VOLKSWAGEN GROUP

Interim Report

January – September 2023

Key Figures

VOLKSWAGEN GROUP

	Q3			Q1 – 3		
	2023	2022[1]	%	2023	2022[1]	%
Volume Data[2] in thousands						
Deliveries to customers (units)	2,344	2,181	+ 7.4	6,716	6,056	+ 10.9
Vehicle sales (units)	2,314	2,236	+ 3.5	6,762	6,243	+ 8.3
Production (units)	2,173	2,237	–2.8	6,864	6,397	+ 7.3
Employees (on Sept. 30, 2023/Dec. 31, 2022)				680.3	675.8	+ 0.7
Financial Data (IFRSs), € million						
Sales revenue	78,845	70,673	+ 11.6	235,102	202,885	+ 15.9
Operating result before special items	4,894	4,260	+ 14.9	16,241	17,439	–6.9
Operating return on sales before special items (%)	6.2	6.0		6.9	8.6	
Special items	–	–	x	0	–360	x
Operating result	4,894	4,260	+ 14.9	16,241	17,079	–4.9
Operating return on sales (%)	6.2	6.0		6.9	8.4	
Earnings before tax	5,801	2,937	+ 97.5	17,700	16,992	+ 4.2
Return on sales before tax (%)	7.4	4.2		7.5	8.4	
Earnings after tax	4,347	2,135	x	12,868	12,789	+ 0.6
Automotive Division[3]						
Total research and development costs	5,366	4,538	+ 18.3	15,572	13,826	+ 12.6
R&D ratio (%)	8.3	7.7		8.0	8.2	
Cash flows from operating activities	7,996	8,652	–7.6	21,733	22,256	–2.4
Cash flows from investing activities attributable to operating activities[4]	5,528	5,369	+ 3.0	16,795	16,679	+ 0.7
of which: capex	3,098	3,089	+ 0.3	8,718	7,177	+ 21.5
capex/sales revenue (%)	4.8	5.2		4.5	4.3	
Net cash flow	2,468	3,284	–24.8	4,938	5,576	–11.5
Net liquidity at Sept. 30				36,712	31,553	+ 16.3

1 Prior-year figures adjusted (see disclosures on IFRS 17).
2 Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. Prior-year deliveries have been updated to reflect subsequent statistical trends.
3 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
4 Excluding acquisition and disposal of equity investments: Q3 €5,630 (5,356) million, Q1 – 3 €16,284 (14,050) million.

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

Key Facts

- Deliveries to Volkswagen Group customers increase to 6.7 (6.1) million vehicles in the first nine months of 2023; Asia-Pacific down slightly year-on-year; growth in all other regions worldwide
- Deliveries of all-electric vehicles to customers up by 45.0%; their share of the Group's total deliveries lies at 7.9 (6.1)%
- Group sales revenue amounts to €235.1 billion, 15.9% more than in the prior year
- Operating result at €16.2 (17.1) billion; effects from the fair value measurement of derivatives to which hedge accounting is not applied of €–2.5 (+0.8) billion; improvements particularly in volumes and price positioning
- Earnings before tax increase to €17.7 (17.0) billion; earnings after tax at €12.9 (12.8) billion on a level with previous year
- Automotive Division's net cash flow amounts to €4.9 (5.6) billion; capex ratio of 4.5 (4.3)%
- Net liquidity in the Automotive Division amounts to €36.7 billion; successful placement of green hybrid notes strengthens capital base; cash outflows from dividend payments totaling around €11 billion

Group News

PRESENTATION OF NEW PRODUCTS AND TECHNOLOGIES

The Volkswagen Group and its brands presented new vehicles and technologies once again in the third quarter of 2023.

IAA MOBILITY 2023

The Volkswagen Passenger Cars brand turned heads at the IAA Mobility 2023 in Munich with models such as the ID. GTI Concept. Volkswagen used the show car to demonstrate for the first time how it can transport the iconic GTI into the age of e-mobility. The ID. GTI Concept offers the perfect combination of driving pleasure and everyday usability – exactly what the letters GTI have stood for over the decades. It is dynamic, features progressive technology and has also been reimagined for tomorrow's world: electric, fully connected and utterly captivating. The production version of the vehicle based on the Modular Electric Drive Toolkit (MEB) is scheduled to hit the roads by 2027 at the latest. Volkswagen Passenger Cars also presented the new Passat for the first time in Munich. The ninth generation of the bestseller excels with a powerful and aerodynamic design, high quality and efficient drivetrains: two new plug-in hybrid drives enable an all-electric range of up to around 100 km and fast DC charging with a charging capacity of up to 50 kW for the first time. The cockpit, featuring large displays and an intuitive menu structure, has been developed in response to feedback from Volkswagen customers. The generous interior space, the effective noise insulation, enhanced seats and new adaptive chassis control DCC Pro ensure a high level of travel comfort. The new Passat is expected to arrive on the market as an all-purpose estate in the first quarter of 2024.

In Munich, the Audi brand gave an initial preview of the inside of the new Q6 e-tron range. Consistently designed around the needs of the driver, the interior has been reimagined using clear structures. The "Softwrap" extends from the doors right across the entire cockpit to the central console, creating a harmonious and welcoming ambience. The colors and high-quality materials, some of which are made from recycled materials, are also used in the seats. Above the Softwrap are the free-standing Audi MMI panoramic display in a curved design and the MMI front passenger display. The Audi Q6 e-tron is the first model range based on our brand new Premium Platform Electric (PPE) and the new E^3 electronic architecture. Together, they serve as the basis for rethinking the interior's design and range of functions. Audi rounded off its appearance at the IAA with the German premiere of the electric concept car Audi activesphere concept – a four-door crossover coupé with a transformable rear end.

CUPRA caused a stir at the IAA Mobility with its DarkRebel. The concept vehicle embodies CUPRA's highly provocative design language and sets new benchmarks in design and performance. It is the first vehicle to be completely designed in the virtual space. The result is an all-electric, two-seater shooting brake sports car that reflects the boundary-pushing passion and mindset of the CUPRA brand. This is exemplified by a striking, quicksilver-like exterior color, a wheel design inspired by motor racing and the CUPRA logo, the novel use of illumination as a design element, upward-opening scissor doors and a greater focus on sustainability.

As one of Europe's largest mobility service providers, Elli showcased its new charging and service products in Munich and gave an outlook on the energy innovations of the future. At the heart of its presentation was the new Elli Flexpole, a mobile, fast-charging station that is easy and flexible to install. Thanks to the integrated battery system, the Flexpole can be connected to a low-voltage grid without a special transformer or costly construction work. Flexpole charging stations enable charging speeds of up to 150 kW. This means that a range of up to 160 km is deliverable within ten minutes, depending on the vehicle.

OTHER NEW VEHICLES

At September's ID. Meet in Locarno, Switzerland, the Volkswagen Passenger Cars brand presented its vision of an all-electric sports saloon in the upper mid-sized class: the ID.X Performance show car is based on the new ID.7 and impresses with powerful all-wheel drive, performance-oriented suspension and an expressive appearance. The exterior stands out with carbon elements at the front and rear, a sports chassis and 20-inch sports alloy wheels. Inside, occupants sit on carbon bucket seats, which provide great support even with a dynamic driving style. The powerful dual-motor drivetrain powers the front and rear axles, offering 411 kW (558 PS) and a boost function. The ID.X Performance's traction battery permits high continuous power output and requires only short charging times thanks to a charging capacity of up to 200 kW. Also in September, the Volkswagen Passenger Cars brand celebrated the world premiere of the new Tiguan. The third generation of the popular compact SUV is launching with progressive technologies and charismatic design. New plug-in hybrid drives permit an all-electric range of up to 100 kilometers and fast DC charging. Inside, a clearly structured digital cockpit, an infotainment screen and an optional head-up display offer the driver a great deal of information and the use of digital services and apps. New features have also been taken from the premium segment, such as a pneumatic massage function for the front seats, IQ.LIGHT HD matrix headlights and adaptive chassis control DCC Pro.

Audi presented the new Q8 in September. The Q family's flagship impresses with its clear design language and upgraded technology. The facelifted exterior featuring new front and rear aprons underlines the strong character of the SUV coupé. Audi has equipped the Q8 with HD matrix LED headlights and, for the first time, a laser as an additional high beam. These headlights also feature digital daytime running lights with four selectable light signatures. Digital OLED rear lights with four selectable rear light designs complete the expanded light offering. New wheels, colors, decorative inlays and seats with contrast stitching highlight the Q8's top position among the Q models.

In August, Porsche celebrated the 60th anniversary of the 911 with a special edition built for maximum driving enjoyment and limited to 1,963 vehicles: the Porsche 911 S/T. The particularly agile and direct handling of the 911 S/T is achieved partly through consistent lightweight design. The front bonnet, roof, front wings and the doors with their striking inlets are among the parts made of lightweight carbon-fiber-reinforced plastic (CFRP). Porsche has also fitted the anniversary model with magnesium wheels, ceramic brakes, a lithium-ion starter battery and lightweight glass, all as standard. In the 911 S/T, the high-revving engine from the 911 GT3 RS delivers its 386 kW (525 PS) to the road through a manual transmission and lightweight clutch, accelerating the vehicle to 100 km/h in 3.7 seconds. The top speed is 300 km/h. The exhilarating driving experience is heightened by the compelling soundscape of the standard lightweight sports exhaust system. Also in August, Porsche presented the most powerful model in its SUV range: the Cayenne Turbo E-Hybrid. In the successor to the Cayenne Turbo S E-Hybrid, Porsche has upgraded the hybrid technology in multiple areas, achieving significant gains in electric range and performance in particular. Both day-to-day usability and driving dynamics benefit from the changes. An electric motor with

130 kW (176 PS) of power supplements the extensively reworked 441 kW (599 PS), 4.0-liter twin-turbo V8 engine. Together, the two power units deliver an impressive system power output of 544 kW (739 PS), enabling a sprint from 0 to 100 km/h in 3.7 seconds and a top speed of 295 km/h.

At the Monterey Car Week in August, Lamborghini presented the Lanzador concept car, its tangible vision of a future all-electric Lamborghini as the fourth model line. The super sports car is a Gran Turismo with 2+2 seats, high ground clearance and unexpected bodywork styling. It is distinguished by its clear and puristic design, which combines the high-performance elements of the Revuelto super sports car with the lively versatility of an Urus.

At the Caravan Salon 2023 in Düsseldorf, the Volkswagen Commercial Vehicles brand celebrated the world premiere of the California CONCEPT, which is based on the long-wheelbase version of the Multivan. The concept vehicle is both a dependable everyday companion and a fully-fledged campervan ready for virtually any challenge or distance. This is the first California model to enable electric travel thanks to the plug-in hybrid drive. The highlights in the well-thought-out interior include the additional sliding door on the driver’s side. Together with the completely redesigned kitchenette and an external folding table, this creates various options for outdoor cooking and eating. A compact BBQ grill stowed in the kitchen unit can also be conveniently removed from outside the vehicle.

AWARDS

In July 2023, several Volkswagen Group brands won multiple accolades at the AutomotiveINNOVATIONS Awards. Since 2012, the awards organized by PwC and the Center of Automotive Management have recognized the automotive industry’s most innovative achievements. Volkswagen Passenger Cars was judged the most innovative volume brand in the “Electrified Powertrain” and “Interface and Connectivity” categories. Audi won in the category for the most innovative premium brands. In addition, Volkswagen was presented with the award for the most innovative automotive group.

In late August 2023, the *AUTO Straßenverkehr* magazine crowned its “Family Car of the Year 2023”. The T-Roc from Volkswagen Passenger Cars topped the overall ranking in the up to €25,000 price category. The SEAT Leon Sportstourer led the import rankings in the design category. In the technology category, the ŠKODA Kamiq secured the title of best import vehicle. The technology category for vehicles in the €25,000 to €35,000 segment was won by the Audi Q2. A total of 114 vehicles were voted on by the readers, all with a luggage compartment capacity of at least 400 liters.

In early September 2023, numerous Volkswagen Group models were awarded the “Company Car of the Year 2023” title in the poll organized by the *firmenauto* magazine. The Volkswagen Passenger Cars brand took first place with the Polo in the overall rankings for the small cars category. The ŠKODA Fabia won the import rankings. The CUPRA Born topped the overall and import rankings in both the compact and electric compact classes. The CUPRA Formentor was the winner among imported SUVs and crossovers. ŠKODA’s Superb took the top spot in the import rankings for mid-sized vehicles. ŠKODA also won the import rankings in the electric mid-sized category with the Enyaq Coupé iV. The Audi e-tron GT impressed the jury in the overall rankings for the premium and electric premium segments. Audi’s Q5 also won the overall rankings for mid-sized and large SUVs. The ID. Buzz from Volkswagen Commercial Vehicles was crowned best electric van. The prize for best electric newcomer went to the ID.7 from Volkswagen Passenger Cars. The expert jury chose from a total of 213 models in 18 categories. This year’s winners were presented with their awards at the IAA Mobility.

In September 2023, ŠKODA’s Pay to Park service won the Car Connectivity Award from *auto, motor und sport* and the digital magazine MO/OVE. The app was developed by ŠKODA X, ŠKODA’s own center of expertise for digital services and mobility solutions. Over 42,000 users have already registered for the service via their infotainment system or smartphone. Audi won the Car Connectivity Award in the navigation systems category with the MMI pro augmented reality head-up display used in the Q4 e-tron.

ANNIVERSARIES

In early July 2023, Volkswagen do Brasil achieved the production milestone of 25 million vehicles. The site also celebrated its 70th anniversary this year. Volkswagen do Brasil is both Brazil's largest vehicle manufacturer and the country's biggest exporter.

In mid-July 2023, the 200,000th VW California left the plant in Hanover. The anniversary vehicle was a California Ocean with two-tone Reflex Silver and Fortana Red paintwork. The camper has been produced in Hanover since 2004 and is one of the most successful campervans in the world.

Audi achieved the production milestone of two million vehicles in Hungary in July 2023. The anniversary vehicle was an Audi RS Q3 Sportback in beige. Vehicle production at the site in Győr began back in 1998 with the Audi TT.

In early August 2023, Porsche celebrated the 60th anniversary of the Porsche 911. To mark the event, there will be a special edition limited to 1,963 vehicles: the purist-pleasing 911 S/T designed for maximum driving enjoyment.

In mid-September 2023, the NEOPLAN Tourliner from MAN Truck & Bus turned 20. Almost 4,000 vehicles have been sold to date, two-thirds of them in the 12-meter, two-axle version. The Tourliner is the NEOPLAN premium brand's entry-level coach.

THIRD RESPONSIBLE RAW MATERIALS REPORT PUBLISHED

Since 2021, the Volkswagen Group has been the first automotive company to report publicly and voluntarily in its own report – the Responsible Raw Materials Report – on its Group-wide measures to reduce environmental and human rights risks in particularly exposed raw material supply chains. The third report was published in July 2023 and reports in detail on the progress in transparency and reducing risks in raw material supply chains. The focus was on measures to comply with human rights due diligence obligations and work more closely with battery companies and their suppliers.

SHAREHOLDINGS

In late July 2023, Volkswagen entered into an agreement with the electric vehicle company XPeng Inc., Cayman Islands, to acquire up to 4.99% of the ordinary shares of XPeng Inc. for a fixed purchase price of up to USD710 million. The transaction is expected to close in the fourth quarter of 2023. Along with the agreement to acquire the shares, a technological framework agreement was signed with Guangdong Xiaopeng Motors Technology Co. Ltd., Guangzhou/People's Republic of China, a subsidiary company of XPeng Inc. This framework agreement relates, among other things, to the joint development of electric vehicles in China. The transaction is subject to customary closing conditions, including approval by the competent authorities.

At the same time as the above, Audi and its Chinese joint venture partner SAIC signed a strategic memorandum to further expand their existing cooperation. The aim of the joint development work is to swiftly and efficiently expand the portfolio of smart, fully connected electric vehicles on offer in the premium segment. Details of the collaboration on future electric platforms are the subject of further negotiations between the partners.

Volkswagen Financial Services AG (VW FS) and Pon Holdings (Pon) signed a memorandum of understanding at the beginning of September 2023 to intensify their partnership in the leasing of company bikes. The aim is to expand together in the growing bicycle and e-bike leasing business in Europe and the United States. VW FS is thereby supporting the strategic goals of the Volkswagen Group as it becomes a broad-based provider of sustainable mobility. As part of this partnership, VW FS will acquire a 49% stake in the Pon subsidiary Bike Mobility Services (BMS). BMS provides solutions for companies in the areas of bicycle leasing and financing. The investment by VW FS in BMS is subject to approval by the regulatory authorities and by the supervisory boards of Volkswagen AG and Volkswagen Financial Services AG.

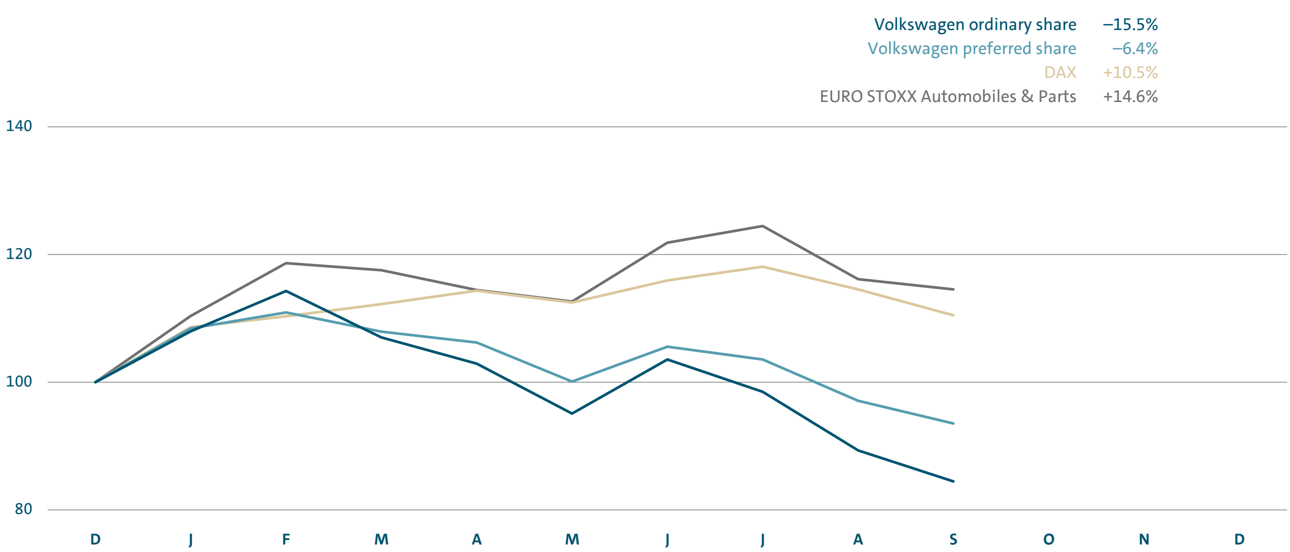
Volkswagen Shares

In the first nine months of 2023, thanks to positive economic data, the international stock markets initially continued the upward trend that they had begun in October 2022 and recorded significant gains. Over time, however, hopes that national central banks would ease back on the pace of interest rate increases changed to growing concerns about further hikes to rein in persistently high inflation. What is more, the crisis in the international banking sector triggered by the higher interest rates deeply unsettled the financial markets, a situation that was exacerbated among other things by the debt ceiling debates in the United States. Encouraging economic and corporate data initially bolstered the stock markets as the year progressed, but prices came under pressure again at the end of the reporting period. Nevertheless, stock markets posted a significant increase in the reporting period overall as compared with year-end 2022.

The German stock market index (DAX) got off to a tremendous start in 2023, initially recording significant gains over the 2022 year-end closing price. Sentiment brightened on the back of falling energy prices, expectations of declining inflation rates and improved leading economic indicators. However, stock prices were then hit by continued interest rate hikes on the part of the European Central Bank in light of continued high inflationary pressure. The DAX transitioned into sideways movement. As the year went on, the turbulence at several international banks triggered by rising interest rates and the US debt ceiling dispute

PRICE DEVELOPMENT FROM DECEMBER 2022 TO SEPTEMBER 2023

Index based on month-end prices: December 31, 2022 = 100



had an adverse effect on share prices. This was compounded by economic woes caused among things by the muted economic data coming from China. Despite difficult market conditions, the benchmark index rose temporarily to a new record high in July, buoyed by good corporate results and waning inflationary pressure, which reduced the need for further rate increases. Yet, later on in the third quarter, emerging uncertainties once again weighed on sentiment, particularly as a result of the German economy's continued weak performance by international standards. The DAX finished September with the biggest monthly decline in a year.

The prices of Volkswagen AG's preferred and ordinary shares initially developed very positively at the beginning of the reporting period. The sound results for the 2022 fiscal year published at the beginning of March, the dividend proposed for 2022 and a favorable outlook for 2023 caused a temporary rally. The investment plans announced when the annual report was presented were received critically by the capital markets due to the high level of capital required for the transformation of the company. The intensifying competition in the automotive sector likewise acted as a damper on the share price. Price cuts by competitors, especially for electric vehicles, and concerns about increasingly aggressive pricing generated further uncertainty among investors. Declining market share in the Chinese market combined with the assessment by market participants regarding the Group's high dependence on developments in China also weighed on the share price. At the end of the third quarter of 2023, preferred shares were down 6.4% and ordinary shares were down 15.5% on their year-end 2022 values. Assuming that the regular dividend (before deduction of taxes) was reinvested in Volkswagen shares at the time of distribution, the total return on the preferred shares was +0.4% and the total return on the ordinary shares was –10.6%. The return on the preferred shares was therefore lower than that of the benchmark indices, DAX and EURO STOXX Automobiles & Parts.

Information and explanations on earnings per share can be found in the notes to the interim consolidated financial statements. Additional Volkswagen share data, plus corporate news, reports and presentations, is available on our website www.volkswagen-group.com/en/investors-15766.

VOLKSWAGEN SHARE KEY FIGURES AND MARKET INDICES FROM JANUARY 1 TO SEPTEMBER 30, 2023

		High	Low	Closing
Ordinary share	Price (€)	181.65	120.25	124.70
	Date	Mar. 3	Sept. 7	Sept. 29
Preferred share	Price (€)	142.20	105.76	108.94
	Date	Mar. 3	Sept. 7	Sept. 29
DAX	Price	16,470	14,069	15,387
	Date	Jul. 28	Jan. 2	Sept. 29
ESTX Auto & Parts	Price	634	522	580
	Date	Jul. 28	Jan. 2	Sept. 29

Business Development

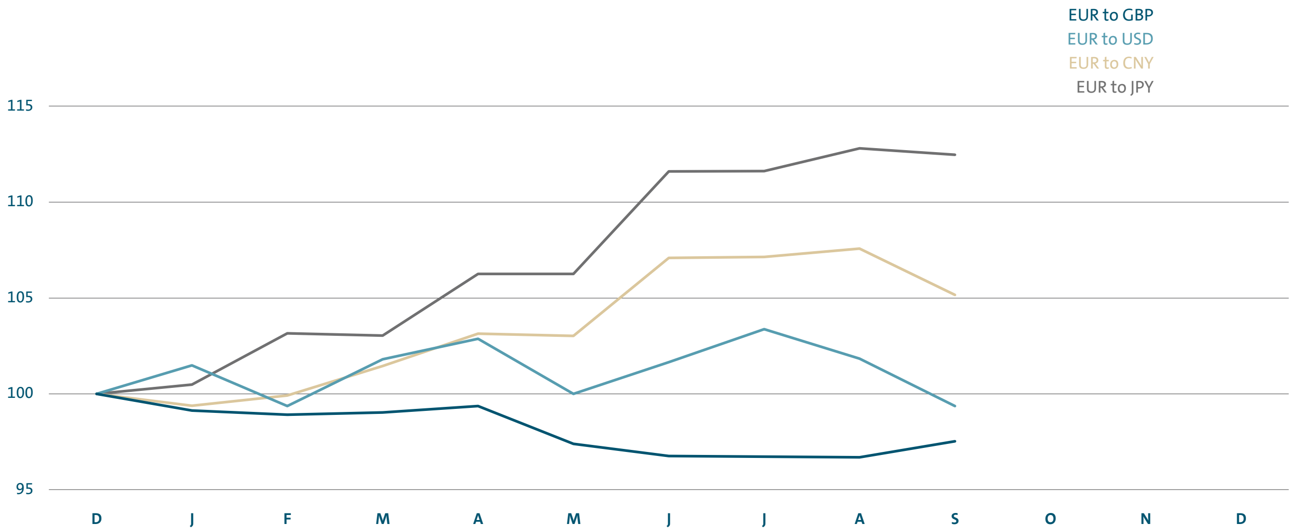
GENERAL ECONOMIC DEVELOPMENT

The Russia-Ukraine conflict led to increased uncertainty in relation to developments in the global economy and prompted large sections of the community of Western states to impose sanctions on Russia, ranging from extensive trade embargoes to the partial exclusion of Russia from the global financial system. Russia itself, in its role as an energy exporter, restricted deliveries to Europe, particularly deliveries of gas. The resulting shortage of supply led particularly in 2022 to rising prices on energy and commodity markets. While prices have dropped in recent months as a result of weakening momentum in the global economy, they remain at a relatively high level in some cases. Furthermore, salary trends in the overheated labor markets, among other factors, pose the threat of continued high inflation.

Following the slump in global economic output in 2020, the incipient recovery due to baseline and catch-up effects in 2021 and further normalization of economic activity in 2022 despite the Russia-Ukraine conflict, economic growth continued to recover in the reporting period on average, albeit with lower momentum overall compared with the prior year. This was mainly due to weaker growth in the advanced economies, whereas the overall rate of change in the emerging markets increased somewhat. At national level, developments depended on the one hand on the intensity with which central banks had to tighten monetary policy to curb the higher inflation – mainly by raising interest rates and reducing bond holdings – which had a negative impact on consumer spending and investment activity. On the other hand, the extent to which national economies were affected by the consequences of the Russia-Ukraine conflict was a decisive factor. Prices for energy and many other raw materials were lower than in the previous year, and shortages of intermediate products and commodities eased somewhat. Global trade in goods expressed in nominal terms decreased in the reporting period.

The economy in Western Europe recorded positive but low growth in the first three quarters of 2023. This trend was seen in many countries in Northern and Southern Europe. The main reasons for this were the momentary and in some cases significant increases in energy and commodity prices, which had substantially pushed up inflation rates in the previous year and thus had a negative impact on consumer confidence. The recovery in consumer sentiment in the European Union that commenced in the second half of 2022 continued initially at a low level in the reporting period. However, this indicator was on a downward trend in August and September. Business sentiment deteriorated across all sectors. In addition, the restrictive monetary policy measures taken to rein in inflation impacted on both consumer spending and investment.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2022 TO SEPTEMBER 2023
Index based on month-end prices: as of December 31, 2022 = 100



Germany registered negative economic growth in the reporting period. Compared with the same period of the prior year, the seasonally adjusted unemployment figures rose on average. After reaching historically high levels in 2022, monthly inflation rates had since fallen, but remained relatively high.

The economies in Central and Eastern Europe recorded growth in real gross domestic product (GDP) overall in the first nine months of 2023, that was higher compared with the prior-year period. While economic output in Central Europe developed at a comparatively low positive rate, GDP in the Eastern Europe region rose again year-on-year starting in the second quarter of 2023 for the first time since the outbreak of the Russia-Ukraine conflict. Inflation rates across the entire Central and Eastern Europe region declined on average in the reporting period, but remained at a high level.

In the first three quarters of 2023, Türkiye's economy recorded a rate of GDP growth that was weaker than in the previous year, amid very high inflation and depreciation of the local currency. South Africa recorded a slight positive change in economic output amid persistent structural deficits and political challenges.

In the reporting period, gross domestic product in the USA increased at the same rate as in the previous year. Given the high inflation and the tight labor market, the US Federal Reserve maintained its restrictive monetary policy, raising its key interest rate seven times in 2022 and four more times in the first nine months of 2023. Unemployment remained at a low level in the reporting period. In Canada, the growth rate of economic output was positive but considerably lower than in the same period of 2022, while growth weakened only slightly in Mexico.

In the reporting period, the Brazilian economy saw growth that was similar to that of the previous year, combined with falling monthly inflation rates. Argentina recorded declining economic output on the whole compared with the prior year amid very high inflation and the continued collapse of the currency.

China's economic output rose faster in the reporting period compared to the prior-year period, positively influenced by the repeal of the zero-Covid strategy. India registered positive but somewhat weaker economic growth year-on-year. Japan saw a higher GDP growth rate compared with the same period of the previous year.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

From January to September 2023, the volume of the global passenger car market was noticeably above the comparative figure for 2022 at 56.1 million vehicles (+9.3%). The performance of the largest passenger car markets was positive, due among other things to the weak prior-year figures. While the supply situation for intermediates improved compared with 2022, the trend in new registrations in individual markets dampened at the end of the previous year, particularly as a consequence of the Russia-Ukraine conflict and pull-forward effects generated by state subsidies expiring. Significant growth was recorded in the overall markets of the Western Europe, Central and Eastern Europe, Middle East and North America regions. The markets of the South America and Asia-Pacific regions were slightly higher than the prior-year level. The market in Africa fell noticeably short of the prior-year volume.

In the first three quarters of 2023, the global volume of new registrations for light commercial vehicles was noticeably higher (+5.7%) than in the previous year.

In Western Europe, the number of new passenger car registrations significantly increased year-on-year in the first nine months of 2023 by +17.3% to 8.8 million vehicles. The performance of the large individual passenger car markets was positive across the board: France (+15.8%), the United Kingdom (+20.1%), Italy (+20.4%) and Spain (+17.1%) all exceeded their respective levels recorded in the same period of the previous year by a significant to strong degree.

The volume of new registrations for light commercial vehicles in Western Europe was significantly higher in the reporting period than for the same period of the previous year (+15.4%).

At 2.1 million units, the total number of new passenger car registrations in Germany was significantly higher in the first nine months of 2023 than the weak prior-year level (+14.5%). Disruption in global logistic chains restricted vehicle availability at the beginning of the year. More recently, parts availability improved further, giving a boost to domestic production. In the first nine months of 2023, production in Germany rose to 3.1 million vehicles (+22.4%) and passenger car exports grew to 2.3 million units (+21.9%).

Sales of light commercial vehicles in Germany in the first nine months of 2023 were up strongly on the same period of 2022, recording an increase of 20.1%.

In the Central and Eastern Europe region, the volume of the passenger car market increased significantly in the reporting period (+12.6%) following the severe slump in 2022 as a whole. The pace of growth, however, varied in the individual markets. After the weak prior-year figures in Central Europe, significant recovery was seen in the Czech Republic (+16.5%) and Poland (+10.5%).

From January to September 2023, the market volume of light commercial vehicles in Central and Eastern Europe, was slightly up on the prior-year level (+3.0%).

The volume of the passenger car market in Türkiye at the end of the reporting period was 65.7% above the figure for the same period of 2022. The South African passenger car market fell slightly short of the prior-year level (–3.4%), while the Africa region as a whole registered a noticeable decline (–9.3%).

The volume of new registrations of light commercial vehicles in Türkiye rose by 44.5% in the first nine months of 2023 versus the comparable 2022 figure; South Africa recorded significant growth (+19.3%).

Sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) in the North America region increased significantly from January to September 2023 to 13.9 million vehicles (+14.3%). As such, the market volume in the USA also grew significantly to 11.7 million units (+13.8%). The Canadian automotive market also registered a significant increase in sales figures to 1.3 million units (+10.8%) in the reporting period, while new registrations of passenger cars and light commercial vehicles in Mexico saw a sharp rise to 1.0 million vehicles (+24.9%) compared with the prior-year period.

In the South America region, the volume of new vehicle registrations for passenger car and light commercial vehicles was at 2.7 million units in the first three quarters of 2023, slightly more than in the comparative prior-year period (+1.5%). The positive growth trend that had commenced in the previous year tapered off over the course of the reporting period. In Brazil, the number of new vehicle registrations was noticeably higher at 1.5 million units (+9.7%) than the level for the prior-year period. In the Argentinian market, demand for passenger cars and light commercial vehicles rose significantly by +11.1% to 333 thousand units.

In the Asia-Pacific region, the volume of the passenger car market was slightly higher in the first nine months of 2023 at 26.0 million units (+4.9%) than the previous year's figure. The trend in demand for passenger cars in the region was largely determined by developments in the Chinese passenger car market. Here, state subsidies and incentive programs expired at the end of 2022, causing pull-forward effects in vehicle purchases and consequently reducing the number of vehicle registrations at the beginning of 2023. Since then, demand has recovered, partly as a result of discounts and new regional incentive programs. Overall, the volume of demand in China totaled 15.6 million units, slightly above the level of the prior-year period (+2.3%). In India, passenger car sales rose significantly by 10.0% compared with the prior-year period, increasing to 3.0 million vehicles. New registrations were also up significantly in the Japanese passenger car market year-on-year at 3.0 million units (+16.8%).

The volume of demand for light commercial vehicles in the Asia-Pacific region was slightly above the level for the prior-year period (+1.3%) in the first nine months of 2023. Registration volumes in China, the region's dominant market and the largest market worldwide, experienced a noticeable rise of +8.4% compared to the prior year. The number of new vehicle registrations in India was slightly down (–2.7%) on the previous year; in Japan it was slightly up on the prior-year level (+3.7%).

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 same period of 2022. Truck markets globally were significantly up on the previous year's level. This was due to an improved situation in global supply chains and the strong recovery in China, the world's largest truck market, following the end of the country's zero-Covid strategy.

Sales volume in the 27 EU states excluding Malta, but including the United Kingdom, Norway and Switzerland (EU27+3), was stronger in the first nine months of 2023 than in the prior year. Shortages in parts supplies have now largely been overcome. New registrations in Germany, the largest market in this region, rose very strongly. Demand in the UK and France was significantly higher than the prior-year level. Türkiye recorded a sharp increase in new registrations compared with the previous year. Demand was up significantly in the South African market. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – new registrations were up significantly on the previous year's figure. In Brazil, the largest market in the South America region, demand for trucks in the first nine months of the year was significantly down on the previous year's level due to the introduction of a new emissions standard at the beginning of 2023.

In the first nine months of 2023, there was a strong rise in demand overall in the bus markets that are relevant for the Volkswagen Group compared with the same period of the prior year. Demand for buses in the EU27+3 markets in the reporting period was up significantly on the level of the previous year, with the picture varying from country to country. The school bus segment in the US and Canada delivered a stronger performance than in the prior year. Demand for buses in Mexico was much stronger than in the previous year. In Brazil, demand also increased and was up very strongly on the prior-year figure.

TRENDS IN THE MARKETS FOR POWER ENGINEERING

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

The marine market remained at a similar level in the first three quarters of 2023 than in the previous year. Demand in merchant shipping was mostly stable despite higher ship prices, and long waiting times due to high shipyard utilization rates. In this segment, in particular the market for tankers recorded a positive trend while the market for container ships, LNG tankers and bulk cargo carriers saw a year-on-year decline. The market for cruise ships and passenger ferries also declined in the reporting period. The special market for government vessels, which is funded by state investment, continued to be active due to the current geopolitical situation. In the offshore sector, investment in offshore oil production was again curbed by current overcapacities. The uncertainty regarding future fuel and emissions regulations persisted in the marine market in the first nine months of 2023, but in general a clear trend towards new fuel technologies was confirmed.

There was reticence in the market for energy generation in the first three quarters of 2023, particularly in Europe. This was due to the gas supply issues and the continued lack of a finalized framework for the future operation of power plants on the part of policymakers. The current focus on the expansion of renewable energy sources was reflected in corresponding potential in the demand for grid balancing facilities. Such facilities are used to meet power requirements if the share of renewables is not sufficient to ensure security of supply. A very positive trend was observed in the demand for power-to-methane plants. In the engines segment, there is a continuously rising demand for flexible dual-fuel engines. There is also a clear demand on the market for engines that can be converted for use with synthetic fuels such as hydrogen and green ammonia. Demand for new energy solutions such as hydrogen and long-term energy storage continued to be strong, with a clear trend towards greater flexibility and decentralized availability. However, in addition to the risks of a continued lack of price stability in the markets and bottlenecks in supply chains, the strong competitive and price pressure was undiminished in the reporting period.

Movement on the turbomachinery market was at a higher level than in the first three quarters of 2022. Prices for raw materials continued to be high, leading to solid demand in the raw materials and processing industry for production facilities with turbo compressors. Sales of turbo compressors for oil and gas production were up year-on-year, bolstered by the persistently high demand for security of supply, as well as by an investment backlog. In the new business fields, sales of turbomachinery used in the area of decarbonization increased in the third quarter of 2023 and therefore improved compared to the prior-year period. Demand for steam turbines used for power generation and gas turbines used for decentralized, industrial combined-heat-and-power installations was lower than in the previous year.

In the first nine months of 2023 the after-sales market for engines in the marine and power plant business was at the same high level as in the previous year.

The high demand in the after-sales market for turbomachinery seen in the first half of the year continued in the third quarter of 2023 and thus was up on the prior-year level.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

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

The European passenger car market was still affected by shortages in the reporting period. Vehicle deliveries nevertheless increased and were up on the prior-year period. Demand for financial services products also grew; however, as a percentage of vehicle deliveries, the figure was down on the equivalent figure for

2022. The positive trend in the financing of used vehicles continued. The sale of after-sales products such as servicing, maintenance and spare parts agreements continued to expand.

In Germany, persistent challenges presented by parts supply in vehicle production and by logistics chains continued to impact vehicle sales and the financial services business. Nevertheless, the increase in deliveries of new vehicles led to a higher volume of both leasing and financing contracts in the first nine months of 2023. New vehicle penetration was down on the comparative figure for 2022, however. New contracts for used vehicles exceeded the previous year's levels. The number of new after-sales contracts also increased and was above the 2022 level in the reporting period. The number of new contracts in the insurance business was also higher year-on-year.

The Turkish market experienced considerable volatility. A combination of sharp interest rate hikes, the weak currency, persistently high inflation and a still challenging refinancing environment kept lending practices restrictive. Used cars continued to command very high prices.

In South Africa, financed vehicle purchases remained at a comparatively low level due to the subdued economic conditions, higher vehicle prices and increased energy prices. However, inflation eased, and after increasing interest rates ten times in succession since November 2021, the South African Reserve Bank did not impose any further interest rate hikes.

Demand for vehicles and automotive financial services in the North America region rose year-on-year in the reporting period. Despite higher interest rates, new vehicle penetration in the USA was above the previous year's level, particularly in the leasing business. In Mexico and Canada, meanwhile, the penetration of leasing and financing contracts declined. The number of new contracts for after-sales products in the USA and Canada was up year-on-year, but down in Mexico.

In the South America region, the positive growth trend in the volume of new vehicle sales continued. The market for financial services benefited from increased deliveries and registered growth in the number of financing contracts. In Argentina, the level of financing contracts was stable in spite of challenging macroeconomic conditions. In Brazil, there was an increase in the number of new contracts.

The Chinese automotive market witnessed a rise in demand for electrified vehicles. This put pressure on traditional automakers and consequently impacted demand for automotive financial services. At the same time, banks are gaining a foothold in the market with attractive offers. In Japan, there was a positive trend in demand for automotive financial services. A relatively low interest rate level by international comparison and attractive financial service offerings in many places were key features of this market.

The financial services business in the market for heavy commercial vehicles was slightly up on the prior-year level in the period from January to September 2023. The lengthy delivery times for commercial vehicles are gradually beginning to return to normal. The borrowing habits of commercial vehicle customers changed due to the rise in interest rates: the decision on financing is moving closer to the time of vehicle delivery as customers speculate on interest rates falling.

VOLKSWAGEN GROUP DELIVERIES

The Volkswagen Group delivered 6,715,791 vehicles to customers worldwide from January to September 2023. This was 10.9% or 659,439 units more than in the same period of the previous year, which had suffered in particular from the limited availability of Group models caused by the continued shortage of semiconductors, and from the Russia-Ukraine conflict. Parts supply shortages continued to have an adverse effect in the reporting period. In addition, disruptions in logistics chains had a negative impact, but this diminished over the course of the reporting period. Sales of both passenger cars and commercial vehicles were up year-on-year.

The chart in this section shows the trend in deliveries worldwide for the individual months compared with the previous year. In the following, we report separately on deliveries in the Passenger Cars Business Area and the Commercial Vehicles Business Area.

VOLKSWAGEN GROUP DELIVERIES FROM JANUARY 1 TO SEPTEMBER 30[1]

	2023	2022	%
Passenger Cars	6,466,315	5,839,207	+10.7
Commercial Vehicles	249,476	217,145	+14.9
Total	**6,715,791**	**6,056,352**	**+10.9**

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

GLOBAL DELIVERIES BY THE PASSENGER CARS BUSINESS AREA

Sales of Volkswagen Group passenger cars and light commercial vehicles worldwide from January to September 2023 increased by 10.7% year-on-year to 6,466,315 units. The previous year had suffered in particular from the limited availability of Group models due to the continued shortage of semiconductors, and from the Russia-Ukraine conflict. Parts supply shortages continued to have an adverse effect in the reporting period. In addition, disruptions in logistics chains had a negative impact, but this diminished over the course of the reporting period. With the exception of Bentley, all Volkswagen Group brands delivered more vehicles to customers than in the same period of the previous year. While our sales figures in the Asia-Pacific region were slightly below the prior-year figure, deliveries to customers rose in all other sales regions around the world.

The Group's e-mobility campaign continued to move ahead successfully; we delivered 531,539 all-electric vehicles to customers worldwide in the first nine months of this year. This was 164,939 units or 45.0% more than in the same period of the previous year. Their share of the Group's total deliveries rose to 7.9 (6.1)%. A total of 175,445 of our plug-in hybrid models (+5.5%) were delivered to customers. As a result, total electrified vehicle deliveries went up by 32.7% and their share of total Group deliveries rose year-on-year to 10.5 (8.8)%. The Group's most successful all-electric vehicles included the ID.3 and ID.4 from the Volkswagen Passenger Cars brand, the Audi Q4 e-tron and Audi Q8 e-tron, the ŠKODA Enyaq iV, the CUPRA Born and the Porsche Taycan and Taycan Cross Turismo.

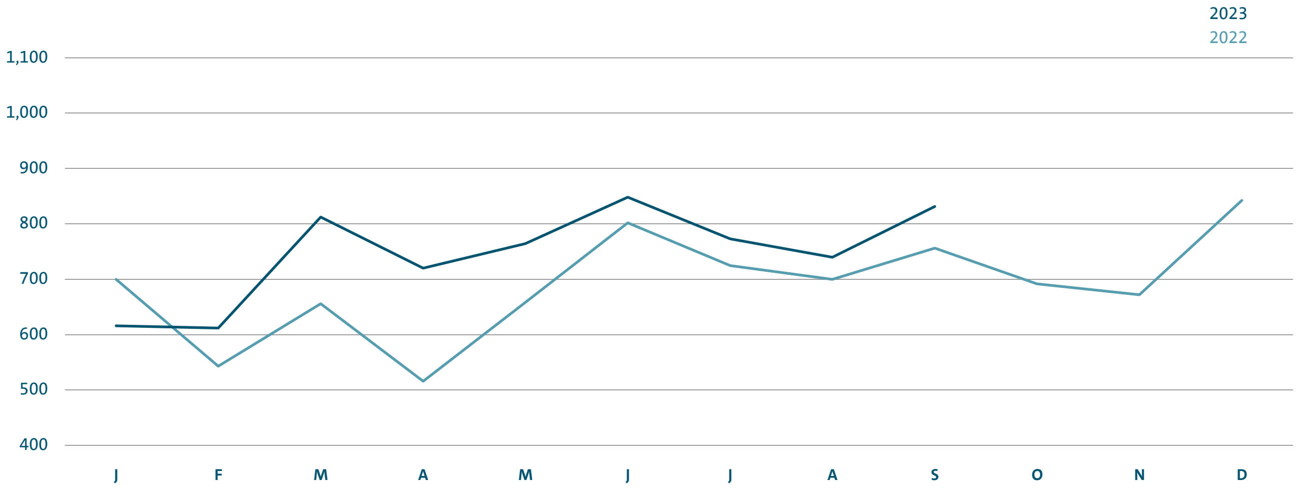
In an overall global market experiencing noticeable growth, we achieved a passenger car market share of 11.0 (11.0)%.

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

Deliveries in Europe/Other Markets

In Western Europe, the Volkswagen Group delivered 2,349,492 vehicles to customers in the first three quarters of this year in an overall market that was at a significantly higher level than in the previous year. This was 24.1% more than in the weak prior-year period, which had suffered in particular from the limited availability of Group models caused by the continued shortage of semiconductors, and from the Russia-Ukraine conflict. Parts supply shortages continued to have an adverse effect in the reporting period. In addition, disruptions in logistics chains had a negative impact, but this diminished over the course of the reporting period. Customer interest in the Volkswagen Group's electrified vehicles was strongest in Western Europe, where we delivered more than 60% of our all-electric models or 329,612 units to customers in the reporting period. Their share of Group deliveries in this region was 14.0 (10.8)%. The Group models with the highest sales volume were the T-Roc, Tiguan, Polo and Golf from the Volkswagen Passenger Cars brand. Other models that saw encouraging demand included the ID.4, Taigo, Passat Estate and ID.3 from Volks-

VOLKSWAGEN GROUP DELIVERIES BY MONTH
Vehicles in thousands



wagen Passenger Cars, the Octavia Combi, Kodiaq and Enyaq iV from ŠKODA, the Arona and Ibiza from SEAT, the CUPRA Formentor and CUPRA Born, the A3 Sportback, A1 Sportback, Q4 e-tron and Q5 from Audi, as well as the Porsche Macan and the Porsche 911 coupé. In addition, the following new or successor models introduced to the market during the previous year proved popular with customers: the ID.5 from Volkswagen Passenger Cars, the ŠKODA Karoq and the ID. Buzz from Volkswagen Commercial Vehicles. In the reporting period, the ID.3 and the Touareg from the Volkswagen Passenger Cars brand, the Audi Q8 e-tron and the Porsche Cayenne were among the models that were successfully introduced to the market as new or successor models. The Volkswagen Group's share of the passenger car market in Western Europe rose to 24.4 (23.0)%.

In Germany, 844,906 vehicles were delivered to Volkswagen Group customers between January and September 2023 in an overall market registering significant growth; this was up 17.2% on the weak prior-year period, which had suffered in particular from the limited availability of Group models attributable to the continued shortage of semiconductors, and from the Russia-Ukraine conflict. Parts supply shortages continued to have an adverse effect in the reporting period. In addition, disruptions in logistics chains had a negative impact, but this diminished over the course of the reporting period. The Group models with the highest sales volume were the T-Roc, Passat, Golf and Tiguan from the Volkswagen Passenger Cars brand. Models for which there was stronger demand included the ID.4 and ID.3 from the Volkswagen Passenger Cars brand, the ŠKODA Octavia Combi, the CUPRA Born and CUPRA Leon, and the A4 Avant, A6 Avant, Q2, A1 Sportback and Q4 e-tron from Audi. In addition, the following new models introduced to the market during the previous year proved popular with customers: the ID.5 from Volkswagen Passenger Cars and the ID. Buzz from Volkswagen Commercial Vehicles. Seven Group models led the Kraftfahrt-Bundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the Golf, T-Roc, Tiguan, Passat, Audi A6, Porsche 911 and Multivan/Transporter. The Golf was again the most popular passenger car in Germany in terms of registrations in the first nine months of 2023.

In the Central and Eastern Europe region, the number of Volkswagen Group vehicles handed over to customers in the reporting period was up 12.0% year-on-year. The overall market experienced noticeable growth in the same period. Demand developed encouragingly for a number of models, including the Taigo from Volkswagen Passenger Cars, as well as for the ŠKODA Octavia and ŠKODA Kamiq. The Volkswagen Group's share of the passenger car market in the Central and Eastern Europe region was 21.2 (21.6)%.

In Türkiye, the Volkswagen Group delivered over 60% more vehicles to customers between January and September 2023 than in the prior-year period in a market experiencing very strong growth overall. The T-Roc from Volkswagen Passenger Cars was the most sought-after Group model. In the South African market, the number of Group models sold decreased by 5.5%, while the overall market experienced a slight contraction. The Polo from the Volkswagen Passenger Cars brand remained the best-selling Group model in this region.

Deliveries in North America

In North America, the number of Volkswagen Group models delivered to customers from January to September 2023 increased by 12.9% year-on-year. The overall market grew at a comparable pace in this period. The share of all-electric vehicles in the Group's total deliveries rose to 8.2 (5.1)% in this region. The Tiguan Allspace and Taos from Volkswagen Passenger Cars were the most sought-after Group models in North America, along with the Audi Q5. The Atlas from Volkswagen Passenger Cars and the Porsche Cayenne were among the successor models that were successfully launched on the market during the reporting period. The Group's share of the market in this region amounted to 4.6 (4.7)%.

From January to September 2023, the Volkswagen Group delivered 10.2% more vehicles to customers in the significantly expanding US market than in the same period of the previous year, in which parts supply shortages in particular had likewise had an adverse effect. The Group models to record the greatest increases in absolute terms included the ID.4 from Volkswagen Passenger Cars as well as the Audi Q5 and the Audi Q7. In addition, the Audi A5 Sportback and the Porsche Macan performed encouragingly.

In Canada, the number of deliveries to Volkswagen Group customers increased by 16.2% year-on-year in the reporting period. The overall market recorded significant growth during this period. The Group models with the highest volume of demand were the Tiguan Allspace and the Taos from the Volkswagen Passenger Cars brand, along with the Audi Q5.

In Mexico, where the overall market is seeing strong growth, we delivered 23.9% more vehicles to customers in the first nine months of this year than in the prior-year period. Demand developed encouragingly for a number of models, among them the Taos, Virtus and Jetta from Volkswagen Passenger Cars.

Deliveries in South America

In the South American market for passenger cars and light commercial vehicles, which was slightly up on the prior-year level, the number of Group models handed over to customers between January and September 2023 increased by 16.6% year-on-year. The Polo, T-Cross and Nivus from Volkswagen Passenger Cars were the Group models with the highest sales volumes. The Group's share of the market in South America rose to 12.2 (10.6)%.

Compared with the previous year, the Volkswagen Group delivered 30.9% more vehicles to customers in the first nine months of 2023 in the Brazilian market, which recorded noticeable growth. The development of the sales of the Polo, Saveiro and Virtus models from Volkswagen Passenger Cars was particularly encouraging.

In Argentina, the number of Group models sold in the reporting period increased by 13.4% in comparison with the previous year in an overall market that was undergoing significant growth. Group models with the highest sales volume were the Taos from Volkswagen Passenger Cars and the Amarok from Volkswagen Commercial Vehicles.

Deliveries in the Asia-Pacific region

In the first three quarters of 2023, the Volkswagen Group saw sales in the Asia-Pacific region, an overall market that experienced slight growth, dip slightly compared with the prior-year period (–1.7%). The Group's share of the passenger car market in this region amounted to 9.7 (10.4)%.

China's overall market recorded slight growth in the reporting period compared with the previous year, in which parts supply shortages, in particular of semiconductors, and local lockdowns intended to curb the spread of the Omicron variant of the SARS-CoV-2 virus had already had an adverse effect. The Volkswagen Group delivered 3.0% fewer vehicles to customers there than in the preceding year. In addition to parts supply shortages, the increasing intensity of competition, especially for electrified vehicles, had a negative impact in the reporting period. The number of all-electric vehicles delivered to customers in China was 3.9% higher year-on-year at 117,076 units. Their share of the Group's total deliveries in China rose to 5.1 (4.8)%. New or successor models introduced during the previous year – the Sagitar, Tayron, Lamando and Tavendor from the Volkswagen Passenger Cars brand and the Q4 e-tron, A7 saloon, Q6 and Q5 e-tron from the Audi brand – were among those showing a positive trend. Other models that saw encouraging demand included the ID.3, Passat, Polo, Magotan and Tiguan Allspace from the Volkswagen Passenger Cars brand, the Audi A6 saloon, Audi Q7 and Audi A5 Sportback, and the Porsche 911. The Tharu and T-Roc from Volkswagen Passenger Cars, the Audi Q3 and the Porsche Cayenne, among others, were introduced to the market as new or successor models in the reporting period.

In the Indian passenger car market, which grew significantly, the Volkswagen Group sold 3.2% more vehicles in the first nine months of this year than in the prior-year period. The Taigun from the Volkswagen Passenger Cars brand as well as the Kushaq from ŠKODA were the most sought-after Group models there. In addition, the Virtus from Volkswagen Passenger Cars and the Kodiaq from ŠKODA, which were introduced to the market as new or successor models during the previous year, saw encouraging development in demand.

In Japan, the number of Group models delivered to customers between January and September 2023 increased by 7.6% year-on-year in a significantly expanding overall market. The Group models with the highest sales volume were the T-Roc and the T-Cross from the Volkswagen Passenger Cars brand.

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

	DELIVERIES (UNITS)		CHANGE
	2023	2022	(%)
Europe/Other Markets	**2,952,237**	**2,402,183**	**+22.9**
Western Europe	**2,349,492**	**1,892,994**	**+24.1**
of which: Germany	844,906	720,628	+17.2
France	187,809	148,730	+26.3
United Kingdom	368,260	268,970	+36.9
Italy	203,357	163,704	+24.2
Spain	178,386	145,084	+23.0
Central and Eastern Europe	**354,563**	**316,528**	**+12.0**
of which: Czech Republic	91,113	75,551	+20.6
Russia	3,504	38,550	–90.9
Poland	102,962	80,875	+27.3
Other Markets	**248,182**	**192,661**	**+28.8**
of which: Türkiye	117,849	72,392	+62.8
South Africa	51,508	54,483	–5.5
North America	**644,429**	**570,711**	**+12.9**
of which: USA	461,841	419,246	+10.2
Canada	76,271	65,637	+16.2
Mexico	106,317	85,828	+23.9
South America	**326,717**	**280,115**	**+16.6**
of which: Brazil	246,726	188,506	+30.9
Argentina	42,605	37,585	+13.4
Asia-Pacific	**2,542,932**	**2,586,198**	**–1.7**
of which: China	2,287,306	2,357,205	–3.0
India	73,490	71,177	+3.2
Japan	48,041	44,664	+7.6
Worldwide	**6,466,315**	**5,839,207**	**+10.7**
Volkswagen Passenger Cars	3,484,230	3,334,523	+4.5
ŠKODA	642,190	544,515	+17.9
SEAT	391,831	291,979	+34.2
Volkswagen Commercial Vehicles	300,509	234,403	+28.2
Audi	1,387,036	1,193,529	+16.2
Lamborghini	7,744	7,430	+4.2
Bentley	10,053	11,316	–11.2
Porsche	242,722	221,512	+9.6

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

COMMERCIAL VEHICLE DELIVERIES

Between January and September 2023, the Volkswagen Group delivered 14.9% more commercial vehicles to customers worldwide than in the same period of the previous year. We handed over a total of 249,476 commercial vehicles to customers in the first three quarters of the year. Trucks accounted for 207,079 units (+14.0%) and buses for 22,502 (+8.8%). Deliveries of the MAN TGE van series saw a very strong increase compared with the prior-year period, rising to 19,895 (+35.0%) vehicles.

In the 27 EU states excluding Malta, but including the United Kingdom, Norway and Switzerland (EU27+3) sales from January to September 2023 were up by 44.2% on the same period of the previous year and amounted to a total of 111,217 units, of which 87,748 were trucks and 4,117 were buses. Deliveries of the MAN TGE van series amounted to 19,352 vehicles. In the same period of the previous year, a six-week production stop at MAN Truck & Bus as a result of the limited supply of parts due to the Russia-Ukraine conflict had a particularly negative impact.

In the first nine months of the year, deliveries in Türkiye rose to 4,123 vehicles. Trucks accounted for 3,729 units and buses for 219 units, while 175 vehicles from the MAN TGE van series were sold. In South Africa, deliveries of Volkswagen Group commercial vehicles amounted to 3,764 units, a very strong increase compared with the previous year; of this figure 3,419 units were trucks and 345 were buses.

Sales in North America rose in the first three quarters of 2023 to 71,658 (+18.4%) vehicles, of which 59,873 were trucks and 11,785 were buses.

Deliveries in South America declined to a total of 38,948 vehicles (–32.2%) in the reporting period; 34,143 of these were trucks and 4,805 were buses. Due to the introduction of a new emissions standard at the beginning of 2023, sales in Brazil were down by 32.1% in the first nine months of the year, falling to 30,994 units. Of the units delivered, 27,077 were trucks and 3,917 were buses.

In the Asia-Pacific region, the Volkswagen Group sold 8,921 vehicles in the reporting period, including 8,216 trucks and 662 buses. Overall, this was 10.8% more than in the previous year.

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

	DELIVERIES (UNITS)		CHANGE
	2023	2022	(%)
Europe/Other Markets	**129,949**	**91,120**	**+42.6**
of which: EU27+3	111,217	77,145	+44.2
of which: Germany	32,171	20,161	+59.6
Türkiye	4,123	3,383	+21.9
South Africa	3,764	2,765	+36.1
North America	**71,658**	**60,543**	**+18.4**
of which: USA	56,110	48,396	+15.9
Mexico	11,348	8,149	+39.3
South America	**38,948**	**57,433**	**–32.2**
of which: Brazil	30,994	45,673	–32.1
Asia-Pacific	**8,921**	**8,049**	**+10.8**
Worldwide	**249,476**	**217,145**	**+14.9**
Scania	67,654	58,384	+15.9
MAN	83,996	55,756	+50.6
Navistar	68,176	59,908	+13.8
Volkswagen Truck & Bus	29,650	43,097	–31.2

1 Prior-year deliveries have been updated to reflect subsequent statistical trends.

DELIVERIES IN THE POWER ENGINEERING SEGMENT

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

In the period from January to September 2023, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated more than three-quarters of overall sales revenue.

VOLKSWAGEN GROUP FINANCIAL SERVICES

The activities in the Financial Services Division cover the Volkswagen Group's dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility services. The division comprises Volkswagen Financial Services and the financial services activities of Scania, Navistar and Porsche Holding Salzburg and also extends to the contracts concluded by our international joint ventures.

The Financial Services Division's products and services were popular in the period from January to September 2023. However, limited vehicle availability caused by parts supply shortages and disruptions in logistics chains weighed on demand. The number of new financing, leasing, service and insurance contracts signed worldwide increased by 10.9% to 7.0 million. The ratio of leased and financed vehicles to Group deliveries (penetration rate) in the Financial Services Division's markets stood at 33.3 (32.0)% in the reporting period. The total number of contracts stood at 24.6 (24.5) million on September 30, 2023.

At 5.1 million, the number of new contracts signed was up 11.7% on the previous year's figure in the Europe/Other Markets region even though the financial services business was impacted by limited vehicle availability in the first nine months of this year. The total number of contracts at the end of the reporting period was 18.2 (18.1) million, putting it on a level with the figure for December 31, 2022. The customer financing/leasing area was responsible for 7.1 (7.2) million of these contracts.

The number of new contracts signed in North America in the first three quarters of 2023 increased to 764 (583) thousand. At 3.0 (3.0) million, the number of contracts as of September 30, 2023 was on a level with the end of the previous year. The customer financing/leasing area recorded 1.6 (1.7) million contracts.

In the South America region, 376 (259) thousand new contracts were concluded in the period from January to September of this year. Compared with December 31, 2022, the total number of contracts at the end of the reporting period rose to 899 (828) thousand. The existing contracts mainly related to the customer financing/leasing area.

The number of new contracts signed in the Asia-Pacific region in the first nine months of 2023 declined to 763 (904) thousand, falling short of the comparative prior-year figure. At the end of September 2023, the total number of contracts stood at 2.4 (2.6) million. The customer financing/leasing area was responsible for 1.6 (1.6) million of these contracts.

SALES TO THE DEALER ORGANIZATION

From January to September 2023, the Volkswagen Group's unit sales to the dealer organization rose year-on-year by 8.3% to 6,762,262 units (including the equity-accounted companies in China). In the prior-year period, limited vehicle availability caused by parts supply shortages that were attributable in part to the Russia-Ukraine conflict had had an adverse effect. Persistent parts supply shortages had a negative impact in the reporting period as did disruption in the global logistics chains, although this disruption reduced as the year progressed. Unit sales outside Germany rose by 7.1% to 5,900,388 vehicles. Growth was recorded in particular in the United Kingdom, United States, Türkiye, Brazil, Mexico and France while unit sales in China declined. Unit sales in Germany increased by 17.9% year-on-year. Vehicles sold in Germany as a proportion of the Group's overall sales increased to 12.7 (11.7)%.

PRODUCTION

The Volkswagen Group produced 6,864,155 vehicles (including the equity-accounted companies in China) in the first three quarters of 2023, 7.3% more than in the comparative prior-year period, which had seen production being halted due to the disruption of supply chains caused by the Russia-Ukraine conflict and the Covid-19 pandemic. Parts supply shortages also impacted production in the reporting period. Production in Germany increased by 24.9% to 1,475,033 vehicles. The proportion of the Group's total production accounted for by Germany increased to 21.5 (18.5)%.

INVENTORIES

Global inventories of new vehicles at Group companies and in the dealer organization were higher at the end of the reporting period than at year-end 2022 and above the corresponding prior-year figure. The effect of disruption in the logistics chains continued to have a negative impact in the reporting period.

EMPLOYEES

The Volkswagen Group had 650,951 active employees on September 30, 2023. In addition, 12,324 employees were in the passive phase of their partial retirement and 17,013 young people were in vocational traineeships. At the end of the third quarter of 2023, the Volkswagen Group had a total of 680,288 employees worldwide (including the equity-accounted companies in China), slightly above the level at the end of 2022. The workforce in Germany increased by 1.1% to 296,978 people, while the workforce outside Germany – including the sale of OOO Volkswagen Group Rus, Kaluga/Russia – increased to 383,310 (+0.4%).

Results of Operations, Financial Position and Net Assets

SCOUT MOTORS INC.

Under the Volkswagen Group's North America strategy, Scout Motors Inc., Arlington, Virginia/USA, a wholly owned subsidiary of Volkswagen Finance Luxemburg, Strassen/Luxembourg, was established in fiscal year 2022. A new vehicle brand is to be created under the name of Scout, under which electrified all-terrain vehicles and pickups will be distributed in the USA from 2026. In order to finance the creation of the Scout brand, as well as vehicle development and production planning, an amount of around USD500 million is to be contributed to the company in 2023. Payments of USD303 million had already been made by September 30, 2023. The company has been included in the Volkswagen consolidated financial statements since January 1, 2023.

IFRS 17 – INSURANCE CONTRACTS

IFRS 17 specifies new accounting rules for insurance contracts. First-time application resulted in an insignificant change in equity as of January 1, 2023 and January 1, 2022, respectively. This is due primarily to the changed system for calculating provisions related to the insurance business. In addition, netting cash flows when measuring the provisions also led to a reduction of €0.7 billion each in assets and provisions related to the insurance business as of January 1, 2023. The change in the system for recognizing income and expenses does not have any material effect on the income statement. Prior-year figures have been adjusted accordingly.

ACQUISITION OF SHARES IN XPENG INC.

On July 26, 2023, Volkswagen entered into an agreement with the electric vehicle company XPeng Inc., Cayman Islands, to acquire up to 4.99% of the ordinary shares of XPeng Inc. for a fixed purchase price of USD15 per share, up to a total of USD710 million. The transaction is expected to close in the fourth quarter of 2023. Until the transaction closes, fluctuations in the value of the forward purchase agreement related to the acquisition of shares are measured through profit or loss. Due to the positive performance of XPeng Inc.'s shares, there was a non-cash gain of €149 million as of September 30, 2023, which is presented in the other financial result. Along with the agreement to acquire the shares, a technological framework agreement was signed with Guangdong Xiaopeng Motors Technology Co. Ltd., Guangzhou/People's Republic of China, a subsidiary of XPeng Inc. This framework agreement relates, among other things, to the joint development of electric vehicles in China. The transaction is subject to the customary closing conditions, including approval by the competent authorities.

SALE OF OOO VOLKSWAGEN GROUP RUS

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

The Volkswagen Group had recognized significant impairment losses and corresponding provisions in this context back in 2022. The selling price amounts to €0.1 billion. The deconsolidation of the affected companies results in a loss of €0.4 billion in the 2023 reporting year, which is presented in the other operating result. Of this net loss, a loss of €0.4 billion is attributable to the Automotive Division and a gain of €0.1 billion to the Financial Services Division. The loss is mainly attributable to the realization of currency translation effects of €–0.3 billion, which have been reclassified from the currency translation reserve to other operating expenses.

EQUITY INVESTMENTS HELD FOR SALE

The assets and liabilities held for sale of the Russian subsidiaries of Volkswagen Financial Services and Porsche, as well as of MAN Energy Solutions in connection with the gas turbine business and of EURO-Leasing GmbH were recognized in accordance with IFRS 5 at the lower of their carrying amount and fair value less expected disposal costs.

SPECIAL ITEMS

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

No material special items in connection with the diesel issue were recognized in the period from January to September 2023.

RESULTS OF OPERATIONS

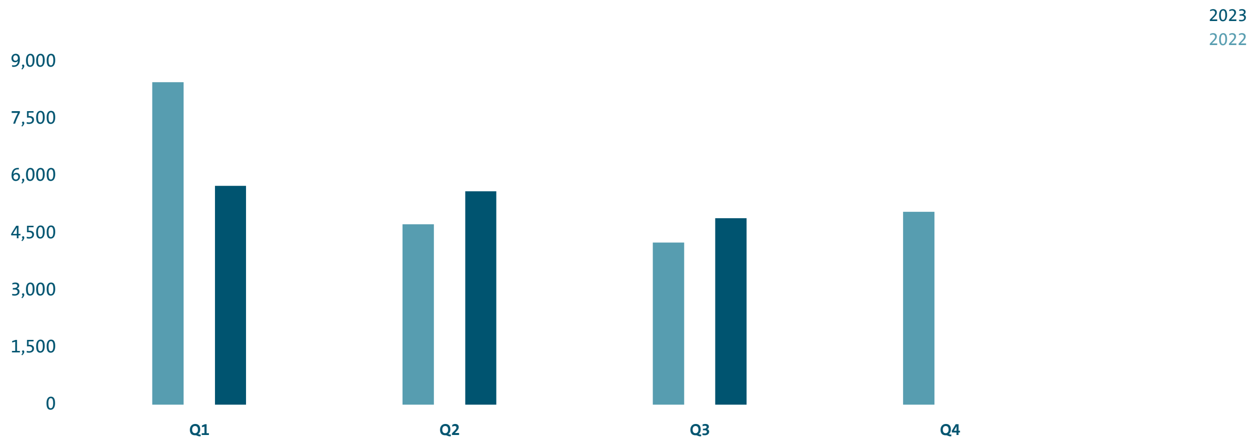
Results of operations of the Group

In the first nine months of fiscal year 2023, the Volkswagen Group's sales revenue was €235.1 billion, up 15.9% on the prior-year figure. This was mainly attributable to a rise in volume and beneficial changes in the price positioning and in the mix. These factors were offset by exchange rate effects. The prior-year period had been impacted to an even greater extent by limited vehicle availability due to parts supply shortages. The Volkswagen Group generated 81.6 (82.6)% of its sales revenue abroad. Gross profit increased by €5.2 billion to €44.3 billion. The gross margin stood at 18.9 (19.3)%.

At €16.2 (17.1) billion, the Volkswagen Group's operating result in the first three quarters of 2023 was down on the prior-year period. The operating return on sales was 6.9 (8.4)%. In particular higher vehicle sales and improved price positioning were set against a rise in product costs (in particular for commodities). The fair value measurement of derivatives to which hedge accounting is not applied (especially commodity hedges) had a negative effect (€–2.5 billion) on the operating result in the reporting period; it had boosted the Group's earnings by €0.8 billion in the comparative period of 2022. In addition, beneficial

OPERATING PROFIT BEFORE SPECIAL ITEMS BY QUARTER

Volkswagen Group in € million



effects from derivatives in the Financial Services Division had boosted the Group's earnings in the 2022 reporting period. The deconsolidation of Volkswagen Group Rus and its subsidiaries led to a loss of €0.4 billion in 2023. In the previous year, the result had been impacted mainly by expenses relating to loss allowances and risk provisions due to the direct impact of the Russia-Ukraine conflict and special items in connection with the diesel issue.

The financial result increased by €1.5 billion to €1.5 billion. The share of the result of equity-accounted investments was on a level with the previous year. In the interest result, higher interest income was unable to offset the rise in interest expenses. The other financial result was affected in the reporting period among other things by adverse exchange rate effects and non-cash losses from adjustments to the carrying amounts of investees because of changes in share prices and impairment tests. In the prior-year period, the impairment loss recognized on the equity investment in ARGO AI and changes in share prices affecting net income from securities and funds, mainly as a result of the Russia-Ukraine conflict, had both had a negative impact.

The Volkswagen Group's earnings before tax were up €0.7 billion to €17.7 billion in the reporting period. Earnings after tax were on a level with the previous year, at €12.9 (12.8) billion.

Results of operations in the Automotive Division

The Automotive Division recorded sales revenue of €195.1 (168.2) billion in the period from January to September 2023. Higher vehicle sales as well as improvements in the price positioning and in the mix offset adverse exchange rate effects. In the prior-year period, parts supply shortages had had an even stronger adverse impact. Sales revenue in the Passenger Cars, Commercial Vehicles and Power Engineering Business Areas was significantly up on the respective prior-year values. As our Chinese joint ventures are accounted for using the equity method, the Group's business performance in the Chinese passenger car market is essentially reflected in the Group's sales revenue only through deliveries of vehicles and vehicle parts.

Higher product costs (especially for commodities) and an increase in research and development costs recognized in profit or loss led to a significant rise in cost of sales compared with the previous year, although its share of sales revenue went down. As sales revenue rose faster than total research and development costs, the research and development ratio (R&D ratio of the Automotive Division) decreased versus the prior year to 8.0 (8.2)% in the reporting period. In the first nine months of 2023, there was a year-on-year increase in distribution expenses due to factors such as higher logistics costs as well as in adminis-

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

€ million	2023	2022[1]
Passenger Cars		
Sales revenue	158,835	137,711
Operating result	10,276	11,746
Operating return on sales (%)	6.5	8.5
Commercial Vehicles		
Sales revenue	33,349	27,964
Operating result	2,661	956
Operating return on sales (%)	8.0	3.4
Power Engineering		
Sales revenue	2,876	2,517
Operating result	289	207
Operating return on sales (%)	10.1	8.2

1 Prior-year figures adjusted (see disclosures on IFRS 17).

trative expenses; their respective share of sales revenue went down slightly. The other operating result stood at €–3.1 (0.8) billion. The reporting period was weighed down by adverse effects from the fair value measurement of derivatives to which hedge accounting is not applied, especially for commodities, as well as by unfavorable exchange rate trends. These factors had had a positive impact in the prior-year period.

After three quarters of 2023, the Automotive Division’s operating result amounted to €13.2 billion, up €0.3 billion on the previous year. The rise is primarily attributable to higher vehicle sales and improvements in the price positioning. The result was adversely impacted by the effects of measuring derivatives to which hedge accounting is not applied, as well as by higher product costs, especially for commodities, and a negative exchange rate trend. The prior-year period had been affected by expenses recognized in connection with the Russia-Ukraine conflict. The operating return on sales stood at 6.8 (7.7)%.

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

Results of operations in the Financial Services Division

At €40.0 billion, sales revenue in the Financial Services Division exceeded the prior-year figure by 15.4% in the reporting period. Compared with September 30, 2022, cost of sales increased much faster than sales revenue, driven in particular by a very strong rise in interest expenses. As a result, gross profit went down by €1.1 billion to €6.1 billion.

The Financial Services Division’s operating result of €3.0 (4.2) billion was down on the previous year. The decline was mainly the result of higher interest expenses and adverse exchange rate trends. In addition, derivatives, which had had a beneficial effect in the previous year, had a negative impact in the reporting period. The prior-year period had been weighed down especially by expenses relating to impairment losses as a direct consequence of the Russia-Ukraine conflict. The operating return on sales decreased to 7.5 (12.0)%.

FINANCIAL POSITION

Financial position of the Group

In the period from January to September 2023, the Volkswagen Group recorded gross cash flow of €36.1 (37.5) billion. The non-cash measurement effects in connection with hedging transactions, which are included in earnings, must be eliminated from the cash flow statement. Cash outflows of around €–1.5 billion for tax payments relating to prior assessment periods had an adverse impact. The change in working capital amounted to €–23.5 (–10.6) billion, driven primarily by a higher increase in receivables and lease assets and a smaller rise in liabilities in comparison to the prior year. As a result, cash flows from operating activities went down by €14.3 billion to €12.6 billion.

The Volkswagen Group's investing activities attributable to operating activities grew by €0.4 billion to €17.3 billion in the reporting period as a result of higher investments in property, plant and equipment and additions to capitalized development costs. In the previous year, this had included the full portion of the purchase price payable by Volkswagen for the acquisition of Europcar, which was contributed to Green Mobility Holding and amounted to €1.7 billion.

The Volkswagen Group's financing activities include primarily the issuance and redemption of bonds and changes in other financial liabilities. There was a total cash inflow of €11.7 billion in the first nine months of 2023. This also included the issuance of green hybrid notes with a total nominal value of €1.75 billion, which were successfully placed in August 2023. The redemption of the hybrid note of €0.75 billion called as of September 2023 reduced cash flows from financing activities accordingly. Financing activities also included cash inflows and outflows in connection with the IPO of Porsche AG completed in the previous year (primarily the payment of a special dividend to the shareholders of Volkswagen AG) and the dividend to the shareholders of Volkswagen AG, together these amounted to around €11 billion. There had been a cash outflow of €14.9 billion in the prior-year period. At the end of September 2023, the Volkswagen Group reported cash and cash equivalents of €45.7 (33.0) billion in its cash flow statement.

On September 30, 2023, the Volkswagen Group's net liquidity stood at €–143.1 billion, compared with €–125.8 billion at the end of 2022.

Financial position of the Automotive Division

In the first nine months of 2023, the Automotive Division's gross cash flow was €26.4 billion, a rise of €0.9 billion compared with the previous year. The non-cash measurement effects in connection with hedging transactions, which are included in earnings, must be eliminated from the cash flow statement. Cash outflows of around €–1.5 billion for tax payments relating to prior assessment periods had an adverse impact. The change in working capital, which stood at €–4.6 (–3.2) billion, was mainly attributable to a smaller increase in liabilities and a larger rise in receivables compared with the previous year. These effects were set against higher other provisions and a smaller buildup of inventories than in the previous year. As a result, cash flows from operating activities were slightly down on the prior-year figure, at €21.7 (22.3) billion.

Investing activities attributable to operating activities in the first three quarters of 2023 amounted to €16.8 (16.7) billion and were thus on a level with the previous year. Within this figure, investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs (capex) increased by €1.5 billion to €8.7 billion. The capex ratio was 4.5 (4.3)%. A considerable portion of capex was allocated primarily to our production facilities and to models to be launched this year and next, the electrification and digitalization of our products, and enhancements of our modular and all-electric toolkits and platforms. Additions to capitalized development costs rose by €0.8 to €7.9 billion in the reporting period. The "Acquisition and disposal of equity investments" item amounted to €–0.5 (–2.6) billion; it included primarily strategic investments in a variety of companies. In the previous year, this had also included the full portion of the purchase price payable by Volkswagen for the acquisition of Europcar, which was contributed to Green Mobility Holding and amounted to €1.7 billion.

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

€ million	2023	2022[1]
Passenger Cars		
Gross cash flow	22,003	22,270
Change in working capital	–3,077	–88
Cash flows from operating activities	18,926	22,182
Cash flows from investing activities attributable to operating activities	–15,784	–15,409
Net cash flow	3,142	6,772
Commercial Vehicles		
Gross cash flow	3,961	2,907
Change in working capital	–1,363	–3,050
Cash flows from operating activities	2,598	–143
Cash flows from investing activities attributable to operating activities	–942	–1,238
Net cash flow	1,656	–1,381
Power Engineering		
Gross cash flow	399	286
Change in working capital	–190	–69
Cash flows from operating activities	209	217
Cash flows from investing activities attributable to operating activities	–69	–32
Net cash flow	140	185

1 Prior-year figures adjusted (see disclosures on IFRS 17).

In the period from January to September 2023, the Automotive Division's net cash flow of €4.9 billion was €0.6 billion down on the prior-year figure.

The automotive business's financing activities led to a cash outflow of €9.6 (4.9) billion in the reporting period. This resulted mainly from cash inflows and outflows in connection with the IPO of Porsche AG completed in the previous year (primarily the payment of a special dividend to the shareholders of Volkswagen AG) as well as the dividend distributed to the shareholders of Volkswagen AG and the redemption of the hybrid note called as of September 2023. A cash inflow was generated in the reporting period by the green hybrid notes with a total nominal value of €1.75 billion that were successfully placed via Volkswagen International Finance N.V. in August 2023. These notes comprise a €1.0 billion note with a coupon of 7.5%, which is noncallable for five years, and a €0.75 billion note with a coupon of 7.875%, which is noncallable for nine years. Both notes are perpetual and increase net liquidity and equity by the nominal amount less transaction and other costs. Financing activities also include the issuance and redemption of bonds and changes in other financial liabilities.

At the end of the third quarter of 2023, the Automotive Division reported net liquidity of €36.7 billion, compared with €43.0 billion on December 31, 2022.

Financial position in the Financial Services Division

In the first nine months of 2023, the Financial Services Division recorded gross cash flow of €9.7 (12.0) billion, down €2.3 billion on the prior-year figure for reasons such as lower earnings. The change in working capital amounted to €–18.9 (–7.4) billion. Higher growth in receivables and lease assets, and a rise in inventories led to a higher level of funds tied up in working capital than in the previous year. This was offset by a larger increase in liabilities. Consequently, cash flows from operating activities decreased by €13.8 billion to €–9.2 billion.

Investing activities attributable to operating activities amounted to €0.5 (0.2) billion.

The Financial Services Division's financing activities produced a cash inflow of €21.3 billion in the reporting period. This figure relates primarily to the issuance and redemption of bonds and to other financial liabilities. In the prior-year period, there had been a cash outflow of €–10.0 billion.

At the end of September 2023, the Financial Services Division's negative net liquidity, which is common in the industry, was €–179.8 billion as against €–168.8 billion on December 31, 2022.

NET ASSETS

Consolidated balance sheet structure

At the end of the third quarter of 2023, the Volkswagen Group had total assets of €594.6 billion, 5.4% more than at the end of 2022. Total assets as of the reporting date reflected the implementation of the new guidance on accounting for insurance contracts (IFRS 17), which led to a decrease in total assets and liabilities. A corresponding retrospective adjustment was made to the 2022 year-end figure. Equity was up by €10.8 billion to €189.1 billion, mainly because of the encouraging earnings. The equity ratio of 31.8 (31.6)% was close to the figure recorded at the end of the previous year.

Automotive Division balance sheet structure

On September 30, 2023, intangible assets in the Automotive Division were slightly higher than on December 31, 2022. The figure was boosted primarily by a rise in capitalized development costs. Property, plant and equipment was almost unchanged from the end of the previous year as the additions were virtually offset by depreciation and impairment losses. Equity-accounted investments were down for reasons that include impairment losses as a result of changes in share prices and in response to impairment tests, the dividend resolutions, and the intragroup transfer of the equity investment in Europcar to the Financial Services Division. Noncurrent other receivables and financial assets decreased, due mainly to a decline in positive effects from the measurement of derivatives compared to year-end 2022. In total, noncurrent assets were on a level with the previous year, at €178.4 (178.7) billion.

Current assets stood at €128.0 (122.7) billion at the end of the first three quarters of 2023, slightly higher than at the end of the last fiscal year. The inventories included in this figure increased, due among other factors to disruptions in the logistics chains. Current other receivables and financial assets went up, buoyed primarily by the volume-related rise in trade receivables.

Total securities were down €11.3 billion to €21.6 billion, while cash and cash equivalents in the Automotive Division increased by €5.8 billion to €28.9 billion at the end of September 2023.

The "Assets held for sale" item comprises the carrying amounts of the assets of subsidiaries of Volkswagen and Porsche earmarked for divestment, as well as assets of MAN Energy Solutions. The "Liabilities held for sale" item comprises the carrying amounts of the corresponding liabilities.

Equity in the Automotive Division rose to €149.1 billion as of September 30, 2023, a rise of 9.7%. The main contributing factors were encouraging earnings in the reporting period, lower actuarial losses from the remeasurement of pension plans because of the change in the discount rate, and the green hybrid notes issued in August 2023. The dividend paid to the shareholders of Volkswagen AG, adverse currency translation effects, and the redemption of the hybrid note called as of September 2023 had a reducing effect on equity. Noncontrolling interests, which increased noticeably, were mostly attributable to the noncontrolling interest shareholders of the Porsche AG Group and of the TRATON Group. The equity ratio climbed to 48.7 (45.1)%.

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

€ million	September 30, 2023	Dec. 31, 2022[1]
Passenger Cars		
Noncurrent assets	141,776	142,467
Current assets	108,025	105,055
Total assets	**249,800**	**247,522**
Equity	130,133	119,654
Noncurrent liabilities	67,400	71,632
Current liabilities	52,267	56,236
Commercial Vehicles		
Noncurrent assets	35,099	34,620
Current assets	16,145	14,184
Total assets	**51,244**	**48,804**
Equity	16,397	13,804
Noncurrent liabilities	16,374	16,252
Current liabilities	18,473	18,748
Power Engineering		
Noncurrent assets	1,553	1,579
Current assets	3,807	3,491
Total assets	**5,360**	**5,070**
Equity	2,619	2,495
Noncurrent liabilities	460	432
Current liabilities	2,281	2,143

1 Prior-year figures adjusted (see disclosures on IFRS 17).

Noncurrent liabilities were down €4.1 billion to €84.2 billion at the end of the third quarter of 2023. The noncurrent financial liabilities included in this item decreased, mainly because of reclassifications from noncurrent to current liabilities reflecting shorter remaining maturities. Pension provisions decreased, driven primarily by actuarial remeasurement following a change in the discount rate.

Current liabilities were also down year-on-year at the end of September 2023, amounting to €73.0 (77.1) billion. Current financial liabilities amounted to €–7.9 (–11.0) billion. The figures for the Automotive Division also contain the elimination of intragroup transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was disclosed in both periods. Trade payables were up by 1.6% compared with the end of 2022 for volume-related reasons. Current other liabilities were down, primarily because of the special dividend, which was resolved in December 2022 and paid in January 2023. This was offset by the netting of the right to payment from Porsche SE arising from the second tranche of the ordinary shares of Porsche AG.

At the end of the reporting period, the Automotive Division had total assets of €306.4 billion, up 1.7% from the end of 2022.

Financial Services Division balance sheet structure

The Financial Services Division reported total assets of €288.2 billion at the end of the reporting period, 9.7% more than on December 31, 2022. Total assets as of the reporting date reflected the implementation of the new guidance on accounting for insurance contracts (IFRS 17), which led to a decrease in total assets and liabilities. A corresponding retrospective adjustment was made to the 2022 year-end figure.

Noncurrent assets grew to €171.1 (161.2) billion. The equity-accounted investments included in this item were up for reasons that included the intragroup transfer of the equity investment in Europcar to the Financial Services Division.

Current assets climbed by 15.4% to €117.1 billion. The current other receivables and financial assets included in this item were higher than at the end of 2022, due among other factors to the rise in trade receivables. The "Assets held for sale" item comprises the carrying amounts of the assets of subsidiaries of Volkswagen Financial Services and Porsche earmarked for divestment, as well as assets of EURO-Leasing GmbH. The "Liabilities held for sale" item comprises the carrying amounts of the corresponding liabilities.

The Financial Services Division had cash and cash equivalents of €16.8 (6.1) billion on September 30, 2023.

At the end of the third quarter of 2023, the Financial Services Division accounted for around 48.5 (46.6)% of the Volkswagen Group's assets.

Equity in the Financial Services Division stood at €40.0 billion at the end of the first nine months of 2023, 5.7% less than at the end of 2022. The equity ratio dropped to 13.9 (16.1)%.

Noncurrent liabilities in the Financial Services Division went up to €119.9 (114.6) billion compared with December 31, 2022. The noncurrent financial liabilities included in this item increased. Current liabilities rose, driven above all by higher current financial liabilities. Increases were also recorded in current other liabilities and trade payables.

Deposits from the direct banking business amounted to €35.1 billion on September 30, 2023, compared with €26.7 billion at the end of 2022.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

In view of parts supply shortages, disruptions in logistics chains and the trends in the markets, we adjusted our forecast of deliveries to customers for 2023 after the first half of the year and expect these to be between 9 million and 9.5 million vehicles.

With regard to the effects on the operating result of the fair value remeasurement of derivatives to which hedge accounting is not applied, from today's perspective the company no longer expects to be able to compensate for the effects of €–2.5 billion accounted for in the first nine months by the end of the year. As a result, we now project an operating result for the Group that is around the level of the previous year before special items (prior year: €22.5 billion) and an operating return on sales of between 6.5% and 7.5% for the Passenger Cars Business Area.

Based on the results achieved, we raised our forecast for the operating result of the Commercial Vehicles Business Area after the first quarter and expect to achieve an operating return on sales of between 7% and 8%.

We raised our expectations for the sales revenue of the Power Engineering Business Area after the first six months of the year and are now boosting our forecast for operating profit to the mid triple-digit millions. Since the first half of the year, we have anticipated lower sales revenue from the Financial Services Division than originally projected and simultaneously expect an improved operating result.

In the Automotive Division, the initial forecast included an R&D ratio of around 8%, but since the first half of the year we have expected this to be between 8% and 8.5%. Our initial expectation for the capex ratio of around 6.5% has been updated to between 6% and 6.5% since the first half of the year. The disruptions in the logistics chains are also leading to an increase in working capital. Our expectations since the first half of the year have therefore been for net cash flow to fall below our original expectations, but still to show a significant to strong rise on the prior year.

The forecast for all other core performance indicators remains unchanged. The outlook for fiscal year 2023 can be found on page 34.

Litigation

Diesel issue

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

The Braunschweig Office of the Public Prosecutor conducted investigations on suspicion of fraud in connection with type EA 288 engines. The proceedings against the accused employees and against Volkswagen AG were terminated in late 2022 and early 2023, definitively against payment of a sum set by the court in the case of three of the accused persons and provisionally as regards four others.

In late June 2023, the Munich II Regional Court handed down a judgment in the criminal proceedings commenced in June 2020 for, among other things, alleged fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. A former Chairman of the Board of Management of AUDI AG and the other two defendants were sentenced to prison terms, the enforcement of which was in each case suspended subject to probation. In each case, the conditions of probation include paying a sum set by the court. The judgment is at present not yet final as all three defendants as well as the office of the public prosecutor have filed appeals. The proceedings against an additional former defendant were terminated by the Munich II Regional Court in April 2023 against payment of a sum set by the court.

In a trial level decision rendered in late February 2023, the Schleswig Administrative Court had granted the relief requested in a lawsuit brought by Deutsche Umwelthilfe (DUH – Environmental Action Germany) against the Kraftfahrt-Bundesamt (KBA – German Federal Motor Transport Authority) and invalidated the notice of approval for a software update for certain older Golf Plus model vehicles to the extent this notice classified the thermal window feature, the altitude correction feature, and the taxi switch feature as permissible deactivation devices (defeat devices). The so-called thermal window in question is a temperature-dependent exhaust gas recirculation function. Altitude correction refers to altitude-dependent exhaust gas recirculation. The taxi switch modifies exhaust gas recirculation when a vehicle with a running engine stands motionless for a certain period of time. Volkswagen AG is involved in the litigation as an interested party summoned. In late April 2023, Volkswagen AG and the KBA filed an appeal against the judgment of the Schleswig Administrative Court. This decision is thus not legally final. DUH has filed two additional lawsuits with the Schleswig Administrative Court. The first action contests the notices of approval for further Audi and Porsche brand vehicles equipped with type EA 189 engines as well as with selected V-TDI engines; the second action is directed against all Group diesel vehicles with the EURO-5 and EURO-6b/c exhaust emission standard.

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

In Brazil, the appeal filed by the plaintiff against the October 2021 trial court judgment dismissing its complaint in the second consumer protection class action, which pertains to roughly 67 thousand Amarok vehicles, was rejected by the appellate court in June 2023.

In the Netherlands class action seeking monetary damages, the Diesel Emissions Justice Foundation has limited its appeal against the March 2022 interlocutory judgment solely to the applicability of the new class action regime, hence the decision of the Amsterdam court that it lacks jurisdiction to hear lawsuits brought by consumers outside the Netherlands is final and binding.

In Portugal, the Supreme Court dismissed the class action in July 2023 as inadmissible because the plaintiff consumer organization lacked standing to sue. The judgment became final in September 2023.

In late June 2023, the Bundesgerichtshof (BGH – Federal Court of Justice) handed down judgments in lawsuits against Volkswagen AG and AUDI AG posing the issue as to how the case law of the European Court of Justice (ECJ) on the potential claims of buyers under European type approval law should be implemented in German law. The BGH held that the negligent use of an impermissible defeat device may in principle entitle plaintiffs to differential damages amounting to 5% to 15% of their vehicle's purchase price. Whether this claim is given in a particular instance is for the appeals courts to determine. The BGH stated that it did not matter whether the limits in the NEDC testing procedure would be complied with even when system functioning was modified. The BGH held that liability does not arise where the manufacturer is not at fault, e.g. because the relevant public authority had approved the deactivation device in its specific configuration and taking account of identified combinations of deactivation devices, or would have done so upon request. Where a claim for differential damages exists in principle, the buyer must furthermore accept an offset for the benefit derived from using the vehicle and for the vehicle's value to the extent these exceed the vehicle's diminished value. An implemented software update may also potentially mitigate damages.

3. Lawsuits filed by investors worldwide (excluding the USA/Canada)
In the investor action for model declaratory judgment before the Braunschweig Higher Regional Court, the court issued a notification ruling in March 2023, and in light of the unforeseeably long remaining duration of the litigation, suggested that the parties each consider their willingness to enter into out-of-court settlement negotiations. Without prejudice to its legal position, Volkswagen AG has indicated that it is prepared to consider the Braunschweig Higher Regional Court's suggestion. In July 2023, the Braunschweig Higher Regional Court issued an order for the taking of evidence including the examination of numerous persons as well as the production and consultation of documents and records. The mandated taking of evidence focuses initially on whether the Board of Management of Volkswagen AG or individual members thereof and/or individual members of Volkswagen AG's Ad Hoc Disclosure Clearing Office had or, reflecting Volkswagen AG's state of knowledge, lacked knowledge of the installation of switching devices prohibited under US law in Volkswagen AG vehicles, as well as on the conceptions of these persons regarding the potential share price impact of the information that each respectively possessed. The taking of testimony commenced in September 2023. Several witnesses have invoked aprivilege against giving testimony. The Braunschweig Higher Regional Court will decide whether and to what extent the witnesses are in fact entitled to refuse to testify.

In the model case proceedings against Porsche Automobil Holding SE (Porsche SE), in which Volkswagen AG intervened as a third party supporting a party to the dispute, the Stuttgart Higher Regional Court rendered a model declaratory judgment in late March 2023. Based on the determinations made in the model declaratory judgment and the current substantive status of the underlying actions, all of the suspended investor lawsuits against Porsche SE would in effect have to be dismissed. The model declaratory judgment is not yet final. The model case plaintiff, several interested parties summoned, and Porsche SE have petitioned the BGH for review on points of law. Volkswagen AG has joined the proceedings as a third-party supporting the petition for review of Porsche SE.

4. Special audit
Following the November 2022 rulings of the Federal Constitutional Court upholding both of the constitutional complaints lodged by Volkswagen AG, one against the order for a special audit, the other against the appointment of a replacement special auditor, and remanding the cases to the Celle Higher Regional Court, the Celle Higher Regional Court has directed that extensive evidence be taken in the case concerning the order for a special audit. Proceedings in the case concerning the replacement of the special auditor have been suspended pending until the completion of the taking of evidence. The special audit proceedings before the Hanover Regional Court, which had been stayed pending decision by the Federal Constitutional Court, have since been resumed. The subject of these proceedings is likewise a motion seeking appointment of a special auditor for Volkswagen AG to examine matters relating to the diesel issue.

Additional important legal cases
In July 2021, the European Commission assessed a fine totaling roughly €502 million against Volkswagen AG, AUDI AG, and Dr. Ing. h.c. F. Porsche AG pursuant to a settlement decision. Volkswagen declined to file an appeal, hence the decision became final in 2021. The subject matter scope of the decision is limited to the cooperation of German automobile manufacturers on individual technical questions in connection with the development and introduction of SCR (selective catalytic reduction) systems for passenger cars that were sold in the European Economic Area. The manufacturers are not charged with any other misconduct such as price fixing or allocating markets and customers. Based on the facts of the EU case, in

April 2023 the Korean competition authority KFTC issued the administrative fine decision that it had announced in its February 2023 press release. As announced, no fine was imposed on Volkswagen AG, and Porsche AG is not affected by the decision. A fine equaling just under €3 million was assessed against AUDI AG. AUDI AG and Volkswagen AG have appealed the decision to the relevant court in Seoul/Korea.

In April 2023, the English Competition and Markets Authority (CMA) filed an appeal against the February 2023 judgment upholding the claim of Volkswagen AG in an action for judicial review. The action challenged the requests for information issued to Volkswagen AG by CMA in the context of CMA's investigations with respect to Volkswagen Group UK, it being the position of Volkswagen AG that CMA lacks jurisdiction to issue them. Volkswagen AG continues to examine the possibilities for reasonable cooperation with CMA.

Both of the lawsuits that Greenpeace is supporting against Volkswagen AG were dismissed in February 2023 by the Braunschweig Regional Court and the Detmold Regional Court. The lawsuits seek to compel Volkswagen AG to initially reduce in stages and by 2029 completely cease its production and placement into the stream of commerce of vehicles with internal combustion engines, as well as to reduce greenhouse gas emissions from development, production, and marketing (including third party vehicle use). They would furthermore compel Volkswagen AG to exercise influence over Group companies, subsidiaries, and joint ventures so as to cause them to fulfill these demands as well. The plaintiffs have filed appeals against the judgments dismissing their complaints (appeals filed in March 2023 with the Braunschweig Higher Regional Court and in April 2023 with the Hamm Higher Regional Court).

In Russia, Automobile Plant "GAZ" LLC (GAZ) filed several judicial proceedings against Volkswagen AG and others alleging damage claims totaling around 44 billion Russian rubles. In this connection, GAZ applied for and in some cases initially obtained protective measures relating to the shares in Volkswagen Group Rus OOO (VGR) as well as to the movable and immovable property of VGR; the courts have since either rejected or vacated these measures. GAZ had appealed these decisions rejecting or vacating protective measures relative to the movable and immovable property of VGR; this appeal has since been rejected at the first appeals level. In May 2023, Volkswagen AG completed the sale of its shares in VGR and its local subsidiaries to Art-Finance LLC, thereby transferring title to the shares in VGR and its local subsidiaries to the buyer upon registration of the transaction. VGR was renamed AGR LLC in June 2023. In fulfillment of a court-confirmed settlement, GAZ has since withdrawn its complaint in the first lawsuit, thus terminating these proceedings. Volkswagen AG continues to defend the second lawsuit, in which it is the sole defendant.

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

Beyond these events, there were no significant changes in the reporting period compared with the disclosure on the Volkswagen Group's expected development in fiscal year 2023 contained in the combined management report of the 2022 Annual Report in the sections "Report on Expected Developments" and "Report on Risks and Opportunities", including in section "Legal Risks".

Outlook for 2023

Our planning is based on the assumption that global economic output will grow overall in 2023 albeit at a slower pace. The persistently high inflation in many regions and the resulting restrictive monetary policy measures taken by central banks are expected to increasingly dampen consumer spending. We continue to believe that risks will arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict and the confrontations in the Middle East. Furthermore, it cannot be ruled out that risks may also arise if new variants of the SARS-CoV-2 virus occur, particularly with regard to regional outbreaks and the measures associated with these. We assume that both the advanced economies and the emerging markets will show positive momentum on average, but with below-average growth in gross domestic product (GDP).

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will intensify further. Uncertainty may arise from the continued shortage of intermediates and commodities. This may be further exacerbated by the fallout from the Russia-Ukraine conflict and, in particular, lead to rising prices and a declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed in 2023. Overall, the global volume of new car sales is expected to be noticeably higher than in the previous year. For 2023, we anticipate that the volume of new passenger car registrations in Western Europe will be significantly above that recorded in the previous year. In the German passenger car market, we predict a noticeable increase in the volume of new registrations in 2023 compared with the previous year. Sales of passenger cars in 2023 are expected to significantly exceed the prior-year figures in markets in Central and Eastern Europe – subject to the further development of the Russia-Ukraine conflict. The volume of sales in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America in 2023 is forecast to be significantly higher than the level seen the previous year. We anticipate that new registrations in the South American markets in 2023 will be on a level with the previous year. The passenger car markets in the Asia-Pacific region are expected to be slightly up on the prior-year level in 2023.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed; on the whole, we expect a significant increase in the sales volume for 2023.

For 2023, we expect to see a noticeable upwards trend in new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes compared with the previous year in the markets that are relevant for the Volkswagen Group, with variations from region to region. A significant increase in overall demand is anticipated for 2023 in the bus markets relevant for the Volkswagen Group, whereby this will vary depending on the region.

We assume that automotive financial services will prove highly important to global vehicle sales in 2023.

We anticipate that, amid challenging market conditions, deliveries to customers of the Volkswagen Group in 2023 will stand between 9 million and 9.5 million vehicles. This assumes that the shortages of intermediates and commodities and the bottlenecks in logistics will become less intense.

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

We expect the sales revenue of the Volkswagen Group in 2023 to be 10% to 15% higher than the prior-year figure and the operating result to be around the level of the previous year before special items (prior-year: €22.5 billion). In the Passenger Cars Business Area, we forecast an increase of 7% to 13% in sales revenue compared with the previous year, with an operating return on sales of between 6.5% and 7.5%. For the Commercial Vehicles Business Area, we anticipate an operating return on sales of 7% to 8% amid a 5% to 15% year-on-year increase in sales revenue. In the Power Engineering Business Area, we expect sales revenue to be noticeably above the prior-year figure and operating profit to be in the mid triple-digit million euro range. For the Financial Services Division, we forecast a significant increase in sales revenue compared with the prior year and an operating result in the range of €4 billion.

In the Automotive Division, we expect the R&D ratio to come in between 8% and 8.5% in 2023 and the ratio of capex to sales revenue to be between 6% and 6.5%. We anticipate a significant to strong year-on-year increase in net cash flow for 2023. This will particularly include increasing investments in the future for the transformation of the Volkswagen Group. Net liquidity in the Automotive Division in 2023 is expected to be between €35 billion and €40 billion; this includes cash inflows and outflows in connection with the IPO of Porsche AG. We anticipate a return on investment (ROI) of between 12% and 15%. Our declared goal remains unchanged, namely to continue with our robust financing and liquidity policy.

This report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, energy and other commodities or the supply of parts relevant to the Volkswagen Group will have a corresponding effect on the development of our business. In addition, there may also be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented in the 2022 annual report develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

Brands and Business Fields

SALES REVENUE AND OPERATING RESULT BY BRAND AND BUSINESS FIELD

The Volkswagen Group generated sales revenue of €235.1 (202.9) billion in the period from January to September 2023. The operating result (prior-year figure before special items) amounted to €16.2 (17.4) billion. While the fair value measurement of derivatives to which hedge accounting is not applied had an adverse effect in the first nine months of this year (€–2.5 billion), it had had a positive effect in the same period of the previous year (€+0.8 billion). The prior-year figures include special items in connection with the diesel issue.

The Core brand group sold 3.6 (3.0) million vehicles in the reporting period. Sales revenue amounted to €101.1 (81.4) billion. The operating result (prior-year figure before special items) increased to €5.0 (3.7) billion.

The Volkswagen Passenger Cars brand increased its unit sales by 18.9% to 2.2 million vehicles in the first nine months of 2023. The ID. family models, the T-Roc and the Tiguan were particularly popular. The new Taigo was also in strong demand. Sales revenue increased by 21.8% to €63.4 billion. The operating result (prior-year figure before special items) amounted to €2.1 (2.5) billion. Higher volume and price effects plus lower fixed costs had a positive impact, while a rise in product costs as well as the deconsolidation of Volkswagen Group Rus weighed on the result.

The ŠKODA brand sold 778 thousand vehicles in the reporting period, 20.4% more than in the previous year. Particularly the Enyaq iV and the Octavia recorded growth. Sales revenue climbed to €19.7 (15.2) billion. The operating result improved to €1.3 (0.9) billion due to volume and price effects. Exchange rate effects and product costs, and the deconsolidation of Volkswagen Group Rus had a negative effect.

VOLKSWAGEN GROUP REPORTING STRUCTURE

AUTOMOTIVE DIVISION			FINANCIAL SERVICES DIVISION
Passenger Cars Business Area	**Commercial Vehicles Business Area**	**Power Engineering Business Area**	Dealer and customer financing
Volkswagen Passenger Cars	TRATON Commercial Vehicles	MAN Energy Solutions	Leasing
ŠKODA			Direct bank
SEAT			Insurance
Volkswagen Commercial Vehicles			Fleet management
Tech. Components			Mobility services
Audi			
Porsche Automotive			
CARIAD			
Battery			
Others			

KEY FIGURES BY BRAND GROUP AND BUSINESS FIELD FROM JANUARY 1 TO SEPTEMBER 30

	VEHICLE SALES		SALES REVENUE		OPERATING RESULT	
Thousand vehicles/€ million	2023	2022	2023	2022[1]	2023	2022[1]
Core brand group	3,575	2,957	101,060	81,356	4,985	3,720
Progressive brand group	945	766	50,390	44,561	4,595	6,282
Sport Luxury brand group[2]	250	221	27,785	24,465	5,232	4,748
CARIAD	–	–	544	422	–1,728	–1,427
Battery	–	–	2	0	–234	–32
TRATON Commercial Vehicles	250	218	33,349	27,964	2,662	954
MAN Energy Solutions	–	–	2,876	2,517	292	210
Equity-accounted companies in China[3]	2,150	2,339	–	–	–	–
Volkswagen Financial Services	–	–	37,595	32,728	2,535	4,381
Other[4]	–408	–258	–18,499	–11,128	–2,098	–1,397
Volkswagen Group before special items	**–**	**–**	**–**	**–**	**16,241**	**17,439**
Special items	–	–	–	–	0	–360
Volkswagen Group	**6,762**	**6,243**	**235,102**	**202,885**	**16,241**	**17,079**
Automotive Division[5]	6,762	6,243	195,060	168,191	13,226	12,908
of which: Passenger Cars Business Area	6,512	6,025	158,835	137,711	10,276	11,746
Commercial Vehicles Business Area	250	218	33,349	27,964	2,661	956
Power Engineering Business Area	–	–	2,876	2,517	289	207
Financial Services Division	–	–	40,042	34,693	3,015	4,171

1 Prior-year figures adjusted (see disclosures on IFRS 17).
2 Including Porsche Financial Services: sales revenue €30,132 (26,750) million, operating result €5,501 (5,049) million.
3 The sales revenue and operating result of the equity-accounted companies in China are not included in the consolidated figures; the share of the operating result generated by these companies amounted to €1,880 (2,558) million.
4 In the operating result, mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation, as well as companies not allocated to the brands.
5 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

KEY FIGURES FOR THE CORE BRAND GROUP FROM JANUARY 1 TO SEPTEMBER 30

	VEHICLE SALES		SALES REVENUE		OPERATING RESULT	
Thousand vehicles/€ million	2023	2022	2023	2022	2023	2022
Volkswagen Passenger Cars	2,238	1,882	63,390	52,026	2,126	2,462
ŠKODA	778	646	19,659	15,181	1,260	856
SEAT	454	333	10,837	7,820	501	–10
Volkswagen Commercial Vehicles	313	237	11,109	7,956	672	356
Tech. Components	–	–	16,526	12,655	449	–7
Consolidation	–208	–141	–20,461	–14,281	–23	64
Core brand group	**3,575**	**2,957**	**101,060**	**81,356**	**4,985**	**3,720**

Unit sales at SEAT and CUPRA increased to 454 thousand vehicles in the period from January to September of this year; this was 36.5% more than a year earlier. The figure includes the A1 manufactured for Audi. Both SEAT and CUPRA saw higher demand. The CUPRA Formentor and the CUPRA Born were especially popular. Sales revenue increased by 38.6% to €10.8 billion. The operating result reached a record level for the period from January to September at €501 (–10) million; this result was mainly driven by the success of CUPRA, higher volumes together with efficiency improvements.

Unit sales by Volkswagen Commercial Vehicles increased to 313 (237) thousand units worldwide in the first three quarters of 2023, with nearly all models contributing to the improvement. As a result, sales revenue climbed to €11.1 (8.0) billion. The operating result improved to €672 (356) million. In addition to the higher volume, price effects had a particularly positive impact.

In the first nine months of this year, Tech. Components generated sales revenue of €16.5 (12.7) billion. The operating result improved by €456 million to €449 million year-on-year. The adverse effects of higher fixed costs were more than offset, above all by a rise in volumes.

Worldwide unit sales in the Progressive brand group amounted to 945 thousand vehicles in the reporting period, 23.4% more than in the previous year. Growth was seen particularly for the A3 and Q5, as well as the all-electric Q4 e-tron model. A further 472 (452) thousand Audi vehicles were sold by the Chinese joint ventures FAW-Volkswagen and SAIC VOLKSWAGEN. Sales revenue amounted to €50.4 (44.6) billion. The operating result (prior-year figure before special items) declined to €4.6 (6.3) billion, which was mainly due to adverse effects from commodity hedges to which hedge accounting is not applied. In addition, higher material costs weighed on the operating result. The rise in volume at the Audi brand and the good results of the Bentley, Lamborghini and Ducati brands had beneficial effects. Ducati sold 48,456 (53,353) motorcycles in the first nine months of this year.

The Sport Luxury brand group sold 250 (221) thousand vehicles globally in the reporting period. Demand increased particularly for the 911, Macan and Taycan models. Sales revenue climbed to €27.8 (24.5) billion. The operating result increased to €5.2 (4.7) billion, due primarily to higher volumes with positive effects caused by the product mix and prices, offset by higher expenditure on products and innovations and an increase in distribution expenses.

CARIAD pools the Volkswagen Group's software expertise. The business model comprises the development and operation of standardized software platforms for current and future vehicle models. Sales revenue rose to €544 (422) million in the period from January to September 2023, due mainly to a rise in license fees thanks to a higher volume of vehicles fitted with CARIAD software. Upfront development expenditure resulted in an operating loss of €–1.7 (–1.4) billion.

The Battery business field brings together the Group's global battery activities, which relate to the future manufacture of battery cells and other activities along the battery value chain. Due to the effect of fixed costs incurred during the establishment of the business, the operating result in the Battery business field in the reporting period amounted to €–234 (–32) million.

Unit sales at TRATON Commercial Vehicles were higher than in the prior year at 250 (218) thousand vehicles. Sales revenue increased by 19.3% year-on-year to €33.3 billion. The higher volume of new vehicles and higher capacity utilization due to a significant increase in production figures led to an improvement in the operating result to €2.7 (1.0) billion. A positive product mix and improved price positioning also had a beneficial effect on profit.

MAN Energy Solutions generated sales revenue of €2.9 (2.5) billion in the period from January to September 2023. The operating result rose to €292 (210) million due to volume and mix-related factors.

The number of new financing, leasing, service and insurance contracts signed with Volkswagen Financial Services in the reporting period stood at 6.4 million (+10.8%). With credit eligibility criteria remaining unchanged, the penetration rate, expressed as the ratio of leased or financed vehicles to relevant Group delivery volumes, stood at 33.1 (31.9)%. The total number of contracts at the end of September 2023 was as high as the figure for December 31, 2022 at 22.0 (22.0) million. The number of contracts in the customer financing/leasing area amounted to 10.2 (10.3) million, and in the service/insurance area to 11.9 (11.6) million. As of September 30 of this year, Volkswagen Bank managed 1.5 (1.3) million deposit accounts. As expected, the operating result contracted to €2.5 (4.4) billion. In addition to higher interest expenses, the decline was primarily attributable to adverse effects from derivatives, which had had a positive effect in the prior-year period. Lower risk costs and strong demand for used vehicles had also had a positive impact in the previous year.

UNIT SALES AND SALES REVENUE BY MARKET

The Volkswagen Group sold 3.1 million vehicles in the Europe/Other Markets region in the first nine months of this year, 21.9% more than in the previous year. Sales revenue improved to €138.4 (111.3) billion due to volume effects and improved price positioning.

The Volkswagen Group's unit sales in the North American markets increased by 16.4% to 761 thousand vehicles in the reporting period. Driven mainly by higher volumes, sales revenue rose to €49.1 (44.1) billion.

Unit sales in South America rose to 368 (344) thousand vehicles in the period from January to September 2023. As a result, sales revenue climbed to €12.2 (11.0) billion.

In the Asia-Pacific region, the unit sales of the Volkswagen Group – including those of the equity-accounted companies in China – fell by 6.2% to 2.5 million vehicles in the reporting period. Sales revenue amounted to €36.1 (38.1) billion. This figure does not include sales revenue from our equity-accounted companies in China.

Hedging transactions relating to the Volkswagen Group's sales revenue in foreign currency made a negative contribution of €–0.7 (–1.6) billion in the first three quarters of 2023.

KEY FIGURES BY MARKET FROM JANUARY 1 TO SEPTEMBER 30

	VEHICLE SALES		SALES REVENUE	
Thousand vehicles/€ million	2023	2022	2023	2022[1]
Europe/Other Markets	3,088	2,532	138,361	111,257
North America	761	654	49,146	44,107
South America	368	344	12,246	10,989
Asia-Pacific[2]	2,545	2,712	36,068	38,099
Hedges on sales revenue	–	–	–720	–1,566
Volkswagen Group[2]	**6,762**	**6,243**	**235,102**	**202,885**

1 Prior-year figures adjusted (see disclosures on IFRS 17).
2 The sales revenue of the joint venture companies in China is not included in the figures for the Group and the Asia-Pacific market.

Interim Consolidated Financial Statements (Condensed)

Income Statement for the Period January 1 to September 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2023	2022[2]	2023	2022[2]	2023	2022[2]
Sales revenue	**235,102**	**202,885**	**195,060**	**168,191**	**40,042**	**34,693**
Cost of sales	–190,777	–163,769	–156,864	–136,302	–33,914	–27,467
Gross result	**44,324**	**39,116**	**38,196**	**31,889**	**6,128**	**7,226**
Distribution expenses	–15,344	–13,913	–14,494	–13,070	–850	–843
Administrative expenses	–9,333	–8,668	–7,361	–6,671	–1,972	–1,998
Other operating result	–3,406	544	–3,115	760	–292	–215
Operating result	**16,241**	**17,079**	**13,226**	**12,908**	**3,015**	**4,171**
Share of the result of equity-accounted investments	1,814	1,802	1,649	1,731	165	71
Interest result and other financial result	–355	–1,889	–320	–1,860	–35	–29
Financial result	**1,459**	**–87**	**1,329**	**–129**	**130**	**42**
Earnings before tax	**17,700**	**16,992**	**14,555**	**12,779**	**3,145**	**4,213**
Income tax expense	–4,832	–4,203	–3,958	–2,939	–874	–1,264
Earnings after tax	**12,868**	**12,789**	**10,596**	**9,841**	**2,271**	**2,949**
of which attributable to						
Noncontrolling interests	1,098	88	1,004	–27	94	115
Volkswagen AG hybrid capital investors	421	431	421	431	–	–
Volkswagen AG shareholders	11,348	12,271	9,171	9,437	2,177	2,834
Basic/diluted earnings per ordinary share in €[3]	**22.61**	**24.45**				
Basic/diluted earnings per preferred share in €[3]	**22.67**	**24.51**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Prior-year figures adjusted (see disclosures on IFRS 17).
3 Explanatory information on earnings per share is presented in the “Earnings per share” section.

Statement of Comprehensive Income for the Period January 1 to September 30

€ million	2023	2022[1]
Earnings after tax	**12,868**	**12,789**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	2,720	15,412
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–812	–4,605
Pension plan remeasurements recognized in other comprehensive income, net of tax	1,907	10,807
Fair value valuation of equity instruments that will not be reclassified to profit or loss		
Fair value valuation of equity instruments that will not be reclassified to profit or loss, before tax[2]	13	–451
Deferred taxes relating to fair value valuation of equity instruments that will not be reclassified to profit or loss[2]	1	62
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	13	–389
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	15	1
Items that will not be reclassified to profit or loss	**1,935**	**10,419**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	–891	4,090
Transferred to profit or loss	348	15
Exchange differences on translating foreign operations, before tax	–543	4,105
Deferred taxes relating to exchange differences on translating foreign operations	0	2
Exchange differences on translating foreign operations, net of tax	–542	4,107
Hedging		
Fair value changes recognized in other comprehensive income (OCI I)	877	–929
Transferred to profit or loss (OCI I)	–425	852
Cash flow hedges (OCI I), before tax	452	–77
Deferred taxes relating to cash flow hedges (OCI I)	–121	59
Cash flow hedges (OCI I), net of tax	331	–19
Fair value changes recognized in other comprehensive income (OCI II)	–333	–1,380
Transferred to profit or loss (OCI II)	770	564
Cash flow hedges (OCI II), before tax	438	–816
Deferred taxes relating to cash flow hedges (OCI II)	–119	237
Cash flow hedges (OCI II), net of tax	319	–579
Fair value valuation of debt instruments that may be reclassified to profit or loss		
Fair value changes recognized in other comprehensive income	39	–414
Transferred to profit or loss	–4	0
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	36	–413
Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income	–11	111
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	24	–303
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	–326	435
Items that may be reclassified to profit or loss	**–195**	**3,642**
Other comprehensive income, before tax	2,803	18,196
Deferred taxes relating to other comprehensive income	–1,063	–4,135
Other comprehensive income, net of tax	**1,741**	**14,061**
Total comprehensive income	**14,608**	**26,850**
of which attributable to		
Noncontrolling interests	1,267	213
Volkswagen AG hybrid capital investors	421	431
Volkswagen AG shareholders	12,920	26,207

1 Prior-year figures adjusted (see disclosures on IFRS 17).
2 As from the first quarter of 2023, deferred taxes are reported separately. The prior-year figures were adjusted accordingly.

Income Statement for the Period July 1 to September 30

€ million	VOLKSWAGEN GROUP 2023	VOLKSWAGEN GROUP 2022[2]	AUTOMOTIVE[1] 2023	AUTOMOTIVE[1] 2022[2]	FINANCIAL SERVICES 2023	FINANCIAL SERVICES 2022[2]
Sales revenue	**78,845**	**70,673**	**64,491**	**59,126**	**14,353**	**11,548**
Cost of sales	–65,436	–58,007	–52,968	–48,858	–12,468	–9,148
Gross result	**13,409**	**12,667**	**11,523**	**10,267**	**1,886**	**2,399**
Distribution expenses	–5,318	–4,836	–5,051	–4,596	–268	–240
Administrative expenses	–3,132	–3,115	–2,487	–2,451	–645	–664
Other operating result	–64	–456	121	–39	–185	–417
Operating result	**4,894**	**4,260**	**4,106**	**3,182**	**788**	**1,077**
Share of the result of equity-accounted investments	931	721	812	702	119	19
Interest result and other financial result	–24	–2,043	–126	–2,034	103	–9
Financial result	**907**	**–1,322**	**685**	**–1,332**	**222**	**10**
Earnings before tax	**5,801**	**2,937**	**4,791**	**1,850**	**1,010**	**1,087**
Income tax expense	–1,455	–803	–1,201	–300	–254	–503
Earnings after tax	**4,347**	**2,135**	**3,590**	**1,550**	**756**	**584**
of which attributable to						
Noncontrolling interests	314	25	284	–3	30	28
Volkswagen AG hybrid capital investors	143	151	143	151	–	–
Volkswagen AG shareholders	3,889	1,959	3,163	1,402	726	556
Basic/diluted earnings per ordinary share in €[3]	**7.76**	**3.91**				
Basic/diluted earnings per preferred share in €[3]	**7.76**	**3.91**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Prior-year figures adjusted (see disclosures on IFRS 17).
3 Explanatory information on earnings per share is presented in the “Earnings per share” section.

Statement of Comprehensive Income for the Period July 1 to September 30

€ million	2023	2022[1]
Earnings after tax	**4,347**	**2,135**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	3,022	970
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–916	–284
Pension plan remeasurements recognized in other comprehensive income, net of tax	2,106	687
Fair value valuation of equity instruments that will not be reclassified to profit or loss		
Fair value valuation of equity instruments that will not be reclassified to profit or loss, before tax[2]	–20	–2
Deferred taxes relating to fair value valuation of equity instruments that will not be reclassified to profit or loss[2]	3	–11
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	–17	–13
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	0	0
Items that will not be reclassified to profit or loss	**2,089**	**674**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	834	1,361
Transferred to profit or loss	–	0
Exchange differences on translating foreign operations, before tax	834	1,361
Deferred taxes relating to exchange differences on translating foreign operations	–1	0
Exchange differences on translating foreign operations, net of tax	833	1,361
Hedging		
Fair value changes recognized in other comprehensive income (OCI I)	–237	–652
Transferred to profit or loss (OCI I)	–220	500
Cash flow hedges (OCI I), before tax	–456	–152
Deferred taxes relating to cash flow hedges (OCI I)	132	61
Cash flow hedges (OCI I), net of tax	–324	–91
Fair value changes recognized in other comprehensive income (OCI II)	–210	–700
Transferred to profit or loss (OCI II)	301	163
Cash flow hedges (OCI II), before tax	91	–536
Deferred taxes relating to cash flow hedges (OCI II)	–29	159
Cash flow hedges (OCI II), net of tax	62	–377
Fair value valuation of debt instruments that may be reclassified to profit or loss		
Fair value changes recognized in other comprehensive income	–2	–141
Transferred to profit or loss	0	0
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	–2	–141
Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income	0	38
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	–2	–103
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	57	174
Items that may be reclassified to profit or loss	**624**	**965**
Other comprehensive income, before tax	3,525	1,675
Deferred taxes relating to other comprehensive income	–812	–36
Other comprehensive income, net of tax	**2,713**	**1,639**
Total comprehensive income	**7,060**	**3,773**
of which attributable to		
Noncontrolling interests	392	66
Volkswagen AG hybrid capital investors	143	151
Volkswagen AG shareholders	6,525	3,556

1 Prior-year figures adjusted (see disclosures on IFRS 17).
2 As from the first quarter of 2023, deferred taxes are reported separately. The prior-year figures were adjusted accordingly.

Balance Sheet as of September 30, 2023 and December 31, 2022

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2023	2022[2]	2023	2022[2]	2023	2022[2]
Assets						
Noncurrent assets	**349,509**	**339,853**	**178,428**	**178,667**	**171,081**	**161,187**
Intangible assets	86,824	83,241	86,209	82,846	614	394
Property, plant and equipment	64,899	63,890	63,890	62,908	1,008	982
Lease assets	62,892	59,380	238	1,279	62,654	58,100
Financial services receivables	90,989	86,944	–733	–767	91,723	87,711
Investment Property, equity-accounted investments and other equity investments, other receivables and financial assets	43,905	46,399	28,823	32,400	15,082	13,999
Current assets	**245,069**	**224,159**	**127,976**	**122,730**	**117,093**	**101,430**
Inventories	58,512	52,274	54,243	48,768	4,269	3,506
Financial services receivables	65,070	61,549	–776	–799	65,846	62,348
Other receivables and financial assets	49,620	43,226	23,932	18,764	25,689	24,462
Marketable securities and time deposits	25,878	37,206	21,599	32,867	4,279	4,338
Cash and cash equivalents	45,662	29,172	28,884	23,034	16,778	6,137
Assets held for sale	327	733	95	95	232	638
Total assets	**594,577**	**564,013**	**306,404**	**301,396**	**288,173**	**262,616**
Equity and liabilities						
Equity	**189,117**	**178,328**	**149,149**	**135,954**	**39,968**	**42,375**
Equity attributable to Volkswagen AG shareholders	159,822	151,255	120,440	109,565	39,383	41,690
Equity attributable to Volkswagen AG hybrid capital investors	15,027	14,121	15,027	14,121	–	–
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	174,850	165,376	135,467	123,686	39,383	41,690
Noncontrolling interests	14,267	12,952	13,682	12,267	585	684
Noncurrent liabilities	**204,102**	**202,961**	**84,233**	**88,316**	**119,869**	**114,646**
Financial liabilities	124,984	121,737	20,008	21,871	104,977	99,866
Provisions for pensions	25,008	27,553	24,613	27,104	395	449
Other liabilities	54,110	53,671	39,613	39,341	14,497	14,330
Current liabilities	**201,358**	**182,723**	**73,022**	**77,127**	**128,337**	**105,596**
Financial liabilities	104,147	83,448	–7,852	–10,953	111,999	94,401
Trade payables	30,028	28,738	26,516	26,106	3,512	2,631
Other liabilities	67,032	70,380	54,353	61,961	12,679	8,418
Liabilities associated with assets held for sale	152	158	5	12	147	146
Total equity and liabilities	**594,577**	**564,013**	**306,404**	**301,396**	**288,173**	**262,616**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.
2 Prior-year figures adjusted (see disclosures on IFRS 17).

Statement of Changes in Equity

				OTHER RESERVES								
					HEDGING							
€ million	Subscribed capital	Capital reserve	Retained earnings	Currency translation reserve	Cash flow hedges (OCI I)	Deferred costs of hedging (OCI II)	Equity and debt instruments	Equity-accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Equity attributable to noncontrolling interests	Total equity
Unadjusted balance at Jan. 1, 2022	**1,283**	**14,551**	**117,342**	**–2,351**	**–635**	**–367**	**–355**	**541**	**14,439**	**144,449**	**1,705**	**146,154**
Changes in accounting policy to reflect IFRS 17	–	–	–11	–	–	–	–	1	–	–11	–	–11
Balance at Jan. 1, 2022	**1,283**	**14,551**	**117,331**	**–2,351**	**–635**	**–367**	**–355**	**542**	**14,439**	**144,438**	**1,705**	**146,143**
Earnings after tax[1]	–	–	12,271	–	–	–	–	–	431	12,702	88	12,789
Other comprehensive income, net of tax[1]	–	–	10,736	4,016	–21	–579	–651	435	–	13,936	125	14,061
Total comprehensive income[1]	**–**	**–**	**23,007**	**4,016**	**–21**	**–579**	**–651**	**435**	**431**	**26,637**	**213**	**26,850**
Disposal of equity instruments	–	–	–53	–	–	–	53	–	–	–	–	–
Capital increases/Capital decreases	–	–	–	–	–	–	–	–	1,153	1,153	103	1,256
Dividend payments	–	–	–3,772	–	–	–	–	–	–493	–4,265	–258	–4,523
Capital transactions involving a change in ownership interest	–	–	8,180	–214	339	175	–3	0	–	8,477	10,805	19,282
Other changes	–	–	31	–	–	–	–	–2	–	28	–16	13
Balance at Sept. 30, 2022[1]	**1,283**	**14,551**	**144,723**	**1,451**	**–317**	**–771**	**–956**	**975**	**15,531**	**176,470**	**12,552**	**189,022**
Unadjusted balance at Jan. 1, 2023	**1,283**	**14,551**	**137,267**	**–2,256**	**1,623**	**–1,077**	**–1,005**	**870**	**14,121**	**165,378**	**12,950**	**178,327**
Changes in accounting policy to reflect IFRS 17	–	–	5	–	–	–	–	–7	–	–1	2	1
Balance at Jan. 1, 2023	**1,283**	**14,551**	**137,272**	**–2,256**	**1,623**	**–1,077**	**–1,005**	**864**	**14,121**	**165,376**	**12,952**	**178,328**
Earnings after tax	–	–	11,348	–	–	–	–	–	421	11,769	1,098	12,868
Other comprehensive income, net of tax	–	–	1,832	–488	236	271	33	–311	–	1,572	169	1,741
Total comprehensive income	**–**	**–**	**13,180**	**–488**	**236**	**271**	**33**	**–311**	**421**	**13,341**	**1,267**	**14,608**
Disposal of equity instruments	–	–	13	–	–	–	–13	–	–	–	–	–
Capital increases/Capital decreases[2]	–	–	–	–	–	–	–	–	1,004	1,004	–	1,004
Dividend payments	–	–	–4,374	–	–	–	–	–	–519	–4,892	–36	–4,929
Capital transactions involving a change in ownership interest	–	–	–42	–11	–	–	–	–	–	–54	–27	–80
Other changes	–	–	75	–	–	–	–	0	–	75	111	185
Balance at Sept. 30, 2023	**1,283**	**14,551**	**146,124**	**–2,756**	**1,859**	**–806**	**–985**	**553**	**15,027**	**174,850**	**14,267**	**189,117**

1 Prior-year figures adjusted (see disclosures on IFRS 17).
2 For details on capital increases/decreases, see the “Equity” section.

Cash flow statement for the Period January 1 to September 30

€ million	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
	2023	2022[7]	2023	2022[7]	2023	2022[7]
Cash and cash equivalents at beginning of period	**29,738**	**39,123**	**23,042**	**24,899**	**6,695**	**14,224**
Earnings before tax	17,700	16,992	14,555	12,779	3,145	4,213
Income taxes paid	–6,061	–3,256	–4,900	–2,398	–1,161	–858
Depreciation and amortization expense[2]	21,056	23,307	13,107	16,082	7,949	7,225
Change in pension provisions	204	522	195	476	8	46
Share of the result of equity-accounted investments	457	792	547	818	–91	–26
Other noncash income/expense and reclassifications[3]	2,718	–844	2,859	–2,295	–141	1,451
Gross cash flow	**36,073**	**37,512**	**26,363**	**25,463**	**9,710**	**12,050**
Change in working capital	**–23,513**	**–10,626**	**–4,630**	**–3,207**	**–18,883**	**–7,419**
Change in inventories	–6,374	–6,603	–5,610	–6,796	–764	193
Change in receivables	–4,908	–2,277	–3,504	–1,703	–1,405	–574
Change in liabilities	5,205	7,682	3,452	7,012	1,753	671
Change in other provisions	597	–1,791	563	–1,761	34	–30
Change in lease assets (excluding depreciation)	–10,426	–6,240	531	258	–10,957	–6,498
Change in financial services receivables	–7,607	–1,397	–63	–215	–7,544	–1,182
Cash flows from operating activities	**12,560**	**26,886**	**21,733**	**22,256**	**–9,173**	**4,630**
Cash flows from investing activities attributable to operating activities	**–17,281**	**–16,903**	**–16,795**	**–16,679**	**–486**	**–224**
of which: Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property	–8,908	–7,309	–8,718	–7,177	–189	–132
capitalized development costs	–7,873	–7,085	–7,873	–7,085	–	–
acquisition and disposal of equity investments	–827	–2,751	–511	–2,629	–316	–121
Net cash flow[4]	***–4,721***	***9,983***	***4,938***	***5,576***	***–9,659***	***4,406***
Change in investments in securities, time deposits and loans	9,567	–2,018	10,962	–1,578	–1,395	–440
Cash flows from investing activities	**–7,714**	**–18,921**	**–5,833**	**–18,258**	**–1,881**	**–664**
Cash flows from financing activities	**11,723**	**–14,858**	**–9,586**	**–4,899**	**21,309**	**–9,959**
of which: capital transactions with noncontrolling interests	–8	123	–8	123	–	–
capital contributions/capital redemptions	1,000	1,262	868	1,261	132	0
Effect of exchange rate changes on cash and cash equivalents	–602	796	–458	549	–144	248
Change of loss allowance within cash and cash equivalents	–1	0	–1	0	0	0
Net change in cash and cash equivalents	**15,966**	**–6,097**	**5,855**	**–352**	**10,111**	**–5,745**
Cash and cash equivalents at September 30[5]	**45,704**	**33,025**	**28,897**	**24,547**	**16,807**	**8,479**
Securities and time deposits and loans	40,356	35,893	19,971	17,701	20,385	18,192
Gross liquidity	**86,060**	**68,919**	**48,868**	**42,248**	**37,192**	**26,671**
Total third-party borrowings	–229,172	–203,749	–12,156	–10,694	–217,016	–193,055
Net liquidity at September 30[6]	**–143,112**	**–134,831**	**36,712**	**31,553**	**–179,824**	**–166,384**
For information purposes: at Jan. 1	–	–136,576	–	26,685	–	–163,261

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Net of impairment reversals.
3 These relate mainly to the fair value measurement of financial instruments and the reclassification of gains/losses on disposal of noncurrent assets and equity investments to investing activities.
4 Net cash flow: cash flows from operating activities, net of cash flows from investing activities attributable to operating activities (investing activities excluding change in investments in securities, time deposits and loans).
5 Cash and cash equivalents comprise cash at banks, checks, cash-in-hand and call deposits.
6 The total of cash, cash equivalents, securities and time deposits, as well as loans to affiliates and joint ventures net of third-party borrowings (noncurrent and current financial liabilities).
7 Prior-year figures adjusted (see disclosures on IFRS 17).

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

Notes

to the Interim Consolidated Financial Statements of the Volkswagen Group
as of September 30, 2023

Accounting in accordance with International Financial Reporting Standards (IFRSs)

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2022 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These interim consolidated financial statements for the period ended September 30, 2023 were therefore also prepared in accordance with IAS 34 (Interim Financial Reporting) and are condensed in scope compared with the consolidated financial statements.

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

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

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

Accounting policies

Volkswagen AG has applied all accounting pronouncements adopted by the EU and effective for periods as of January 1, 2023.

OTHER ACCOUNTING POLICIES

A discount rate of 4.2% (December 31, 2022: 3.7%) was applied to German pension provisions in the accompanying interim consolidated financial statements.

The income tax expense for the interim consolidated financial statements is always calculated on the basis of the best estimate of the average annual income tax rate that is expected for the entire fiscal year, in accordance with IAS 34 (Interim Financial Reporting). In some of the countries where the Volkswagen Group operates, statutory provisions for minimum tax have been introduced in accordance with the OECD's guidance on a new global minimum taxation. On the basis of the amendments to IAS 12 adopted by the IASB in May 2023, the Volkswagen Group has not taken account of the resulting potential effects on deferred taxes.

In other respects, the same accounting policies and consolidation methods that were used for the 2022 consolidated financial statements are generally applied to the preparation of the interim consolidated financial statements and the measurement of the prior-year comparatives. A detailed description of the policies and methods applied is published in the "Accounting policies" section of the notes to the 2022 consolidated financial statements.

In addition, details of the effects of new standards can be found in the "New and amended IFRSs not applied" section. The 2022 consolidated financial statements can also be accessed on the internet at https://www.volkswagen-group.com/en/investors-15766.

IFRS 17 – INSURANCE CONTRACTS

IFRS 17 specifies new accounting rules for insurance contracts. The Volkswagen Group applied IFRS 17 as of January 1, 2023 for the first time. The transition was conducted using the full retrospective approach, unless using that approach was impracticable. This was the case when not all of the required historical information, in particular for multiyear contracts, was available without undue cost and effort. In these instances, the Volkswagen Group generally used the modified retrospective approach.

First-time application resulted in an insignificant change in equity as of January 1, 2023 and January 1, 2022, respectively. This is due primarily to the changed system for calculating provisions related to the insurance business. In addition, netting cash flows when measuring the provisions also led to an equal reduction of €0.7 billion in assets and provisions related to the insurance business as of January 1, 2023. The change in the system for recognizing income and expenses does not have any material effect on the income statement. Prior-year figures have been adjusted accordingly.

Key events

DIESEL ISSUE

On September 18, 2015, the US Environmental Protection Agency (EPA) publicly announced in a “Notice of Violation” that irregularities in relation to nitrogen oxide (NO_x) emissions had been discovered in emissions tests on certain Volkswagen Group vehicles with 2.0 l diesel engines in the USA. This was followed by further reports on the scope of the diesel issue. Detailed information can be found in the “Key events” section of the 2022 consolidated financial statements.

No material special items in connection with the diesel issue were recognized in the first nine months of fiscal year 2023.

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

RUSSIA-UKRAINE CONFLICT / COVID-19 PANDEMIC / PARTS SUPPLY

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

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

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

On May 18, 2023, Volkswagen Group has completed the sale of its shares in OOO Volkswagen Group Rus (Volkswagen Group Rus), Kaluga/Russia, including its local subsidiaries (OOO Volkswagen Components and Services, Kaluga/Russia, OOO Scania Leasing, Moscow/Russia, OOO Scania Finance, Moscow/Russia, OOO Scania Insurance, Moscow/Russia) to OOO ART-FINANCE, Moscow/Russia, who is supported by the Russian Dealer AO Avilon Automotive Group, Moscow/Russia. With the registration of the transaction on May 22, 2023, ownership of the shares in the authorized capital of Volkswagen Group Rus was transferred from the seller side to the buyer. The transaction includes the production facilities in Kaluga, the importer structure of the Group brands Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, AUDI, ŠKODA, Bentley, Lamborghini and Ducati for potential after-sales business and the warehousing as well as the Scania financial services activities with all its associated employees.

In this context, the Volkswagen Group had already made significant impairments in fiscal year 2022 and taken appropriate provisions. The sale price amounts to €0.1 billion. The deconsolidation of the affected companies resulted in a loss of €0.4 billion in the 2023 reporting period, which is reported in the other operating result. This result is split between the Automotive Division (€– 0.4 billion) and the Financial Services Division (€0.1 billion). The loss is mainly attributable to the realization of currency translation effects of €– 0.3 billion, which have been reclassified from foreign currency translation reserve to other operating expenses.

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

For information on other subsidiaries of the Volkswagen Group being wound down, please refer to the note entitled “IFRS 5 – Noncurrent assets held for sale”.

As a result of the fair value measurement and realization of derivatives to which hedge accounting is not applied (especially commodity hedges), losses totaling €2.1 billion (previous year: gains of €2.4 billion) were recognized in the other operating result.

The situation in connection with the SARS-CoV-2 virus eased at the beginning of the fiscal year.

In the first months of fiscal year 2023, parts supply shortages continued to have a negative impact. In addition, disruptions in logistics chains had a negative effect; however, this effect diminished in the course of the fiscal year.

Please also refer to the comments in the interim group management report.

MATERIAL TRANSACTIONS

Scout Motors Inc.

Under the Volkswagen Group's North America strategy, Scout Motors Inc., Arlington, Virginia/USA, a wholly owned subsidiary of Volkswagen Finance Luxemburg, Strassen/Luxembourg, was established in fiscal year 2022. A new vehicle brand is to be created under the name of Scout, under which electrified all-terrain vehicles and pickups will be distributed in the USA from 2026. In order to finance the creation of the Scout brand, as well as vehicle development and production planning, an amount of around USD500 million is to be contributed to the company in fiscal year 2023. Payments of USD303 million had been made by September 30, 2023. The company has been included in the Volkswagen consolidated financial statements since January 1, 2023.

Argo AI

The process of winding down Argo AI, LLC, Pittsburgh/USA was initiated in the third quarter of 2022. In this context, Volkswagen contributed USD60 million to the company in the first half of 2023. The contribution was written down in full.

QuantumScape Corporation

In fiscal years 2020 and 2021, the Volkswagen Group acquired new shares in QuantumScape Corporation, San José/United States through forward purchase agreements resulting from a capital increase. Due to QuantumScape Corporation's simultaneous listing on the New York Stock Exchange, the forward purchase agreements had to be measured at the respective closing prices. As a consequence, a non-cash gain of €1.4 billion was recognized in the financial result in fiscal year 2020 and a non-cash expense of €0.6 billion in fiscal year 2021. In total, there was a non-cash increase of €0.8 billion.

Due to the share price performance, the Volkswagen Group conducted an impairment test on the shares in QuantumScape Corporation. The carrying amount was adjusted on the basis of the impairment test. This adjustment led to a non-cash expense of €0.3 billion in the second quarter of 2023. An additional adjustment of €0.1 billion was identified in the third quarter of 2023. In total, a non-cash expense of €0.4 billion was recognized in the reporting period; it is presented in the other financial result.

There Holding B.V.

There Holding B.V., Rijswijk/the Netherlands, is an investment company that holds shares in HERE International B.V., Eindhoven/the Netherlands, one of the world's largest producers of digital road maps for navigation systems. In the first half of 2023, capital transactions conducted at the level of There Holding B.V. increased the interest held by the Volkswagen Group in There Holding B.V. from 29.7% at the end of fiscal year 2022 to currently 30.6%. In addition, There Holding B.V. participated in several capital increases at HERE International B.V. in this period.

The share of the result of the equity-accounted investment in There Holding B.V. includes an expense of €92 million resulting from an impairment test on There Holding B.V.'s investment in HERE International B.V.

XPeng Inc.

On July 26, 2023, Volkswagen entered into an agreement with the electric vehicle company XPeng Inc., Cayman Islands, to acquire up to 4.99% of the ordinary shares of XPeng Inc. for a fixed purchase price of USD15 per share, up to a total of USD710 million. The transaction is expected to close in the fourth quarter of 2023. Until the transaction closes, fluctuations in the value of the forward purchase agreement related to the acquisition of shares are measured through profit or loss. Due to the positive performance of the share price of XPeng Inc., there was a non-cash gain of €149 million as of September 30, 2023, which is presented in the other financial result. Along with the agreement to acquire the shares, a technological framework agreement was signed with Guangdong Xiaopeng Motors Technology Co. Ltd., Guangzhou/People's Republic of China, a subsidiary of XPeng Inc., for the joint development of electric vehicles in China, among other things. The transaction is subject to customary closing conditions, including approval by the responsible authorities.

Basis of consolidation

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

IFRS 5 – NONCURRENT ASSETS HELD FOR SALE

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

The intention resolved at Dr. Ing. h.c. F. Porsche AG, Stuttgart (Porsche AG) in September 2022 to sell two Russian sales companies in the Passenger Cars and Light Commercial Vehicles segment, OOO Porsche Russland, Moscow/Russia, and OOO Porsche Center Moscow, Moscow/Russia, as well as one company assigned to the Financial Services segment, OOO Porsche Financial Services Russland, Moscow/Russia, continues to be in place. In view of the change in external conditions, the disposal project is expected to be completed within the next six months. An impairment loss of €25 million was recognized for the disposal group as of December 31, 2022. Another minor impairment loss was identified as of September 30, 2023; it is recognized in the other operating result.

It was resolved in the fourth quarter of 2022 to sell the following fully consolidated subsidiaries allocated to the Financial Services segment: OOO Volkswagen Bank RUS, Moscow/Russia, OOO Volkswagen Group Finanz, Moscow/Russia, and OOO Volkswagen Financial Services RUS, Moscow/Russia. The resolution by the responsible bodies was followed by the implementation of a disposal plan, which is expected to be completed in the fourth quarter of 2023. Impairment losses of €202 million were recognized in this context in the period up to September 30, 2023.

On December 15, 2022, the Supervisory Board of Volkswagen AG resolved to sell the MAN ES gas turbine business of MAN Energy Solutions SE, Augsburg, and MAN Energy Solutions Schweiz AG, Zurich/Switzerland, by way of an asset deal to CSIC Longjiang GH Gas Turbine Co. Ltd., Harbin/China, and its subsidiaries under German and Swiss law. The transaction is expected to be completed within fiscal year 2024.

In addition, the passenger car business, which was demerged from the fully consolidated subsidiary EURO-Leasing GmbH, Sittensen, to Euromobil GmbH in the third quarter of 2023, was continued to be classified as a disposal group held for sale as of September 30, 2023 in accordance with the provisions of IFRS 5. The transaction is expected to close in the fourth quarter of 2023 by way of the sale of 51% of the shares in Euromobil GmbH to Europcar Mobility Group. The disposal group as a whole is subject to the measurement provisions of IFRS 5 because it contains assets that fall under the scope of IFRS 5. The measurement of the disposal group at the lower of its carrying amount and fair value less disposal costs did not result in any requirement to recognize an impairment loss.

In total, assets of €327 million and liabilities of €152 million were presented as assets and liabilities held for sale in accordance with IFRS 5 in a separate line item of the balance sheet as of September 30, 2023. The assets and liabilities held for sale have been recognized at a lower of their carrying amount and fair value less expected costs of disposal.

Transactions completed in the current fiscal year

On March 3, 2023, the Supervisory Board of the Volkswagen Group resolved to sell OOO Volkswagen Group Rus, Kaluga/Russia, and its subsidiaries, OOO Scania Finance, Moscow/Russia, OOO Scania Insurance, Moscow/Russia, and OOO Scania Leasing, Moscow/Russia. These companies were consequently classified as a disposal group held for sale as of March 31, 2023. The sale was completed in May, 2023. Additional disclosures can be found in the “Key events” section.

Disclosures on the interim consolidated financial statements

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE: Q1 – Q3 2023

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total Segments	Reconciliation	Volkswagen Group
Vehicles	140,075	22,520	–	–	162,595	–14,340	148,254
Genuine parts	12,039	5,152	–	–	17,192	–143	17,049
Used vehicles and third-party products	9,459	1,886	–	17,231	28,575	–3,201	25,374
Engines, powertrains and parts deliveries	8,737	749	–	–	9,486	–50	9,436
Power Engineering	–	–	2,875	–	2,875	–1	2,875
Motorcycles	735	–	–	–	735	–	735
Leasing business	718	1,180	0	13,400	15,299	–958	14,341
Interest and similar income	206	0	–	8,966	9,172	–635	8,537
Hedges sales revenue	–814	24	–	–	–790	70	–720
Other sales revenue	7,638	1,838	–	445	9,921	–700	9,221
	178,793	**33,349**	**2,876**	**40,042**	**255,059**	**–19,958**	**235,102**

STRUCTURE OF GROUP SALES REVENUE: Q1 – Q3 2022[1]

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total Segments	Reconciliation	Volkswagen Group
Vehicles	115,900	17,674	–	0	133,574	–10,267	123,307
Genuine parts	11,209	5,010	–	–	16,219	–115	16,104
Used vehicles and third-party products	8,604	1,701	–	15,503	25,808	–2,722	23,086
Engines, powertrains and parts deliveries	8,964	622	–	–	9,586	–48	9,538
Power Engineering	–	–	2,516	–	2,516	–1	2,516
Motorcycles	739	–	–	–	739	–	739
Leasing business	535	1,269	0	12,412	14,217	–896	13,321
Interest and similar income	204	1	–	6,303	6,509	–330	6,178
Hedges sales revenue	–1,568	–18	–	–	–1,586	20	–1,566
Other sales revenue	8,203	1,705	–	475	10,383	–721	9,662
	152,790	**27,964**	**2,517**	**34,693**	**217,965**	**–15,080**	**202,885**

1 Prior-year figures adjusted (see disclosures on IFRS 17).

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

2. Cost of sales

Cost of sales includes interest expenses of €5,790 million (previous year: €2,108 million) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on capitalized development costs, property, plant and equipment, and lease assets. The impairment losses totaled €986 million (previous year: €778 million); they are mostly recognized in the other operating result and in cost of sales.

3. Research and development costs

€ million	Q1 – 3 2023	Q1 – 3 2022	%
Total research and development costs	15,572	13,826	12.6
of which: capitalized development costs	7,873	7,085	11.1
Capitalization ratio in %	50.6	51.2	
Amortization of capitalized development costs	3,970	3,814	4.1
Research and development costs recognized in profit or loss	**11,669**	**10,555**	**10.6**

4. Earnings per share

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

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

		Q3 2023	Q3 2022[1]	Q1 – 3 2023	Q1 – 3 2022[1]
Weighted average number of:					
Ordinary shares – basic/diluted	Shares	295,089,818	295,089,818	295,089,818	295,089,818
Preferred shares – basic/diluted	Shares	206,205,445	206,205,445	206,205,445	206,205,445
Earnings after tax	€ million	4,347	2,135	12,868	12,789
Noncontrolling interests	€ million	314	25	1,098	88
Earnings attributable to Volkswagen AG hybrid capital investors	€ million	143	151	421	431
Earnings attributable to Volkswagen AG shareholders	€ million	3,889	1,959	11,348	12,271
of which: basic/diluted earnings attributable to ordinary shares	€ million	2,289	1,153	6,673	7,216
of which: basic/diluted earnings attributable to preferred shares	€ million	1,600	806	4,675	5,055
Earnings per ordinary share – basic/diluted	€	7.76	3.91	22.61	24.45
Earnings per preferred share – basic/diluted	€	7.76	3.91	22.67	24.51

1 Prior-year figures adjusted (see disclosures on IFRS 17).

5. Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND SEPTEMBER 30, 2023

€ million	Carrying amount at Jan. 1, 2023	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at Sept. 30, 2023
Intangible assets	83,241	8,691	130	4,978	86,824
Property, plant and equipment	63,890	9,072	659	7,404	64,899
Lease assets	59,380	24,906	13,042	8,352	62,892

6. Inventories

€ million	Sept. 30, 2023	Dec. 31, 2022
Raw materials, consumables and supplies	10,560	10,458
Work in progress	5,785	6,041
Finished goods and purchased merchandise	34,455	29,466
Current lease assets	6,154	5,170
Prepayments	1,577	1,165
Hedges on inventories	–18	–26
	58,512	**52,274**

As in the prior-year period, it was not necessary to recognize or reverse significant impairment losses on inventories in the reporting period.

7. Current other receivables and financial assets

€ million	Sept. 30, 2023	Dec. 31, 2022[1]
Trade receivables	21,328	18,534
Miscellaneous other receivables and financial assets	28,292	24,692
	49,620	**43,226**

1 Prior-year figures adjusted (see disclosures on IFRS 17).

In the period January 1 to September 30, 2023, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €438 million (previous year: €1,512 million). The prior-year figure is primarily the result of increased default risks due to the crisis situation in connection with the Russia-Ukraine conflict.

8. Equity

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

In July 2023, Volkswagen AG called a hybrid note (maturity: 10 years) with a principal amount of €750 million, which had been placed in 2013 via Volkswagen International Finance N.V., Amsterdam/the Netherlands (issuer). Once called, the note was classified as debt in accordance with IAS 32. Equity and net liquidity of the Volkswagen Group were reduced accordingly. The hybrid note was redeemed on September 4, 2023.

From the hybrid capital issued on September 6, 2023, Volkswagen AG recorded a cash inflow of €1,750 million less transaction costs of €8 million. In addition, the recognition of deferred taxes led to noncash effects of €2 million. The hybrid capital is to be classified as equity granted.

Noncontrolling interests are mainly attributable to the Porsche AG Group and the TRATON GROUP.

9. Noncurrent financial liabilities

€ million	Sept. 30, 2023	Dec. 31, 2022
Bonds, commercial paper and notes	97,134	89,869
Liabilities to banks	19,441	23,266
Deposit business	2,552	2,642
Lease liabilities	5,023	5,283
Other financial liabilities	834	677
	124,984	**121,737**

10. Current financial liabilities

€ million	Sept. 30, 2023	Dec. 31, 2022
Bonds, commercial paper and notes	45,214	38,523
Liabilities to banks	24,123	18,840
Deposit business	32,611	24,107
Lease liabilities	1,057	1,102
Other financial liabilities	1,142	876
	104,147	**83,448**

11. Fair value disclosures

Generally, the principles and techniques used for fair value measurement remained unchanged year-on-year. Detailed explanations of the measurement principles and techniques can be found in the "Accounting policies" section of the 2022 consolidated financial statements.

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

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

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

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

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

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

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

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

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF SEPTEMBER 30, 2023

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING	NOT ALLOCATED TO A MEASUREMENT CATEGORY	BALANCE SHEET ITEM AT SEPT. 30, 2023
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Noncurrent assets						
Equity-accounted investments	–	–	–	–	11,475	11,475
Other equity investments	362	–	–	–	3,162	3,525
Financial services receivables	106	52,008	51,991	–	38,876	90,989
Other financial assets	2,782	5,997	5,943	3,282	–	12,061
Tax receivables	–	–	–	–	447	447
Current assets						
Trade receivables	–	21,328	21,328	–	0	21,328
Financial services receivables	19	44,546	44,546	–	20,505	65,070
Other financial assets	2,322	13,483	13,483	1,603	–	17,408
Tax receivables	–	0	0	–	1,751	1,751
Marketable securities and time deposits	25,608	270	270	–	–	25,878
Cash and cash equivalents	–	45,662	45,662	–	–	45,662
Assets held for sale	–	43	43	–	284	327
Noncurrent liabilities						
Financial liabilities	–	119,961	116,811	–	5,023	124,984
Other financial liabilities	1,548	2,409	2,294	3,517	–	7,474
Current liabilities						
Financial liabilities	–	103,090	103,090	–	1,057	104,147
Trade payables	–	30,028	30,028	–	–	30,028
Other financial liabilities	1,075	11,931	11,931	1,382	–	14,388
Tax payables	–	6	6	–	786	792
Liabilities associated with assets held for sale	–	27	27	–	124	152

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2022[1]

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING	NOT ALLOCATED TO A MEASUREMENT CATEGORY	BALANCE SHEET ITEM AT DEC. 31, 2022
	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Noncurrent assets						
Equity-accounted investments	–	–	–	–	12,668	12,668
Other equity investments	342	–	–	–	3,147	3,489
Financial services receivables	178	51,557	50,721	–	35,209	86,944
Other financial assets	4,735	5,626	5,533	3,471	–	13,832
Tax receivables	–	–	–	–	394	394
Current assets						
Trade receivables	1	18,533	18,533	–	0	18,534
Financial services receivables	24	41,644	41,644	–	19,881	61,549
Other financial assets	2,845	11,032	11,032	1,270	–	15,148
Tax receivables	–	10	10	–	1,721	1,732
Marketable securities and time deposits	24,560	12,646	12,646	–	–	37,206
Cash and cash equivalents	–	29,172	29,172	–	–	29,172
Assets held for sale	–	570	570	–	163	733
Noncurrent liabilities						
Financial liabilities	–	116,455	112,101	–	5,283	121,737
Other financial liabilities	1,518	2,623	2,502	4,047	–	8,188
Current liabilities						
Financial liabilities	–	82,346	82,346	–	1,102	83,448
Trade payables	–	28,738	28,738	–	–	28,738
Other financial liabilities	1,004	17,372	17,372	1,430	–	19,807
Tax payables	–	17	17	–	709	726
Liabilities associated with assets held for sale	–	132	132	–	26	158

1 Prior-year figures adjusted (see disclosures on IFRS 17).

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

The carrying amount of lease receivables was €59.4 billion (previous year: €55.1 billion) and their fair value was €58.5 billion (previous year: €54.1 billion).

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

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY LEVEL

€ million	Sept. 30, 2023	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	362	89	–	273
Financial services receivables	106	–	–	106
Other financial assets	2,782	–	1,591	1,192
Current assets				
Trade receivables	–	–	–	–
Financial services receivables	19	–	–	19
Other financial assets	2,322	–	1,899	423
Marketable securities and time deposits	25,608	25,534	74	–
Noncurrent liabilities				
Other financial liabilities	1,548	–	1,406	142
Current liabilities				
Other financial liabilities	1,075	–	1,053	21

€ million	Dec. 31, 2022	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	342	91	0	251
Financial services receivables	178	–	–	178
Other financial assets	4,735	–	2,571	2,165
Current assets				
Trade receivables	1	–	–	1
Financial services receivables	24	–	–	24
Other financial assets	2,845	–	2,283	562
Marketable securities and time deposits	24,560	24,487	73	–
Noncurrent liabilities				
Other financial liabilities	1,518	–	1,439	79
Current liabilities				
Other financial liabilities	1,004	–	982	23

DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING BY LEVEL

€ million	Sept. 30, 2023	Level 1	Level 2	Level 3
Noncurrent assets				
Other financial assets	3,282	–	3,282	–
Current assets				
Other financial assets	1,603	–	1,603	–
Noncurrent liabilities				
Other financial liabilities	3,517	–	3,517	–
Current liabilities				
Other financial liabilities	1,382	–	1,382	–

€ million	Dec. 31, 2022	Level 1	Level 2	Level 3
Noncurrent assets				
Other financial assets	3,471	–	3,471	–
Current assets				
Other financial assets	1,270	–	1,270	–
Noncurrent liabilities				
Other financial liabilities	4,047	–	4,047	–
Current liabilities				
Other financial liabilities	1,430	–	1,430	–

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

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

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

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2023	**3,176**	**102**
Foreign exchange differences	–5	2
Changes in consolidated Group	–6	–
Total comprehensive income	–719	92
recognized in profit or loss	–740	92
recognized in other comprehensive income	21	–
Additions (purchases)	119	–
Sales and settlements	–301	–
Transfers into Level 2	–251	–32
Balance at Sept. 30, 2023	**2,013**	**164**
Total gains or losses recognized in profit or loss	**–740**	**–92**
Other operating result	–737	–92
of which attributable to assets/liabilities held at the reporting date	–559	–72
Financial result	–3	–
of which attributable to assets/liabilities held at the reporting date	8	–

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2022	**2,119**	**303**
Foreign exchange differences	148	–6
Changes in consolidated Group	0	–
Total comprehensive income	1,201	–79
recognized in profit or loss	1,179	–79
recognized in other comprehensive income	22	–
Additions (purchases)	74	–
Sales and settlements	–268	–42
Transfers into Level 2	–479	–17
Balance at Sept. 30, 2022	**2,795**	**158**
Total gains or losses recognized in profit or loss	**1,179**	**79**
Other operating result	1,138	79
of which attributable to assets/liabilities held at the reporting date[1]	899	–32
Financial result	42	–
of which attributable to assets/liabilities held at the reporting date	–	–

1 Prior-year figures adjusted.

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

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

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of September 30, 2023, earnings after tax would have been €214 million (previous year: €285 million) higher (lower). Beyond that, equity would not have been materially affected.

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

If the assumed enterprise values at September 30, 2023 had been 10% higher, earnings after tax would have been €2 million (previous year: €6 million) higher. If the assumed enterprise values as of September 30, 2023 had been 10% lower, earnings after tax would have been €2 million (previous year: €6 million) lower.

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

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

If the prices of the used cars covered by the residual value protection model had been 10% higher as of September 30, 2023, earnings after tax would have been €495 million (previous year: €454 million) higher. If the prices of the used cars covered by the residual value protection model had been 10% lower as of September 30, 2023, earnings after tax would have been €526 million (previous year: €489 million) lower.

If the risk-adjusted interest rates applied to receivables measured at fair value had been 100 basis points higher as of September 30, 2023, earnings after tax would have been €4 million (previous year: €8 million) lower. If the risk-adjusted interest rates as of September 30, 2023 had been 100 basis points lower, earnings after tax would have been €2 million (previous year: €5 million) higher.

If the corresponding vehicle price used in the vehicle financing programs had been 10% higher as of September 30, 2023, earnings after tax would have been €10 million (previous year: €9 million) higher. If the corresponding vehicle prices used in the vehicle financing programs had been 10% lower as of September 30, 2023, earnings after tax would have been €10 million (previous year: €9 million) lower.

If the result of operations of equity investments measured at fair value had been 10% better as of September 30, 2023, equity would have been €10 million (previous year: €16 million) higher, and earnings after tax would have been €5 million (previous year: €4 million) higher. If the result of operations of equity investments measured at fair value had been 10% worse, equity would have been €10 million (previous year: €16 million) lower, and earnings after tax would have been €5 million (previous year: €4 million) lower.

12. Cash flow statement

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

€ million	Sept. 30, 2023	Sept. 30, 2022
Cash and cash equivalents as reported in the balance sheet	45,662	32,896
Cash and cash equivalents held for sale	42	165
Time deposits	–	–36
Cash and cash equivalents as reported in the cash flow statement	**45,704**	**33,025**

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

	Q1 – 3	
€ million	2023	2022
Capital contributions/Capital redemptions	1,000	1,262
Dividends paid	–11,677	–4,297
Capital transactions with noncontrolling interest shareholders	–8	123
Proceeds from issuance of bonds	24,738	15,391
Repayments of bonds	–18,878	–20,745
Changes in other financial liabilities	17,418	–5,671
Repayments of lease liabilities	–872	–921
	11,723	**–14,858**

13. Segment reporting

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

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

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

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

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

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

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

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

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

REPORTING SEGMENTS: Q1 – Q3 2023

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	162,160	32,617	2,875	37,131	234,783	318	235,102
Intersegment sales revenue	16,633	731	1	2,911	20,276	–20,276	–
Total sales revenue	178,793	33,349	2,876	40,042	255,059	–19,958	235,102
Segment result (operating result)	14,801	2,661	289	3,015	20,766	–4,525	16,241

REPORTING SEGMENTS: Q1 – Q3 2022[1]

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	140,455	27,086	2,516	32,514	202,571	314	202,885
Intersegment sales revenue	12,335	878	1	2,180	15,394	–15,394	–
Total sales revenue	152,790	27,964	2,517	34,693	217,965	–15,080	202,885
Segment result (operating result)	14,532	956	207	4,171	19,866	–2,787	17,079

1 Prior-year figures adjusted (see disclosures on IFRS 17).

RECONCILIATION

€ million	Q1 – 3 2023	Q1 – 3 2022[1]
Segment result (operating result)	**20,766**	**19,866**
Unallocated activities	94	36
Group financing	–12	–21
Consolidation/Holding company function	–4,608	–2,802
Operating result	**16,241**	**17,079**
Financial result	**1,459**	**–87**
Consolidated earnings before tax	**17,700**	**16,992**

1 Prior-year figures adjusted (see disclosures on IFRS 17).

14. Related party disclosures

Porsche Automobil Holding SE (Porsche SE) holds the majority of the voting rights in Volkswagen AG.

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

CONTRIBUTION OF PORSCHE SE'S HOLDING COMPANY OPERATING BUSINESS

In the context of the contribution of Porsche SE's holding company operating business to Volkswagen AG on August 1, 2012, a number of agreements were entered into between Porsche SE, Volkswagen AG and companies of the Porsche Holding Stuttgart GmbH Group, some of which had already existed on the basis of the Comprehensive Agreement and its related implementation agreements. For more detailed information, please refer to the disclosures provided in the consolidated financial statements as of December 31, 2022.

Among other things, it was stipulated in the agreement of July 12, 2012 on the contribution of the operating business of Porsche SE to Volkswagen AG that, under certain conditions, Porsche SE continues to indemnify Porsche Holding Stuttgart GmbH, Porsche AG and their legal predecessors against tax disadvantages that exceed the obligations recognized in the financial statements of those companies relating to periods up to and including July 31, 2009. In return, Volkswagen AG has undertaken to reimburse Porsche SE for any tax advantages of Porsche Holding Stuttgart, Porsche AG and their legal predecessors and subsidiaries relating to tax assessment periods up to July 31, 2009. Based on the results of the external tax audit for the assessment periods 2006 to 2009, which has been completed in terms of content, a compensation claim from Volkswagen AG of around €0.2 billion has arisen for Porsche SE, which was recognized under other operating expenses in the consolidated financial statements in the third quarter of 2023. The claim has been audited on the basis of the corresponding provisions in the tax clause of the contribution agreement and its merits and amount have been confirmed by external auditors.

IPO OF PORSCHE AG

On September 28, 2022, Volkswagen placed 25% of the preferred shares (including additional allocations) of its subsidiary Porsche AG with investors. These preferred shares have been traded on the stock exchange since the day after the placement. The basis for the IPO was a comprehensive agreement to enter into a number of contracts between Volkswagen and Porsche SE. In this context, the two parties agreed that Porsche SE would acquire 25% of the ordinary shares of Porsche AG plus one ordinary share from Volkswagen. See the disclosures provided in the consolidated financial statements as of December 31, 2022.

The resolution of the extraordinary General Meeting of Volkswagen AG on December 16, 2022 gave rise to the obligation to pay a special dividend and led to a total obligation to the shareholders of Volkswagen AG amounting to €9.6 billion as of December 31, 2022. Out of the total, an amount of €3.1 billion was attributable to Porsche SE.

Volkswagen AG and Porsche SE agreed to offset the obligation to pay a special dividend to Porsche SE against Volkswagen AG's claim to the payment of the purchase price still outstanding for the second tranche of ordinary shares. In the consolidated financial statements as of December 31, 2022, the purchase price receivable and the dividend liability were therefore presented on a net basis. Upon payment of the special dividend on January 9, 2023, the netting process was completed.

In connection with the IPO of Porsche AG, Volkswagen AG had also assumed obligations for dividend distributions of Porsche AG in 2022. The corresponding dividend of the same amount was resolved at the Annual General Meeting of Porsche AG on June 28, 2023 and paid on July 3, 2023. €114 million of this dividend was attributable to Porsche SE.

OTHER RELATED PARTY DISCLOSURES IN ACCORDANCE WITH IAS 24

€ million	SUPPLIES AND SERVICES RENDERED Q1 – 3		SUPPLIES AND SERVICES RECEIVED Q1 – 3	
	2023	2022	2023	2022
Porsche SE and its majority interests	2	2	0	0
Supervisory Board members	1	1	3	1
Unconsolidated subsidiaries	1,149	754	1,419	1,053
Joint ventures and their majority interests	11,443	12,260	873	488
Associates and their majority interests	288	222	2,142	1,282
State of Lower Saxony, its majority interests and joint ventures	10	10	3	7

€ million	RECEIVABLES FROM		LIABILITIES (INCLUDING OBLIGATIONS) TO	
	Sept. 30, 2023	Dec. 31, 2022	Sept. 30, 2023	Dec. 31, 2022[1]
Porsche SE and its majority interests	0	1	209	136
Supervisory Board members	0	0	210	276
Unconsolidated subsidiaries	1,591	1,346	2,023	1,865
Joint ventures and their majority interests	15,390	14,046	3,140	2,740
Associates and their majority interests	759	625	6,411	1,096
State of Lower Saxony, its majority interests and joint ventures	3	255	1	1,127

1 Prior-year figures adjusted (see disclosures on IFRS 17).

The tables above do not contain the dividend payments (net of withholding tax) of €1,717 million (previous year: €2,079 million) received from joint ventures and associates and the dividends of €1,529 million (previous year: €1,201 million) paid to Porsche SE.

Receivables from joint ventures are primarily attributable to loans granted in an amount of €11,664 million (December 31, 2022: €10,350 million) as well as trade receivables in an amount of €3,015 million (December 31, 2022: €3,491 million). Receivables from non-consolidated subsidiaries also result primarily from loans granted in an amount of €951 million (December 31, 2022: €727 million) as well as trade receivables in an amount of €210 million (December 31, 2022: €222 million).

Outstanding related party receivables include doubtful receivables on which impairment losses of €19 million (previous year: €46 million) were recognized. This incurred expenses of €2 million (previous year: €27 million) in the first three quarters of 2023.

In addition, the Volkswagen Group has furnished guarantees to external banks on behalf of related parties in the amount of €150 million (December 31, 2022: €296 million).

Between January and September 2023, the Volkswagen Group made capital contributions of €742 million (previous year: €2,668 million) at related parties.

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

In addition to the liabilities to associates and their majority interests, there are long-term purchase obligations amounting to €5 billion under a battery purchase agreement between Northvolt Batteries North America, Inc., Montreal/Canada and Navistar, Inc., Lisle, Illinois/USA.

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

15. Litigation

DIESEL ISSUE

1. Criminal and administrative proceedings worldwide (excluding the USA/Canada)
The Braunschweig Office of the Public Prosecutor conducted investigations on suspicion of fraud in connection with type EA 288 engines. The proceedings against the accused employees and against Volkswagen AG were terminated in late 2022 and early 2023, definitively against payment of a sum set by the court in the case of three of the accused persons and provisionally as regards four others.

In late June 2023, the Munich II Regional Court handed down a judgment in the criminal proceedings commenced in June 2020 for, among other things, alleged fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. A former Chairman of the Board of Management of AUDI AG and the other two defendants were sentenced to prison terms, the enforcement of which was in each case suspended subject to probation. In each case, the conditions of probation include paying a sum set by the court. The judgment is at present not yet final as all three defendants as well as the office of the public prosecutor have filed appeals. The proceedings against an additional former defendant were terminated by the Munich II Regional Court in April 2023 against payment of a sum set by the court.

In a trial level decision rendered in late February 2023, the Schleswig Administrative Court had granted the relief requested in a lawsuit brought by Deutsche Umwelthilfe (DUH – Environmental Action Germany) against the Kraftfahrt-Bundesamt (KBA – German Federal Motor Transport Authority) and invalidated the notice of approval for a software update for certain older Golf Plus model vehicles to the extent this notice classified the thermal window feature, the altitude correction feature, and the taxi switch feature as permissible deactivation devices (defeat devices). The so-called thermal window in question is a temperature-dependent exhaust gas recirculation function. Altitude correction refers to altitude-dependent exhaust gas recirculation. The taxi switch modifies exhaust gas recirculation when a vehicle with a running engine stands motionless for a certain period of time. Volkswagen AG is involved in the litigation as an interested party summoned. In late April 2023, Volkswagen AG and the KBA filed an appeal against the judgment of the Schleswig Administrative Court. This decision is thus not legally final. DUH has filed two additional lawsuits with the Schleswig Administrative Court. The first action contests the notices of approval for further Audi and Porsche brand vehicles equipped with type EA 189 engines as well as with selected V-TDI engines; the second action is directed against all Group diesel vehicles with the EURO-5 and EURO-6b/c exhaust emission standard.

2. Product-related lawsuits worldwide (excluding the USA/Canada)
In Brazil, the appeal filed by the plaintiff against the October 2021 trial court judgment dismissing its complaint in the second consumer protection class action, which pertains to roughly 67 thousand Amarok vehicles, was rejected by the appellate court in June 2023.

In the Netherlands class action seeking monetary damages, the Diesel Emissions Justice Foundation has limited its appeal against the March 2022 interlocutory judgment solely to the applicability of the new class action regime, hence the decision of the Amsterdam court that it lacks jurisdiction to hear lawsuits brought by consumers outside the Netherlands is final and binding.

In Portugal, the Supreme Court dismissed the class action in July 2023 as inadmissible because the plaintiff consumer organization lacked standing to sue. The judgment became final in September 2023.

In late June 2023, the Bundesgerichtshof (BGH – Federal Court of Justice) handed down judgments in lawsuits against Volkswagen AG and AUDI AG posing the issue as to how the case law of the European Court of Justice (ECJ) on the potential claims of buyers under European type approval law should be implemented in German law. The BGH held that the negligent use of an impermissible defeat device may in principle entitle plaintiffs to differential damages amounting to 5 % to 15 % of their vehicle's purchase price. Whether this claim is given in a particular instance is for the appeals courts to determine. The BGH stated that it did not matter whether the limits in the NEDC testing procedure would be complied with even when system functioning was modified. The BGH held that liability does not arise where the manufacturer is not at fault, e.g. because the relevant public authority had approved the deactivation device in its specific configuration and taking account of identified combinations of deactivation devices, or would have done so upon request. Where a claim for differential damages exists in principle, the buyer must furthermore accept an offset for the benefit derived from using the vehicle and for the vehicle's value to the extent these exceed the vehicle's diminished value. An implemented software update may also potentially mitigate damages.

3. Lawsuits filed by investors worldwide (excluding the USA/Canada)
In the investor action for model declaratory judgment before the Braunschweig Higher Regional Court, the court issued a notification ruling in March 2023, and in light of the unforeseeably long remaining duration of the litigation, suggested that the parties each consider their willingness to enter into out-of-court settlement negotiations. Without prejudice to its legal position, Volkswagen AG has indicated that it is prepared to consider the Braunschweig Higher Regional Court's suggestion. In July 2023, the Braunschweig Higher Regional Court issued an order for the taking of evidence including the examination of numerous persons as well as the production and consultation of documents and records. The mandated taking of evidence focuses initially on whether the Board of Management of Volkswagen AG or individual members thereof and/or individual members of Volkswagen AG's Ad Hoc Disclosure Clearing Office had or, reflecting Volkswagen AG's state of knowledge, lacked knowledge of the installation of switching devices prohibited under US law in Volkswagen AG vehicles, as well as on the conceptions of these persons regarding the potential share price impact of the information that each respectively possessed. The taking of testimony commenced in September 2023. Several witnesses have invoked aprivilege against giving testimony. The Braunschweig Higher Regional Court will decide whether and to what extent the witnesses are in fact entitled to refuse to testify.

In the model case proceedings against Porsche Automobil Holding SE (Porsche SE), in which Volkswagen AG intervened as a third party supporting a party to the dispute, the Stuttgart Higher Regional Court rendered a model declaratory judgment in late March 2023. Based on the determinations made in the model declaratory judgment and the current substantive status of the underlying actions, all of the suspended investor lawsuits against Porsche SE would in effect have to be dismissed. The model declaratory judgment is not yet final. The model case plaintiff, several interested parties summoned, and Porsche SE have petitioned the BGH for review on points of law. Volkswagen AG has joined the proceedings as a third-party supporting the petition for review of Porsche SE.

4. Special audit
Following the November 2022 rulings of the Federal Constitutional Court upholding both of the constitutional complaints lodged by Volkswagen AG, one against the order for a special audit, the other against the appointment of a replacement special auditor, and remanding the cases to the Celle Higher Regional Court, the Celle Higher Regional Court has directed that extensive evidence be taken in the case concerning the order for a special audit. Proceedings in the case concerning the replacement of the special auditor have been suspended pending until the completion of the taking of evidence. The special audit proceedings before the Hanover Regional Court, which had been stayed pending decision by the Federal Constitutional Court, have since been resumed . The subject of these proceedings is likewise a motion seeking appointment of a special auditor for Volkswagen AG to examine matters relating to the diesel issue.

ADDITIONAL IMPORTANT LEGAL CASES

In July 2021, the European Commission assessed a fine totaling roughly €502 million against Volkswagen AG, AUDI AG, and Dr. Ing. h.c. F. Porsche AG pursuant to a settlement decision. Volkswagen declined to file an appeal, hence the decision became final in 2021. The subject matter scope of the decision is limited to the cooperation of German automobile manufacturers on individual technical questions in connection with the development and introduction of SCR (selective catalytic reduction) systems for passenger cars that were sold in the European Economic Area. The manufacturers are not charged with any other misconduct such as price fixing or allocating markets and customers. Based on the facts of the EU case, in April 2023 the Korean competition authority KFTC issued the administrative fine decision that it had announced in its February 2023 press release. As announced, no fine was imposed on Volkswagen AG, and Porsche AG is not affected by the decision. A fine equaling just under €3 million was assessed against AUDI AG. AUDI AG and Volkswagen AG have appealed the decision to the relevant court in Seoul/Korea.

In April 2023, the English Competition and Markets Authority (CMA) filed an appeal against the February 2023 judgment upholding the claim of Volkswagen AG in an action for judicial review. The action challenged the requests for information issued to Volkswagen AG by CMA in the context of CMA's investigations with respect to Volkswagen Group UK, it being the position of Volkswagen AG that CMA lacks jurisdiction to issue them. Volkswagen AG continues to examine the possibilities for reasonable cooperation with CMA.

Both of the lawsuits that Greenpeace is supporting against Volkswagen AG were dismissed in February 2023 by the Braunschweig Regional Court and the Detmold Regional Court. The lawsuits seek to compel Volkswagen AG to initially reduce in stages and by 2029 completely cease its production and placement into the stream of commerce of vehicles with internal combustion engines, as well as to reduce greenhouse gas emissions from development, production, and marketing (including third party vehicle use). They would furthermore compel Volkswagen AG to exercise influence over Group companies, subsidiaries, and joint ventures so as to cause them to fulfill these demands as well. The plaintiffs have filed appeals against the judgments dismissing their complaints (appeals filed in March 2023 with the Braunschweig Higher Regional Court and in April 2023 with the Hamm Higher Regional Court).

In Russia, Automobile Plant “GAZ” LLC (GAZ) filed several judicial proceedings against Volkswagen AG and others alleging damage claims totaling around 44 billion Russian rubles. In this connection, GAZ applied for and in some cases initially obtained protective measures relating to the shares in Volkswagen Group Rus OOO (VGR) as well as to the movable and immovable property of VGR; the courts have since either rejected or vacated these measures. GAZ had appealed these decisions rejecting or vacating protective measures relative to the movable and immovable property of VGR; this appeal has since been rejected at the first appeals level. In May 2023, Volkswagen AG completed the sale of its shares in VGR and its local subsidiaries to Art-Finance LLC, thereby transferring title to the shares in VGR and its local subsidiaries to the buyer upon registration of the transaction. VGR was renamed AGR LLC in June 2023. In fulfillment of a court-confirmed settlement, GAZ has since withdrawn its complaint in the first lawsuit, thus terminating these proceedings. Volkswagen AG continues to defend the second lawsuit, in which it is the sole defendant.

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

Beyond these events, there were no significant changes in the reporting period compared with the disclosure on the Volkswagen Group’s expected development in fiscal year 2023 contained in the combined management report of the 2022 Annual Report in the sections “Report on Expected Developments” and “Report on Risks and Opportunities”, including in section “Legal Risks”.

16. Contingent liabilities

As of September 30, 2023, there were no material changes to the contingent liabilities as reported in the 2022 annual report.

17. Other financial obligations

Compared with the 2022 consolidated financial statements, other financial obligations went up by €4.3 billion to €39.7 billion. The rise was due mainly to higher purchase commitments for property, plant and equipment.

Significant events after the balance sheet date

On September 27, 2023, the shareholders AUDI AG, Ingolstadt, Volkswagen (China) Investment Co., Ltd., Beijing/China and China FAW Corporation Limited, Changchun/China resolved amendments to the Articles of Association of Audi FAW NEV Co., Ltd., Changchun/China, effective from October 1, 2023. There is no information yet on potential approval by the antitrust authorities in China. While the equity interests held remain unchanged, the amendments will lead to a loss of control over the company by the Volkswagen Group and result in its deconsolidation. The company will in future be jointly controlled within the meaning of IFRS 11. The investment in Audi FAW NEV Co. will consequently be included in the consolidated financial statements as a joint venture using the equity method. As a result of the change to the way the investment is accounted for, the cash and cash equivalents previously reported will decline by a low three-digit million-euro amount. Other than that, there will be no material effects on the Volkswagen Group's net assets, financial position and results of operations.

Wolfsburg, October 24, 2023

Volkswagen Aktiengesellschaft

The Board of Management

Review Report

On completion of our review, we issued the following unqualified review report dated 25 October 2023 in German language. The following text is a translation of this review report. The German text is authoritative:

To VOLKSWAGEN AKTIENGESELLSCHAFT

We have reviewed the condensed interim consolidated financial statements of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, – comprising the condensed income statement, condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement as well as selected explanatory notes – and the interim group management report for the period from 1 January 2023 to 30 September 2023, which are part of the interim financial report pursuant to Sec. 115 (7) in conjunction with (2) Nos. 1 and 2 and (3) and (4) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with IFRSs (International Financial Reporting Standards) on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's executive directors. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

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

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

Hanover, 25 October 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Glossary

Selected terms at a glance

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

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

Plug-in hybrid
Performance levels of hybrid vehicles. Plug-in hybrid electric vehicles (PHEVs) have a larger battery with a correspondingly higher capacity that can be charged via the combustion engine, the brake system, or an electrical outlet. This increases the range of the vehicle.

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

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

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

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

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

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

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

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

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

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

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FINANCIAL CALENDAR

March 12, 2024	Volkswagen AG Annual Media Conference and Investor Conference
April 30, 2024	Interim Report January – March 2024
May 29, 2024	Volkswagen AG Annual General Meeting
August 1, 2024	Half-Yearly Financial Report 2024
October 30, 2024	Interim Report January – September 2024

This document is an English translation of the original report written in German. In case of discrepancies, the German version shall take precedence.

This Interim Report is also available on the Internet, in German and English, at:
www.volkswagen-group.com/en/investors-15766

358.809.621.20

www.volkswagen-group.com