>
<td>€ million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>Cost of materials</td>
<td></td>
<td>–4</td>
<td>–3</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td></td>
<td>–21</td>
<td>–19</td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td></td>
<td>–5</td>
<td>–5</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td></td>
<td>–9</td>
<td>–9</td>
</tr>
<tr>
<td>Other income/expenses</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Result from investments accounted for at equity</td>
<td></td>
<td>108</td>
<td>1,216¹</td>
</tr>
<tr>
<td>Financial result</td>
<td></td>
<td>–3</td>
<td>7</td>
</tr>
<tr>
<td><strong>Result before tax</strong></td>
<td></td>
<td><strong>93</strong></td>
<td><strong>1,212</strong></td>
</tr>
<tr>
<td>Income tax</td>
<td></td>
<td>6</td>
<td>–15¹</td>
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<tr>
<td><strong>Result after tax</strong></td>
<td></td>
<td><strong>99</strong></td>
<td><strong>1,198¹</strong></td>
</tr>
</tbody>
</table>

¹ Prior-year figures were adjusted due to the change in a purchase price allocation.

### Condensed consolidated statement of comprehensive income

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<thead>
<tr>
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<tbody>
<tr>
<td>€ million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Result after tax</td>
<td></td>
<td>99</td>
<td>1,198¹</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>662</td>
<td>–865</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td></td>
<td><strong>761</strong></td>
<td><strong>333</strong></td>
</tr>
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</table>
Total comprehensive income of the Porsche SE Group was largely shaped by other comprehensive income. As in the prior year, other comprehensive income primarily contains actuarial remeasurements of pension provisions from the Volkswagen investment accounted for at equity. While these had a negative impact in the prior year due to lower interest rates, the increase in interest rates in the reporting period now had a positive effect on total comprehensive income.

Results of operations of the PSE segment
The result for the PSE segment was significantly influenced by the result from the investment accounted for at equity in Volkswagen AG of €108 million (€1,216 million1). This contains profit contributions from ongoing equity accounting of €127 million (€911 million) as well as subsequent effects from earlier purchase price allocations of minus €18 million (minus €16 million). The decrease in the result from ongoing equity accounting reflects the impact of the Covid-19 pandemic at the level of the Volkswagen Group. The prior-year figure also contained income from the acquisitions of further ordinary shares in Volkswagen AG of €322 million1. The acquisitions of further ordinary shares in the reporting period have so far not been recognized in profit or loss. Due to experiences from past purchase price allocations a debit difference is expected. An estimate of provisional income was not yet possible due to the proximity of the acquisitions to the quarterly closing date and the influence of the Covid-19 pandemic.

Other operating expenses and personnel expenses in the PSE segment were at the prior-year level. The financial result of minus €3 million (€7 million) primarily contains losses incurred from the sale of financial instruments. The prior-year figure contained unrealized gains of €8 million (net) from measurement effects. Income from income taxes of €5 million (minus €15 million1) is largely attributable to the recognition of deferred tax assets on loss carryforwards. These were recognized due to the increase in deferred tax liabilities on the carrying amount of the investment accounted for at equity in Volkswagen AG, although this, unlike the prior year, was largely attributable to effects reported in other comprehensive income. Accordingly, any resulting deferred tax liabilities were recognized through other comprehensive income and therefore did not have any effect on deferred income tax in the income statement.

1 Prior-year figures were adjusted due to the change in a purchase price allocation.
Results of operations of the ITS segment

The ITS segment generated revenue of €26 million (€25 million) in the reporting period. While recurring revenue from maintenance services rendered increased by 5% and from the rendering of hosting services by 2%, revenue from license sales decreased by 12% on the prior year. Revenue from the project business increased by 15% in the first quarter. The segment result before taxes decreased from minus €4 million to minus €5 million, primarily due to the increase in cost of materials and personnel expenses compared to the same period in the prior year.

Financial position and net assets of the Porsche SE Group

Net liquidity of the Porsche SE Group, i.e., cash and cash equivalents, time deposits and securities less financial liabilities, increased to €568 million (€553 million) as of the end of the quarter. Cash outflows result primarily from the acquisition of ordinary shares in Volkswagen and operating holding expenses. This was counterbalanced by cash inflows from tax refunds including any accrued interest.

The Porsche SE Group’s total assets increased by €770 million to €36.4 billion as of the end of the quarter.
## Condensed consolidated balance sheet

<table>
<thead>
<tr>
<th></th>
<th>31/3/2020</th>
<th>31/12/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>238</td>
<td>241</td>
</tr>
<tr>
<td>Investments accounted for at equity</td>
<td>35,404</td>
<td>34,597</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>69</td>
<td>70</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>35,711</td>
<td>34,908</td>
</tr>
<tr>
<td>Securities</td>
<td>48</td>
<td>147</td>
</tr>
<tr>
<td>Time deposits</td>
<td>67</td>
<td>93</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>493</td>
<td>353</td>
</tr>
<tr>
<td>Other current assets</td>
<td>44</td>
<td>92</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>651</td>
<td>684</td>
</tr>
<tr>
<td></td>
<td><strong>36,362</strong></td>
<td><strong>35,592</strong></td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>36,046</td>
<td>35,284</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>104</td>
<td>100</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>67</td>
<td>71</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>205</td>
<td>206</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>107</td>
<td>97</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>111</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td><strong>36,362</strong></td>
<td><strong>35,592</strong></td>
</tr>
</tbody>
</table>
The Porsche SE Group’s non-current assets of €35.7 billion (€34.9 billion) primarily related to the investments accounted for at equity. These included in particular the carrying amount of the investment accounted for at equity in Volkswagen AG, which increased by €807 million to €35.4 billion. This increase mainly resulted from the actuarial remeasurement of the pension provisions as a result of changes in the interest rate at the level of the Volkswagen Group. In addition, the result accounted for at equity as well as the acquisitions of further ordinary shares had the effect of increasing the carrying amount.

As of 31 March 2020, intangible assets of the Porsche SE Group of €238 million (€241 million) primarily contained the goodwill of the PTV Group of €147 million (€147 million) as well as the carrying amounts for customer bases of €47 million (€49 million), software of €30 million (€32 million) and brand of €12 million (€12 million) resulting from the purchase price allocation.

Current assets of €651 million (€684 million) mainly consisted of cash and cash equivalents, time deposits and securities.

The equity of the Porsche SE Group increased to a total of €36.0 billion (€35.3 billion) in particular due to the positive other comprehensive income from the at equity accounting as of 31 March.

At 99.1% as of 31 March 2020, the equity ratio remained constant compared to the end of the fiscal year 2019.

Results of operations of the Volkswagen Group

The following statements relate to the original profit/loss figures of the Volkswagen Group. This means that effects from at equity inclusion 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. It should also be noted that the group result of Porsche SE only reflects its capital share in the result of the Volkswagen Group.

The Volkswagen Group generated revenue of €55.1 billion in the first quarter of 2020, a decline of 8.3% compared with the prior year. The main adverse factor was a decline in volumes due to the Covid-19 pandemic. In addition, changes in exchange rates had a negative effect, while mix effects, better price positioning and the business performance in the financial services division made a positive contribution. The Volkswagen Group generated 80.1% (79.7%) of its revenue abroad. Gross profit on sales decreased to €9.2 billion (€11.7 billion); the gross margin stood at 16.8% (19.5%).
The Volkswagen Group’s operating result from January to March 2020 amounted to €0.9 billion, down €3.0 billion on the prior-year period, in which special items of minus €1.0 billion from the diesel issue weighed on profit. The operating return on sales decreased to 1.6% (6.4%). The main reason for the decline was the negative impact of the spread of the Covid-19 pandemic: in addition to lower unit sales because of the fall in customer demand, turbulence in the commodity and capital markets meant that the fair value measurement of commodity hedges and the measurement of receivables and liabilities denominated in foreign currencies had a negative effect.

The financial result decreased €0.4 billion year on year to minus €0.2 billion. Here, too, the spread of the SARS-CoV-2 coronavirus had a negative impact overall. The interest expenses included in the financial result were down markedly for measurement-related reasons caused by a change in discount rates applied in the measurement of liabilities, while changes in share prices weighed on net income from securities and funds. The share of the result of equity-accounted investments was markedly lower than in the prior year. The decline was primarily due to lower profit generated by the Chinese joint ventures, which were affected by the Covid-19 pandemic during the entire first quarter of 2020.

The Volkswagen Group’s result before tax decreased by €3.4 billion to €0.7 billion in the reporting period. The result after tax amounted to €0.5 billion (€3.1 billion).
Opportunities and risks at the Porsche SE Group

Regarding the risk areas presented in the report on opportunities and risks at the Porsche SE Group in the combined management report for the fiscal year 2019, there were the following changes as of the reporting date due to the effects of the Covid-19 pandemic.

In light of the Covid-19 pandemic, the Volkswagen Group withdrew its outlook for the fiscal year 2020 in April 2020, as the initial expectations could no longer be achieved in the opinion of Volkswagen’s board of management. Accordingly, Porsche SE also withdrew its forecast for the group result after tax in the fiscal year 2020. The risk area “Result contribution Volkswagen” describes the risk of the result of the Volkswagen Group attributable to Porsche SE as part of equity accounting falling short of expectations when the consolidated financial statements for the fiscal year 2019 were authorized for issue. The likelihood of occurrence of this risk has increased in line with the communication issued by Porsche SE and Volkswagen AG, with the risk area moving into the risk category “High”.

In light of the Covid-19 pandemic, Volkswagen AG postponed its annual general meeting originally planned for May 2020 to a date later this year. This is related to uncertainties concerning the dividend payment of Volkswagen AG associated with the annual general meeting. The risk area “Dividend inflow Volkswagen” remains in the risk category “Moderate”.

Regarding the other risk areas and their risk assessments presented in the report on opportunities and risks at the Porsche SE Group in the combined management report for the fiscal year 2019, there were no changes up to the reporting date. For the current status of the legal proceedings of Porsche SE and for current developments, reference is made to the section “Significant events and developments at the Porsche SE Group” in this group quarterly statement.

Opportunities and risks at the Volkswagen Group

The following is based on extracts from the Report on Expected Developments, Risks and Opportunities in the interim report January to March 2020 of Volkswagen AG.

The global spread of the SARS-CoV-2 coronavirus is bringing enormous disruption to all areas of everyday life and the economy. This is also combined with turbulence on the commodity and capital markets. The consequences particularly for the further development of individual economies and the world economy as a whole cannot reliably be predicted at the current time. Nevertheless, the
Volkswagen Group anticipates an economic recovery later in the course of 2020.

All areas of the Volkswagen Group are affected by the Covid-19 pandemic, especially sales due to a fall in customer demand, production and the supply chains. There are risks arising in particular from a sustained fall in demand and increasing intensity of competition, which could be mitigated by government economic programs. Volkswagen also envisages challenges, especially associated with restarting production, specifically with regard to stable supply chains and protecting the health of its staff. The Volkswagen Group has put in place increased hygiene and protective measures to ensure plants can operate. The board of management of the Volkswagen Group expects a negative impact on business operations at all locations worldwide. As a result, Volkswagen will not fulfill the initial expectations for all the group’s core performance indicators in the fiscal year 2020.

Furthermore, the status of the legal risks at the level of the Volkswagen Group is updated in the interim report of the Volkswagen Group. Beyond this, there were no significant changes in the reporting period of Volkswagen’s interim report compared with the disclosures in the “Opportunities and risks at the Volkswagen Group” section in the combined management report in the 2019 annual report of Porsche SE.

In particular, based on the information as it exists and has been established, there continue to be no conclusive findings or assessments available to the board of management of Volkswagen AG as of the date of publication of the Volkswagen interim report regarding the facts described by Volkswagen that would suggest that a different assessment of the associated risks should have been made.
Anticipated development of the Volkswagen Group

The Volkswagen Group’s board of management anticipates a negative growth rate in the world economy in 2020 as a result of the spread of the SARS-CoV-2 coronavirus. Volkswagen also continues to believe that risks will arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, growth prospects will be negatively impacted by continuing geopolitical tensions and conflicts. Volkswagen expects both the advanced economies and the emerging markets to experience a marked decline in economic performance. Despite this, it expects economic recovery to commence in the course of 2020.

In response to the Covid-19 pandemic, Volkswagen has developed scenarios for the development of the passenger car markets in individual regions in 2020 which, for example, also take account of the trends currently being experienced in China. The scenarios reflect the different timings of the spread of the Covid-19 pandemic in the various geographic regions. In all, Volkswagen expects the volume of global demand for new vehicles in 2020 to be between 15% and 20% lower than it was the prior year. Volkswagen anticipates a dramatic decline in the second quarter, followed by slow market recovery in the remaining quarters of 2020.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed in 2020; on the whole, Volkswagen anticipates a marked fall in demand due to Covid-19.

In the markets relevant for the commercial vehicles business area, the Volkswagen Group expects a substantial year-on-year fall in 2020 of new registrations for both mid-sized and heavy trucks with a gross weight of more than six tonnes and for buses.

In the view of the Volkswagen Group, automotive financial services will again be very important for vehicle sales worldwide in 2020.

The Volkswagen Group’s brand diversity, its presence in all major world markets, its broad and selectively expanded product range, and its technologies and services put the Volkswagen Group in a good competitive position worldwide. As part of the transformation of its core business, Volkswagen is positioning its group brands with an even stronger focus on their individual characteristics, and is optimizing the vehicle and drive portfolio. The focus is primarily on its vehicle fleet’s carbon footprint and on the most attractive and fastest-growing market segments. In addition, the Volkswagen Group is working to leverage the advantages of its multibrand group even more effectively with the ongoing development of new technologies and the enhancement of its toolkits.
The Volkswagen Group anticipates that deliveries to Volkswagen Group customers will be significantly down on the prior year in 2020 due to the impact of the Covid-19 pandemic.

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

Volkswagen expects the revenue of the Volkswagen Group and its divisions to fall significantly below the prior-year level in 2020 as a result of the Covid-19 pandemic. It anticipates a severe year-on-year decline in the operating result for the Volkswagen Group and its passenger cars and commercial vehicles business areas. In the financial services division, Volkswagen expects the pandemic to have less of an impact on the operating result in 2020 due to their business models. However, it forecasts a distinct fall in the operating result compared to the prior year. Overall, the Volkswagen Group expects its operating result for 2020 to be in positive territory.

Anticipated development of the Porsche SE Group

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

Given the framework conditions described above, which are currently largely determined by the Covid-19 pandemic, there is unusual uncertainty regarding business development at the level of the Volkswagen Group, which materially restricts forecasting ability at the level of the Porsche SE Group. The board of management of Porsche SE is therefore unable at present to forecast the group result after tax with sufficient reliability. However, the Porsche SE Group does expect a positive group result after tax for the fiscal year 2020.

The previous forecast on net liquidity of the Porsche SE Group remains unaffected by this development according to current estimates. Without taking additional investments into account, the forecast for net liquidity lies in a corridor of €0.4 billion to €0.9 billion as of 31 December 2020.
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.

**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 equity-accounted Chinese joint ventures, 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.
Financial calendar

10 August 2020
Half-yearly financial report 2020

10 November 2020
Group quarterly statement 3rd Quarter 2020

This group quarterly statement is available in German and English.
In case of doubt the German version is binding.