

PORSCHE SE

Group quarterly statement

1st Quarter

2021

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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 2021, the Porsche SE Group had 908 employees (916 employees).

Porsche SE is a holding company with investments in the areas of mobility and industrial technology. 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. In addition to the investment in Volkswagen AG, the Porsche SE Group holds 100% of the shares in PTV AG as well as non-controlling interests in five technology companies based in the USA and Israel.

The principal criteria of Porsche SE for the acquisition of investments are the connection to industrial production or to the future of mobility. The prerequisites for investment by Porsche SE are always the positioning in an attractive market environment, an above-average growth profile and mid- to long-term potential for profitability of the companies.

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 of the fiscal year 2021.

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.

Content

Significant events and developments at the Porsche SE Group	6
Significant events and developments at the Volkswagen Group	10
Business development	12
Explanatory notes on results of operations, financial position and net assets	16
Opportunities and risks of future development	22
Outlook	23
Glossary	27

Significant events and developments at the Porsche SE Group

Covid-19 pandemic

Throughout 2020, the global spread of the SARS-CoV-2 virus caused enormous disruption to all areas of everyday life and the economy.

The mostly dynamic increase in the rate of infection also continued in many places throughout the first quarter of 2021. This was accompanied by ongoing disruptions – such as contact and mobility restrictions or limitations on business activities – in many parts of the world. The increasing availability of testing capacities and vaccines has led to individual countries allowing the progressive opening of everyday life and economy activity. The measures taken have led to the easing of restrictions particularly in China.

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 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 €3.2 billion in the first quarter of 2021 compared to €0.4 billion in the prior-year period during which the Covid-19 pandemic and the measures taken around the world to contain it had had a significant impact on business (see also sections “Business development” and “Results of operations of the Volkswagen Group”). At the level of the Volkswagen Group, there was no need to recognize any material special items in connection with the diesel issue in the first three months of fiscal year 2021.

Prices of Volkswagen AG's preference and ordinary shares also continued to recover from the losses incurred as a consequence of the pandemic and were up 57% and 82% respectively on year-end 2020.

As of 31 March 2021, no indicators for an impairment loss have been identified on the basis of the earnings forecasts and share performance for the investment in Volkswagen AG accounted for at equity. However, an impairment in the value of the investment cannot be ruled out, particularly in the event of any sustained decline in earnings due to the Covid-19 pandemic and/or a further increase in the costs of mitigating the diesel issue. In addition, there may be consequences for the dividend policy of Volkswagen AG and therefore for the cash inflows at the level of Porsche SE. Please refer to the explanations in the section “Opportunities and risks of future development”.

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. 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 are asserting 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 hearings are scheduled to begin on 2 June 2021. 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. No significant new developments occurred in this proceeding during the reporting period. Currently, the proceedings are pending before the Higher Regional Court of Stuttgart. 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 €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 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 199 actions are currently pending at first instance. After withdrawal of a few lawsuits, the actions concern payment of damages, if quantified, in the total amount of approximately €913.4 million (plus interest) and in part establishment of liability for

damages. In a majority of the proceedings pending before the Regional Court of Stuttgart, the plaintiff side had filed motions for recusal. To the extent that decisions have been made on these motions for recusal, they have been dismissed. In numerous proceedings, the Higher Regional Court of Stuttgart has lately rejected the immediate appeals of the corresponding plaintiffs against the rejection of their motions for recusal as being without merit. After a partial withdrawal of claims, 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 €8.7 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. 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, is pending before the Higher Regional Court of Stuttgart. On 22 October 2020, the Higher Regional Court of Stuttgart appointed a model case plaintiff. The beginning of the oral hearings is planned for the second half of the year 2021.

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 meanwhile binding partial model case ruling regarding questions of jurisdiction. Several oral hearings have taken place before the Higher Regional Court of Braunschweig. The next oral hearing is set to take place on 8 June 2021.

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 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.

The investigation proceedings on suspicion of market manipulation against Matthias Müller, Hans Dieter Pötsch and Prof. Dr. Martin Winterkorn as well as the regulatory fining proceedings pursuant to Sec. 30, 130 Regulatory Offences Act (OWiG) against Porsche SE have meanwhile been terminated.

Significant events and developments at the Volkswagen Group

Effects of the Covid-19 pandemic

The dynamic increase in the rate of infection continued in many places throughout the first quarter of 2021. This was accompanied by ongoing disruptions – such as contact and mobility restrictions or limitations on business activities – in many parts of the world.

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

Partnerships

CARIAD SE (formerly Volkswagen car.SW Org Wolfsburg AG) and Microsoft announced in February 2021 that they would jointly create an automated driving platform. CARIAD SE (CARIAD) aims to accelerate and further expand the development of automated driving functions. Volkswagen and Microsoft have already been working together in a strategic partnership since 2018 to create the Volkswagen Automotive Cloud, which is to be used to provide and operate digital services and mobility offerings for the Volkswagen Group vehicle fleet in future. The cloud-based Automated Driving Platform jointly created by the two companies will use Microsoft Azure cloud and data services. CARIAD wants to use this platform to

more efficiently develop driver assistance systems and automated in-car driving and parking functions for the group brands. These functions will be tested, supplied and operated for the entire vehicle fleet with the help of the Volkswagen Automotive Cloud.

In February 2021, the supervisory board of Volkswagen AG gave its approval to entering into agreements with Rimac Automobili d.o.o., Zagreb, Croatia, for the establishment of a joint venture. The approval was given subject to further negotiations, the completion of the hearing of the works council of Bugatti Automobiles S.A.S., Molsheim, France, and the final decision of the board of management of Volkswagen AG. A joint product portfolio aimed at developing, producing and distributing electric luxury hyper sports cars is to be the core function of the joint venture. Volkswagen is planning to contribute its consolidated subsidiaries Bugatti Automobiles and Bugatti International S.A., Strassen, Luxembourg, to the new joint venture structure. The transaction is not expected to be completed before the third quarter of 2021.

In March 2021, Brose Fahrzeugteile SE Co. Kommanditgesellschaft (Brose) and VW Finance Luxembourg S.A., a subsidiary of Volkswagen AG, entered into an agreement to establish a jointly operated company for the development and manufacture of complete seat units, seat structures and components, and solutions for the vehicle interior. As part of this arrangement, Brose will acquire half of the shares of the Volkswagen Group

company SITECH Sp. z o.o., Polkowice, Poland (SITECH). Brose and Volkswagen will each hold 50% of the planned jointly operated company, whereby Brose will take the industrial lead. Consequently, Brose will control the jointly operated company and Volkswagen, given its significant influence following the transaction, will account for it as an associate using the equity method. The transaction is subject to approval by the antitrust authorities and to further closing conditions. The transaction is expected to be completed by the end of the first quarter of 2022.

Takeover of Navistar

In November 2020, TRATON SE (TRATON) and Navistar International Corporation (Navistar), a leading US truck manufacturer, announced the signing of a binding merger agreement. Under this agreement, TRATON will acquire all outstanding shares in Navistar not already owned by TRATON in return for cash payment at a price of US\$44.50 per share (total: approximately US\$3.7 billion). As of 31 December 2020, TRATON already held a 16.7% interest in Navistar. Navistar shareholders approved the takeover by TRATON at their annual general meeting on 2 March 2021. The transaction remains subject to regulatory approval. Completion of the transaction is still planned for mid-2021: upon completion, TRATON will become Navistar's sole owner.

Supervisory board asserts claims for damages

At the end of March 2021, the supervisory board of Volkswagen AG announced the completion of the investigation initiated in October 2015 into the causes of and those responsible for the diesel issue. The board resolved to claim damages from Prof. Dr. Martin Winterkorn, former chairman of the board of management of Volkswagen AG, and from Rupert Stadler, former member of the board of management of Volkswagen AG and former chairman of the board of management of AUDI AG, for breach of their duty of care under stock corporation law. The resolution was based on identified negligent breaches of duty. The investigation found no breaches of duty by other members of the Volkswagen AG board of management. The investigation covered all members of the board of management who were in office during the relevant period.

Furthermore, claims for damages are being asserted against individual former members of the AUDI AG and Dr. Ing. h.c.F. Porsche AG boards of management. Claims were already asserted against a former member of the Volkswagen passenger cars brand board of management.



Business development

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. For the business development of the Porsche SE Group, 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 and light commercial vehicles, commercial vehicles and financial services business areas at the Volkswagen Group.

General economic development

The global spread of the SARS-CoV-2 virus and the associated restrictions continued in the reporting period. At the same time, many countries began to administer vaccines to their populations. Compared with the prior-year period, the global economy as a whole recorded positive growth. The average rate of expansion of gross domestic product approximately corresponded to the negative level of the first quarter of 2020 in the advanced economies and far exceeded it in the emerging markets. At a national level, performance during the reporting period was in part dependent on the extent to which the negative impacts of the Covid-19 pandemic were already materializing and the degree of intensity applied to the measures taken to contain the spread.

The governments and central banks of numerous countries around the world continued to maintain their expansive fiscal and monetary policy measures. Interest rates remained comparably low. On average, prices for energy and other commodities rose significantly compared with the prior-year period. In the first three months of 2021, the currencies of major emerging markets were relatively weak year on year compared with the euro. Global trade in goods increased in the reporting period.

Trends in the markets for passenger cars and light commercial vehicles

Between January and March 2021, global demand for passenger cars rose significantly on the whole (up 19.7%) compared with the weak level recorded in the same quarter of 2020. However, the growth was uneven, owing to the effects of the Covid-19 pandemic which varied strongly from region to region throughout early 2020 as well as 2021. The overall market of the Asia-Pacific region recorded above-average growth. By contrast, the increase in North America, the Middle East and Africa, and particularly in Western Europe and South America, was lower. The overall markets of Central and Eastern Europe recorded losses. Global demand for light commercial vehicles between January and March 2021 was up significantly on the prior-year level.

Trends in the markets for commercial vehicles

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 significantly higher in the reporting period than in the prior year. Due to the pandemic, a marked decline in demand was still recorded in the bus markets that are relevant for the Volkswagen Group.

Trends in the markets for financial services

Demand for automotive financial services was buoyant in the first three months of 2021, 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 almost all regions.

Volkswagen Group deliveries

The Volkswagen Group delivered 2.4 million vehicles to customers worldwide in the period from January to March 2021. This was 21.2% or 0.4 million vehicles more than in the same period of the prior year, when demand was substantially impaired due to the Covid-19 pandemic and the measures taken worldwide to contain it. Sales figures for both the passenger cars business area

and the commercial vehicles business area exceeded the prior-year levels.

In terms of the trend in deliveries to customers of the passenger cars and light commercial vehicles business areas, there were some appreciable differences across individual countries and regions in the reporting period, depending on the latest infection rates, the related restrictions and the scale of disruption caused by the pandemic in the prior-year period. Furthermore, initial impacts on sales figures were registered in some regions as a result of supply bottlenecks for semiconductors. With the exception of SEAT, all Volkswagen Group brands exceeded their prior-year figures. Volkswagen registered higher demand year on year in nearly all regions. The Volkswagen Group's sales figures also responded positively to its e-mobility campaign: Volkswagen delivered 60 thousand fully electric vehicles to customers worldwide in the first quarter of this year. This was 78.4% more than in the same period of the prior year.

In an overall global market showing significant growth, the Volkswagen Group's passenger car market share rose to 12.4% (12.2%).

In the first three months of 2021, the Volkswagen Group handed over 31.1% more commercial vehicles to customers worldwide than in the prior year, during which demand was impacted by a slump in its core markets, which was exacerbated by the uncertainty generated by the Covid-19

pandemic. The Volkswagen Group delivered a total of 60 thousand commercial vehicles to customers in the first quarter of this year.

Volkswagen Group deliveries from 1 January to 31 March¹

	2021	2020	Change %
Regions			
Europe/Other markets	1,007,249	1,012,573	-0.5
North America	219,043	188,633	16.1
South America	140,093	126,976	10.3
Asia-Pacific	1,065,490	677,799	57.2
Worldwide	2,431,875	2,005,981	21.2
by brands			
Volkswagen passenger cars	1,360,059	1,091,444	24.6
Audi	462,828	352,993	31.1
ŠKODA	249,553	232,885	7.2
SEAT	125,536	130,316	-3.7
Bentley	3,358	2,395	40.2
Lamborghini	2,422	1,944	24.6
Porsche	71,986	53,125	35.5
Bugatti	21	20	5.0
Volkswagen commercial vehicles	95,797	94,869	1.0
Passenger cars and light commercial vehicles total	2,371,560	1,959,991	21.0
Scania	23,033	18,184	26.7
MAN	37,282	27,806	34.1
Commercial vehicles total	60,315	45,990	31.1

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 increased by 20.5% year on year in the first three months of 2021 to 2.3 million vehicles (including the Chinese joint ventures). At 2.1 million vehicles, unit sales outside Germany rose by 24.9% as compared with the period from January to March 2020. The growth in demand was primarily attributable to the Chinese market, which in the prior-year period had especially been impacted by declining sales precipitated by the Covid-19 pandemic. By contrast, unit sales in Germany fell by 5.5% year on year. Vehicles sold in Germany as a proportion of overall sales decreased to 11.5% (14.6%).

In the reporting period, the Volkswagen Group produced 2.3 million vehicles (including the Chinese joint ventures), 16.1% more than in the same period of the prior year which was impacted by national measures to contain the pandemic. These had led to the disruption of supply chains with production subsequently being halted in the Volkswagen Group. Bottlenecks in supply, particularly for semiconductors, and production restrictions were again registered in the first quarter of 2021.

Global inventories at group companies and in the dealer organization were lower on 31 March 2021 than at year-end 2020, and also below the corresponding prior-year figure.

Financial services of the Volkswagen Group

The financial services division's products and services were popular in the first quarter of 2021, the Covid-19 pandemic weighed on demand to varying degrees. The number of new financing, leasing, service and insurance contracts signed worldwide increased by 1.9% to 2.1 million. In the reporting period, the ratio of leased or financed vehicles to group deliveries (penetration rate) in the financial services division's markets decreased to 35.2% (39.9%) because the group's deliveries increased at a higher rate than the number of contracts signed. The total number of contracts as of 31 March 2021 was 24.1 million (24.1 million).

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

Explanatory notes on results of operations, financial position and net assets

In the following explanations, the significant results of operations as well as the financial position and net assets of the Porsche SE Group are presented for the first three months of the fiscal year 2021 and as of 31 March 2021. While the prior-year figures for the results of operations relate to the period from 1 January to 31 March 2020, the financial position and net assets use figures as of 31 December 2020 as comparative figures.

The Porsche SE Group distinguishes between two segments. The first segment, "PSE", primarily contains Porsche SE holding operations including the investment in Volkswagen AG and the five non-controlling interests in technology companies. 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 €995 million (€99 million) in the first quarter of the fiscal year 2021. Of this €999 million (€104 million) related to the PSE segment. For the ITS segment, a result after tax of minus €4 million (minus €5 million) was derived. This included subsequent effects from the purchase price allocation amounting to minus €2 million (minus €2 million).

Condensed consolidated income statement

€ million	PSE Group	
	Jan. - March 2021	Jan. - March 2020
Revenue	24	26
Cost of materials	-3	-4
Personnel expenses	-21	-21
Amortization and depreciation	-5	-5
Other operating expenses	-8	-9
Other income/expenses	1	2
Result from investments accounted for at equity	1,003	108
Financial result	0	-3
Result before tax	992	93
Income tax	3	6
Result after tax	995	99

Condensed consolidated statement of comprehensive income

€ million	PSE Group	
	Jan. - March 2021	Jan. - March 2020
Result after tax	995	99
Other comprehensive income	1,323	662
Total comprehensive income	2,318	761

Other comprehensive income of €1.3 billion (€0.7 billion) mainly contains effects resulting from the investment in Volkswagen AG accounted for at equity that relate to actuarial gains from the remeasurement of pension provisions of €0.9 billion (€1.1 billion), to currency translation of €0.4 billion (minus €0.5 billion) as well as to hedge accounting of minus €0.3 billion (€0.1 billion).

Results of operations of the PSE segment

The result after tax for the PSE segment was significantly influenced by the result from the investment in Volkswagen accounted for at equity of €1,003 million (€108 million). This contains profit contributions from ongoing equity accounting before purchase price allocations of €1,018 million (€126 million) as well as subsequent effects from purchase price allocations of minus €15 million (minus €18 million). The increase in the result from investments accounted for at equity is attributable to the positive development in the result at the level of the Volkswagen Group (see the section “Results of operations of the Volkswagen Group” below).

Personnel expenses and other operating expenses in the PSE segment were at the prior-year level at €3 million and €4 million, respectively. The financial result of €0 million (minus €3 million) largely contains offsetting effects from interest expenses for expected tax backpayments as well as from the fair value measurement of financial instruments. The

prior-year figure contained €2 million in losses from the sale of financial instruments.

Results of operations of the ITS segment

In the reporting period, the ITS segment generated revenue of €24 million (€26 million), resulting primarily from the sale of software products (license sales and subscriptions), maintenance services and the project business. Amortization and depreciation amounted to €5 million (€5 million) and related in particular to the subsequent measurement of the identified intangible assets in the course of the purchase price allocation of €3 million (€3 million). Other expenses were reduced by cost-cutting measures, thus generating a segment result before tax of minus €5 million, unchanged on the prior-year period.

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, decreased to €558 million (€563 million) as of the end of the quarter compared to 31 December 2020. Cash outflows result primarily from operating holding expenses of the PSE segment. This was counterbalanced by cash inflows from the operating business of the ITS segment.

The Porsche SE Group's total assets increased by €2.3 billion to €38.6 billion as of the end of the quarter.

Condensed consolidated balance sheet

€ million	PSE Group	
	31/3/2021	31/12/2020
Assets		
Intangible assets	223	227
Investments accounted for at equity	37,606	35,259
Other non-current assets	83	127
Non-current assets	37,913	35,614
Securities	138	143
Time deposits	185	197
Cash and cash equivalents	271	259
Other current assets	86	37
Current assets	681	637
	38,594	36,250
Equity and liabilities		
Equity	38,263	35,946
Financial liabilities	23	23
Deferred tax liabilities	113	100
Other non-current liabilities	74	77
Non-current liabilities	211	200
Financial liabilities	14	14
Other current liabilities	105	91
Current liabilities	120	105
	38,594	36,250

The Porsche SE Group's non-current assets of €37.9 billion (€35.6 billion) primarily relate to the 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 €2.3 billion to €37.6 billion. In addition to the positive result from investments accounted for at equity, in particular the effects from the remeasurement of the pension provisions at the level of the Volkswagen Group recognized under other comprehensive income increased its carrying amount.

As of 31 March 2021, the intangible assets of the Porsche SE Group of €223 million (€227 million) primarily contain the goodwill of the PTV Group of €147 million (€147 million) as well as the carrying amounts for customer bases, software and brand resulting from the purchase price allocation.

The equity of the Porsche SE Group increased to a total of €38.3 billion (€35.9 billion) due to the positive total comprehensive income as of 31 March 2021. The equity ratio of 99.1% remained virtually constant compared to the end of the fiscal year 2020


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 2021. It should be noted that the group

result of Porsche SE only reflects its capital share in 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 allocations, are not taken into consideration in the explanations below.

Against the backdrop of a recovery in the global economy despite the continuing adverse effects of the Covid-19 pandemic, the Volkswagen Group's revenue amounted to €62.4 billion in the first quarter of 2021, 13.3% more than in the prior year. The increase was mainly the result of higher vehicle sales, positive mix effects and improved price positioning. Changes in exchange rates had a negative effect. The group made 82.2% (80.1%) of its revenue abroad. Gross profit (revenue less cost of sales) increased to €12.3 billion (€9.2 billion); the gross margin stood at 19.8% (16.8%).

At €4.8 billion, the Volkswagen Group's operating result for the first three months of 2021 exceeded the prior-year figure by €3.9 billion, while the operating return on sales climbed to 7.7% (1.6%). This was attributable to improvements in the volume, in the mix and in price positioning as well as positive effects from the measurement of certain derivatives to which hedge accounting is not applied. The commercial vehicles business area



recognized one-off expenses of minus €0.4 billion for restructuring measures.

The financial result was down on the prior year, amounting to minus €0.3 billion (minus €0.2 billion). The interest expenses included in this item resulting from the measurement of liabilities rose due to changes in discount rates. Moreover, the other financial result included negative effects from the measurement of forward purchase agreements for new shares in QuantumScape. A positive contribution was made by the year-on-year improvement in the share of the result of equity-accounted investments, as the Chinese joint ventures had already felt the effects of the spread of the SARS-CoV-2 virus in the first quarter of 2020. Moreover, changes in share and unit prices had weighed on net income from securities and funds in the prior year as a result of the Covid-19 pandemic.

The Volkswagen Group's result before tax went up by €3.8 billion year on year to €4.5 billion. The result after tax increased by €2.9 billion to €3.4 billion.



Opportunities and risks of future development

Opportunities and risks of the Porsche SE Group

There were no changes regarding the risk areas and their risk assessments presented in the report on opportunities and risks at the Porsche SE Group in the combined group management report for the fiscal year 2020. 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 of 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 2021 of Volkswagen AG.

Due to the positive business performance in the first quarter of 2021, Volkswagen has raised the forecast for 2021 to between 5.5% and 7.0% for the operating return on sales of the Volkswagen Group and between 5.5% and 7.5% for the passenger cars business area as well as for net cash flow and net liquidity.

Volkswagen is of the opinion that the risk of bottlenecks and disruptions in the supply of

semiconductor components has deteriorated across the entire industry.

The interim report of the Volkswagen Group also updated the status of the legal risks in connection with the diesel issue at the level of the Volkswagen Group. Beyond this, there were no significant changes in the reporting period of the Volkswagen interim report compared with the disclosures in the “Opportunities and risks of the Volkswagen Group” section in the combined management report in the annual report of Porsche SE for the fiscal year 2020.

Outlook

Anticipated development of the Volkswagen Group

Volkswagen believes it is well prepared overall for the future challenges pertaining to automotive business activities and for the mixed development of the regional automotive markets. Its brand diversity, presence in all major world markets, broad and selectively expanded product range, and 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 its 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.

Volkswagen's planning is based on the assumption that global economic output will recover overall in 2021, provided lasting containment of the Covid-19 pandemic is achieved. Further, these plans are based on the Volkswagen Group's current structures. They do not include the impact of organizational changes, such as the acquisition of additional shares in Navistar by TRATON SE.

The Volkswagen Group anticipates that deliveries to customers will be significantly up on the prior year in 2021 – assuming successful containment of the Covid-19 pandemic – amid continued challenging market conditions.

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

Volkswagen expects the revenue of the Volkswagen Group and the passenger cars and commercial vehicles business areas in 2021 to be significantly higher than the prior-year figure. In terms of the operating result, it expects an operating return on sales of between 5.5% and 7.0% for the group and of between 5.5% and 7.5% for the passenger cars business area in 2021. For the commercial vehicles business area, it anticipates an operating return on sales of around 3%, including restructuring measures. For the financial services division, Volkswagen forecasts that revenue will be moderately higher than the prior-year figure and that the operating result will be in line with the prior 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 following earnings forecast is based on the current structure of the Porsche SE Group and the

Volkswagen Group. Effects from any other future investments and divestitures of the Porsche SE Group or from future organizational changes at the level of the Volkswagen Group are not taken into account. Based in particular on the Volkswagen Group's expectations regarding its future development and the ongoing existing uncertainties with regard to the Covid-19 pandemic and possible special items in connection with the diesel issue, the Porsche SE Group continues to expect a positive group result after tax of between €2.6 billion and €4.1 billion for the fiscal year 2021.

As of 31 March 2021, the Porsche SE Group had net liquidity of €558 million. The goal of the Porsche SE Group to achieve positive net liquidity remains unchanged as of 31 December 2021. This is expected to be between €0.4 billion and €0.9 billion, not taking future investments and divestitures into account.

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.

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.

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 (NOx) emissions had been discovered in emissions tests on certain Volkswagen Group vehicles with 2.0 l diesel engines in the USA. 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. In this regard, numerous judicial and regulatory proceedings were subsequently initiated in various countries.

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

To be announced:
Annual general meeting

10 August 2021
Half-yearly financial report 2021

9 November 2021
Group quarterly statement 3rd Quarter 2021

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

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