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22

PORSCHE AG
IS BACK ON THE
STOCK EXCHANGE.
A HISTORIC MILESTONE
FOR OUR COMPANY.
A MONUMENTAL
MOMENT FOR US ALL.
A DREAM COMES TRUE —
OUR DREAM.

Oliver Blume, Chairman of the Executive Board


DRIVEN BY DREAMS.
Banks
ARL 32,760 32,780 32,780 32,780 32,780 + 0,020 1
CBK 7,334 7,334 7,356 7,300 7,300 - 0,034 21
DBK 7,874 7,880 7,934 7,684 7,707 - 0,167 16
PBB 7,190 7,145 7,145 7,145 7,145 - 0,045 1
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Insurance
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Driven by dreams.
#ListedIn
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dInFrankfurt

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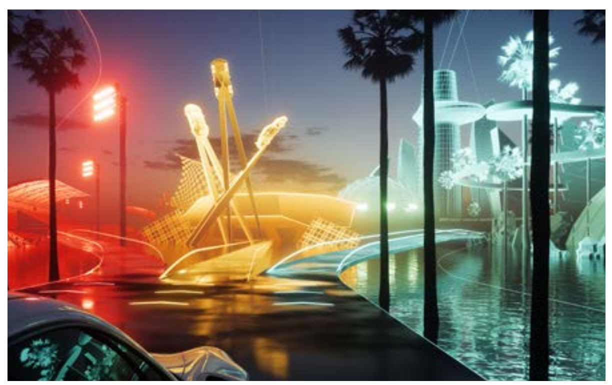

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For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

Dynamic Duo

Oliver Blume and Lutz Meschke are managers with a passion for sports — and they lead Porsche in line with the same principles as one would a sports team. It's a true model for success. In a joint interview, they offer an in-depth insight into their philosophy.

Mr. Blume, Mr. Meschke, you are both big sports fans. What has been the biggest and most exciting sporting event so far in your view?

OLIVER BLUME Definitely Germany's World Cup victory in 2014. Watching the German national team beat France, Brazil, and then Argentina in the final was a pure thrill. A fantastic team effort. Every player believed in the World Cup victory and gave it their all on the pitch.

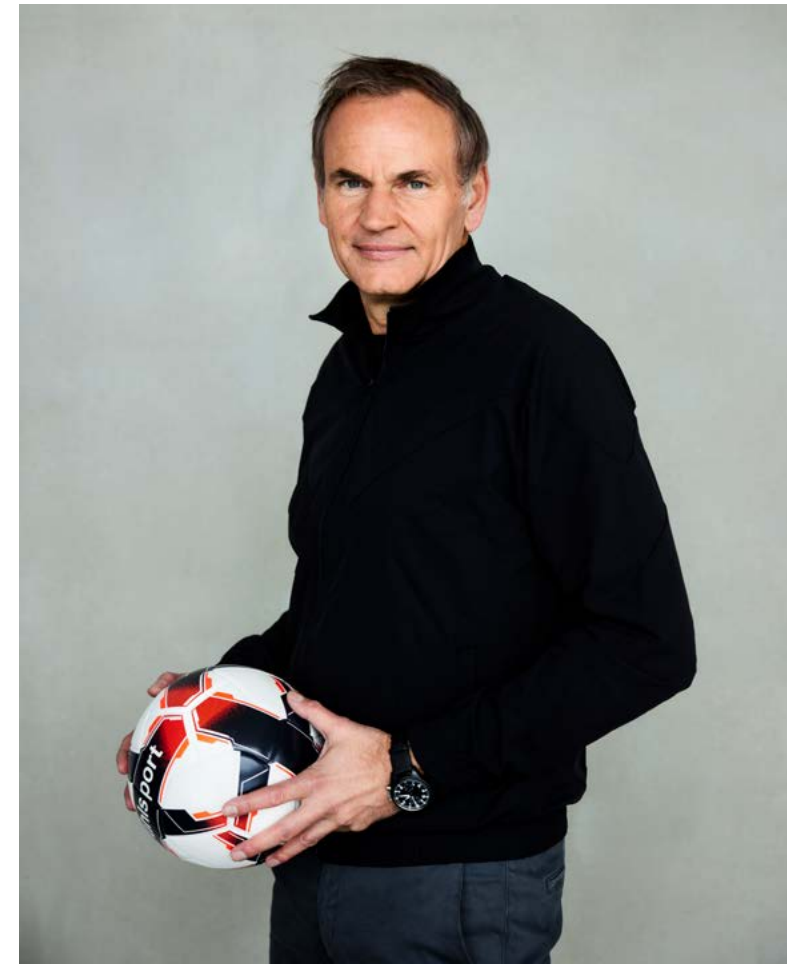
LUTZ MESCHKE I couldn't agree more. It was a highly emotional event for me too, especially as I had watched two matches in Brazil beforehand: Germany's group match against Ghana and Croatia versus Mexico. It really is a unique experience to sit in the stadium and to feel at firsthand how football can bring people together. My most heartbreaking experience was the final of the 1976/77 European Cup, where Borussia Mönchengladbach were extremely unfortunate to lose 1–3 to Liverpool. I was 11 at the time and a huge Borussia fan; that year, they had become German champions for the fifth time in the 1970s. It was an incredible squad, and their attacking play was legendary. On good days, they could simply steamroller their opponents.

The German national team could have benefited from some of this hunger for goals in Qatar.

LUTZ MESCHKE Yes. And the team does have to accept some criticism, as there is a fine line between success and failure at this level. At such an important tournament, they should be focused completely on sporting success, without allowing themselves to be distracted. Just as the Croatians and the Moroccans managed. Despite having much fewer resources at their disposal, they managed to make them go much further by playing as a team and showing more German qualities than the Germans.

LEFT A dream team: "we know that we can count on each other"

RIGHT Values matter: "we stand for fairness"



OLIVER BLUME At least our team managed to leave the field with their heads held high following their win against Costa Rica. It's also important that they came out fighting against Spain after the opening match and tried to take the initiative. After all, the key factor is to be confident about, and believe in, your strengths as a team. As an experienced player, you have to lead by example and take the younger ones with you. I firmly believe that this applies both in football and at a company.

At a World Cup, you can never know in advance whether you are going to win, however intensive and however perfect your preparation. In the career of a top executive, an IPO is a bit like a World Cup, but with one key difference: here, you had to be successful. How do you plan this kind of highlight to make sure that it goes well?

OLIVER BLUME In-depth internal preparation is crucial to success. Then, it's vital to have the right external partners on board. The equity story, capital markets day, and talks with investors have to be 100 per cent right. It's all about telling the right market story — a story that is consistent, coherent, and has a long-term focus. It starts well before the IPO itself and offers an exciting long-term perspective.

LUTZ MESCHKE In our case, it was not only the management of the Volkswagen Group, as the seller, but also the various shareholders of the VW Group — that is, the family owners, the Qatar Investment Authority, the State of Lower Saxony, and the workers' representatives — who needed to overwhelmingly get behind the tripple-win situation: the sustainable and profitable growth of Porsche, with attractive dividends. And yes, we managed to bring everyone round to our way of thinking.

Porsche is a company that always has to win. How important is it to be able to handle pressure?

OLIVER BLUME The flotation brought everyone on the Executive Board closer together. We know that we can count on each other. And the same goes for every single member of our top-class team here at Porsche. This is what enabled us to achieve our current level of performance. This team effort has made Porsche the strong company that it is today: agile and highly profitable, sustainable, and boasting a product portfolio with a diversity that is unmatched in the luxury automotive segment.

LEFT/RIGHT **Guarantors of success — Lutz Meschke (left) and Oliver Blume**

LUTZ MESCHKE Perfect organization, with the right priorities, represents another key factor. Each executive must be able to delegate while still retaining a strong sense of constructive collaboration, underpinned by mutual respect. Ultimately, it's the quality of the team that lets you sleep at night. It's the job of the senior executives to assemble and mold the team.

Football and corporate management have a few things in common. Can lessons from the sporting arena be applied to the world of business?

OLIVER BLUME Yes. Many of them, in fact. After all, success is the result of teamwork. It's possible to achieve great things if everyone sticks together and fights for the same goal. Just like in football, the right players have to be deployed in the right positions. Like a football manager, a senior executive has to communicate the system, tactics, and the right team spirit. This means that leadership positions need to be held by leaders who embody responsibility and build trust. As an Executive Board, we need to authentically convey the vision to win the title — a vision for which everyone is willing to go the extra mile.

LUTZ MESCHKE In the weeks and months leading up to the stock market flotation on September 29, clear leadership, strong teamwork, and a genuine fighting spirit were more important than ever. The tension was high; the team surpassed itself on occasion. Oliver Blume and I spoke to every conceivable investor, fighting up to the very last minute before the IPO. The launch on the Frankfurt Stock Exchange marked a historic day: Porsche AG back on the stock market. Measured by market capitalization, it was the largest IPO ever in Europe. We achieved one of our most prized dreams. And thanks to the independence we have gained through the IPO, we are in a stronger position than ever. This success forges bonds. The Executive Board stands shoulder to shoulder, and we know that the team has our backs.

Many aspire to win the title, but very few are successful. To what extent can titles and management achievements be planned?

OLIVER BLUME I am a firm believer that success can be planned. Guided by this same belief and a smart plan, football coach Ralf Rangnick led two teams — Hoffenheim and Leipzig — from the regional leagues to the top division of the Bundesliga, even taking the latter into the Champions League. What makes the feat so special is that he predicted the success in advance. By the same token, there are no coincidences in the automotive industry. We have planned the sustainable success of Porsche. We are strategists and doers. The key factor is to think in terms of opportunities. We see change as an opportunity. We drive it forward proactively and systematically. Based on a clear strategy and ambitious goals. And just like in sport, we strive to build on successes and learn from defeats, with speed and focus playing a vital role. You also need the courage to do the right thing — and do it with determination. Take the moment, for instance, when we decided to develop the Taycan, sending a signal that we are driving forward the first fully electric sports car from Porsche. We were ahead of the curve in terms of electric vehicles back in 2015 — and the continued high order volume for the Taycan proves we were right.

LUTZ MESCHKE You just have to be able to recognize the decisive moments or, to stick with the football metaphor, convert the penalties at crucial moments. The Taycan paved the way. The same applies to stakebuilding, the partnership with Rimac, and the formation of the Bugatti Rimac joint venture, in which we hold

Trust:
"success is the result of teamwork"

a 45 per cent investment. With our majority stake in the Cellforce Group, on the other hand, we will be manufacturing high-performance batteries. We are pursuing the path of electrification with determination, building a technologically leading position with a broad base. We also regard eFuels as an effective complementary solution, as they enable combustion engines to run in a virtually carbon-neutral way. In Haru Oni in southern Chile, we recently opened a pilot plant together with partners. Breaking new ground takes courage — and is not without its risks. But courage is the only way to win the race.

The Taycan and the move into electric vehicles were like "winning the title," and the same can be said about the IPO. But winning the Champions League is one thing, defending it time and again is quite another. Is Porsche the equivalent of Real Madrid, the only club to achieve this feat?

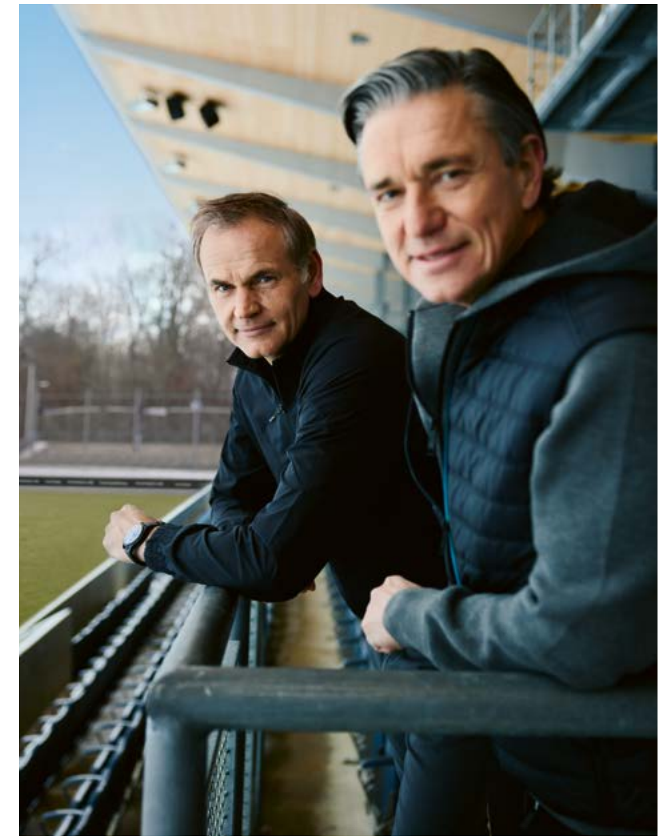
OLIVER BLUME There are two key points here: firstly, we need to be able to evolve our system. I like to say that Porsche has always been Porsche, despite constantly evolving. Secondly, we have to ensure that the players in our team stay hungry, even after winning titles. Passion, a pioneering spirit, and innovative excellence are what count. With that in mind, Porsche does indeed have the potential to be like Real Madrid.

LUTZ MESCHKE Our goal is to stay one step ahead of the market. The independence gained through the IPO, for instance, enables us to deploy another new tactic. We are strengthening our position in the key areas of software and battery technology. Our goal is that more than 80 per cent of our new sports cars sold in 2030 will be fully electric. They will also bear the hallmark of Porsche, that is, they will be exceptionally sporty while offering superb performance and outstanding charging capability. Our fully electric sports cars will embody a new vision of the future.

But you also hear people say "never change a winning team" — alterations to successful teams should be made carefully so as not to jeopardize success.

OLIVER BLUME The independence gained through the IPO, however, does not mean that Porsche is turning its back on the Volkswagen Group. By virtue of a contractually regulated separation between the companies, synergies will be retained within the group. We will continue to use purchasing volumes, components, technology, and factories. So although we are clearly positioned within the luxury segment, we will continue to harness economies of scale. Thanks to this outstanding formation, our defense is — to continue the footballing analogy — solid. We can then score goals with attractive and luxurious products that make our customers' dreams come true.

LUTZ MESCHKE (LAUGHS) And to complete the footballing analogy, the perfectly synchronized Executive Board passes the ball forward. We really enjoy fostering young talent. In recent years, we have developed roughly half of our top-level executives from other positions; in some cases, we have promoted talented Porsche youngsters and, in other cases, recruited personnel from outside the company. Looking forward, Sajjad Khan will join the Executive Board from outside and take the helm of Car-IT. It's always about building the right team. We can clearly state, however, that the leadership team has mainly been in place for several years and constitutes the successful core, along with many excellent performers at the level below.



Vision:
"we are strategists and doers"

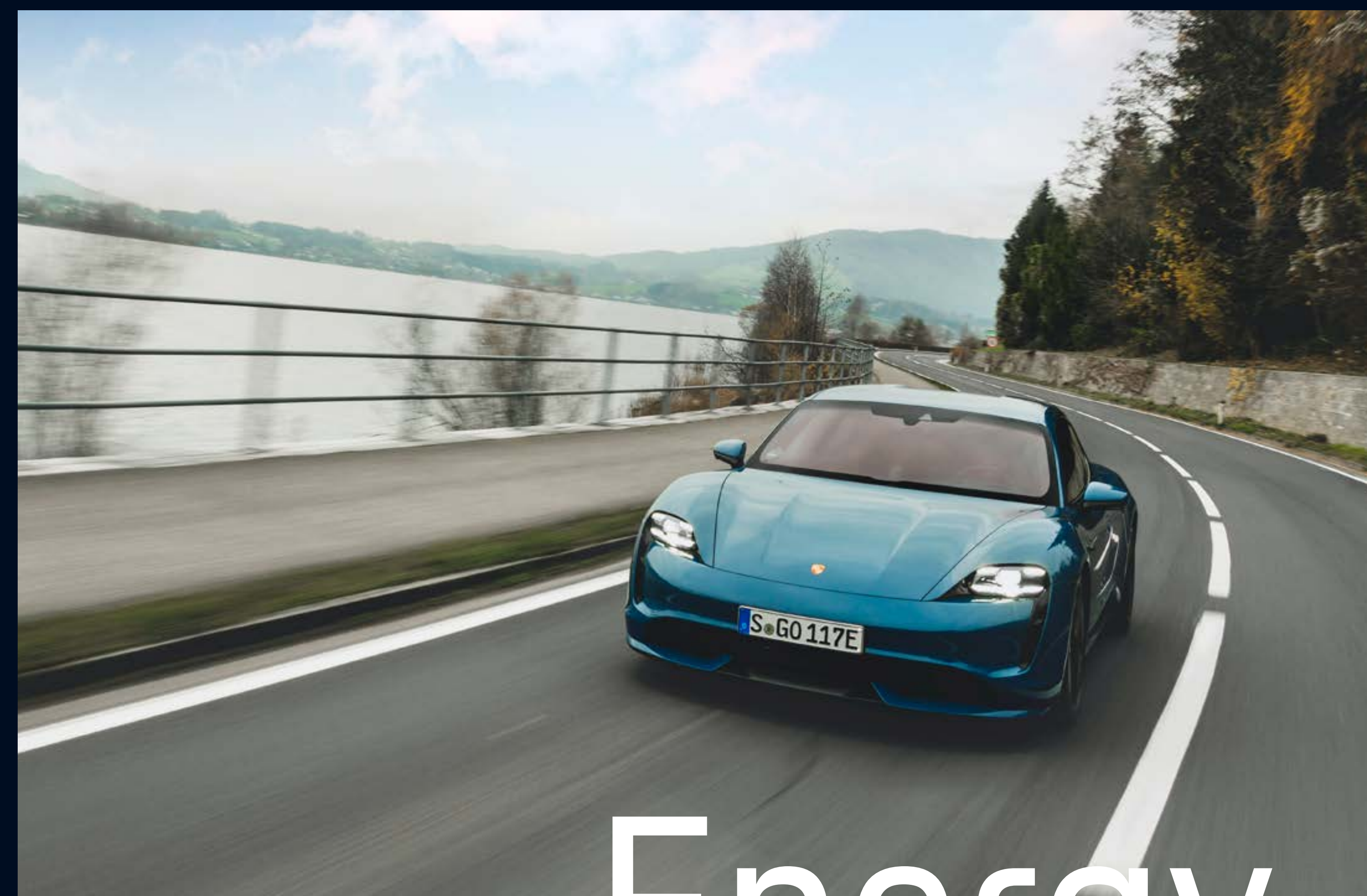
Full of

Porsche has a special idea of progress, which is to combine performance and sustainability. We call it "Double E." It takes courage, teamwork, and pioneering spirit. Although electromobility is a top priority, we are also focusing on eFuels. Renewable, synthetic fuels can potentially make combustion engines close to carbon-neutral. At a pilot plant, Porsche and partners are demonstrating how production can work on an industrial scale. A holistic approach to climate protection.

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

LEFT **The Cayenne in southern Chile, some 14,000 kilometers from Stuttgart**

RIGHT **The Taycan Turbo Sport Turismo heading from Weissach to Graz**



Energy

670 km
6:17 h
166 kWh

Porsche engineer Otmar Bitsche knows the A 1, A 8, A 9, and A 99 superhighways like the back of his hand, as he drives his Taycan Turbo Sport Turismo from the Weissach Development Centre to his family's home in Graz, Austria, every weekend. Friday there and Sunday back, for nearly 1,350 kilometers in the all-electric vehicle. A new generation of commuter.

It's Friday afternoon and the 65-year-old has relocated his office to his car before the onslaught of rush hour traffic. He spends the first two and a half hours of driving on the phone, as the Alps begin to take shape on the horizon. At 150 km/h, tire and wind sounds are audible in the background and mix with the humming of the electric motors, creating a futuristic soundscape.

It's this special sound that has accompanied Bitsche for decades. When he joined Porsche in 2012 and took charge of electric mobility, he'd already developed all-electric compact cars and the first series hybrid vehicle with lithium-ion battery. "At Porsche, we're not interested in breaking range records," emphasizes the Austrian, who has helped to shape the sports car manufacturer's philosophy. "What matters most when it comes to an electric car's suitability for longer distances is the travel time. And like battery capacity and performance, chargeability also plays a key role."

Mondsee lake behind Salzburg offers an idyllic landscape alongside the motorway. Six IONITY HPC stations are located between the guardrails and the Drachenwand cliff. Bitsche's charging stop takes a good 20 minutes with up to 270 kilowatts. The developer prefers to use the Porsche Charging Planner. "I know all the charging points along this route, of course. But for me it's more about preconditioning the battery for the charging process," he explains. "20 to 25 degrees Celsius is ideal for fast charging."

LEFT **High-power charging at Mondsee lake: Otmar Bitsche with his Taycan Turbo Sport Turismo**

RIGHT **Arrival in Graz: 670 kilometers in a good six hours**

THE PORSCHE E-STRATEGY

AMBITION
The share of all new Porsche vehicles with an all-electric drive should exceed 80 percent by 2030.

POWERHOUSE
Batteries are the combustion chamber of the future. With the majority stake in the Cellforce Group, Porsche will be manufacturing high-performance batteries.

ENERGY
Fast driving, fast charging. Porsche plans to offer comfortable, sporty driving thanks to well-developed charging options — with up to 270 kW and convenience at its own charging hubs.

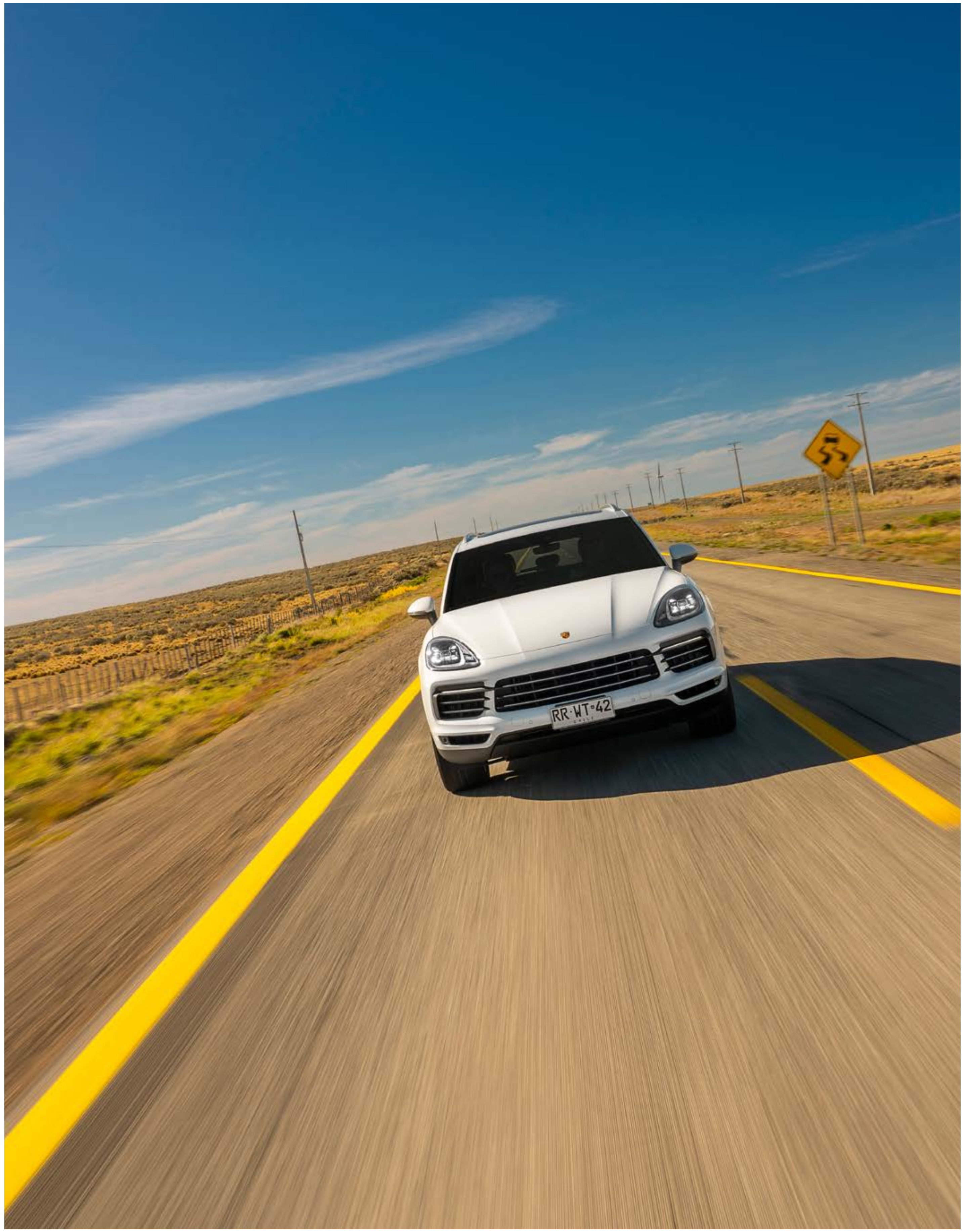
BASIS
Porsche will be expanding its portfolio to two platforms in the future: Premium Platform Electric (PPE) and Scalable Solutions Platform (SSP).

Things were very different even just a few years ago. There were hardly any electric cars on the road and not many fast-charging stations along the superhighway. But that has changed visibly. Since 2017, IONITY alone has installed a good 450 charging hubs with more than 2,000 charging stations in 24 European countries. “The number of electric cars in Germany is growing faster than the charging infrastructure,” says Bitsche, emphasizing the need for further expansion.

Electric mobility is becoming more and more common in people’s everyday lives, which is clear to see at Porsche. Over the past three years since production of the Taycan Turbo Sport Turismo kicked off in September 2019, the sports car manufacturer has produced more than 100,000 all-electric vehicles. Bitsche and his colleagues have also been working on future electric models for some time now. The company’s aim is to ensure that around half of all newly sold Porsche vehicles are electric by 2025. The share of all new vehicles with an all-electric drive should exceed 80 percent by 2030.

Bitsche always keeps an eye on the time and reaches the Graz city center in his Taycan Turbo Sport Turismo just before sunset, passing the iconic clock tower rising high above the rooftops in the old town. After a good six hours, 670 kilometers, and two charging stops, the Porsche engineer has reached his destination. He chooses his favorite music for this moment, The Well-Tempered Clavier by Johann Sebastian Bach. “I may have arrived half an hour sooner with an internal combustion engine,” says Bitsche, pondering. “But the drive wouldn’t have been this quiet and relaxing. It’s high time for electric mobility.”

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.



LEFT **As far as the eye can see: driving the Cayenne through the Patagonian stepper**

RIGHT **“Land of the winds”: Cypresses line the edge of the road**

Arrival at Long Last

Barbara Frenkel and Karl Dums have been airborne for nearly 24 hours, having flown to the other side of the world, and have landed safely at Aeropuerto Internacional Presidente Carlos Ibáñez del Campo, as the airport is officially called. It’s December and Christmas is just around the corner.

Frenkel and Dums are on their way to the world’s southernmost city, Punta Arenas, in close proximity to Tierra del Fuego, the legendary group of islands. Here in Chilean Patagonia, 14,000 kilometers from Stuttgart, the Strait of Magellan connects the Atlantic with the Pacific, which is also why Punta Arenas is often used as a starting point for expeditions through the surrounding wilderness and Antarctica.

But that's not the reason for the Porsche employees' long journey. They're interested in construction of the Haru Oni eFuel pilot facility, which Porsche initiated with partners in Punta Arenas. In the local dialect, the name means "land of the winds." The region is known for its constant winds, which blow 270 days a year, enabling wind turbines to operate at full capacity. These are ideal conditions. As Porsche would like to demonstrate, with international partners such as Siemens Energy, Enel, and ExxonMobil, that water and air can be transformed into synthetic petrol with renewable wind power. And it's a process that is potentially close to carbon-neutral. It will be proven here that the entire process chain can be integrated into a single system. The project was developed under the direction of Michael Steiner in the Porsche development division.

"eFuels are a sensible addition to electromobility," emphasizes Frenkel, Member of the Executive Board responsible for Procurement. "After all, there are more than 1.3 billion vehicles with an internal combustion engine worldwide." As the force behind the company's sustainability strategy, Frenkel fights for innovative forms of energy such as eFuels. Employees in her division have been working with developers since the project got started three years ago. As a fuel expert, engineer Dums has also been involved since the very start and even helped plan the plant from scratch.

LEFT **Arrival after a long journey: Barbara Frenkel and Karl Dums in front of the Cayenne**

RIGHT **Planta Haru Oni: Generating synthetic petrol with renewable wind power**

They spoke to the technicians of Highly Innovative Fuels (HIF), the Chilean general contractor, many times via video conference, developing schedules, planning budgets, and resolving various technical issues. "With a pioneering spirit and with heart and soul," says Frenkel. "The pilot phase is underway. With initial scaling, the project will likely reach more than 50 million liters per year by the middle of the decade."

The Porsche duo have just left the airport and are now driving the Porsche Cayenne down the single-lane Autopista del Coral, with no other cars as far as the eye can see. Windblown cypresses line the edge of the road, with grazing sheep occasionally visible off to the side. The wind howls incessantly, and Frenkel needs to hold tight to the steering wheel as gusts of wind push up against the car. And so they drive on towards the horizon for a distance of 30 kilometers.

A "Planta Haru Oni" sign suddenly appears out of nowhere, and Frenkel turns right at the fork. A large, white wind turbine 100 meters tall comes into view, its rotor turning at a fast pace. It's surrounded by a group of grey halls containing cutting-edge electrolysis systems that transform water into hydrogen. In combination with CO_2, this hydrogen is used to produce synthetic methanol and then naphtha.

Frenkel and Dums could fill their Cayenne with the refined petrol, but that's not what they're thinking about at that moment. They gaze at the plant before them. The sky is bright blue, but the wind is cold. Although it's summer in the southern hemisphere, temperatures rarely exceed 15 degrees Celsius in Punta Arenas.

"It's taken us three years to get to this point — so we can produce fuel that's potentially close to carbon-neutral. It's wonderful to see that it works." Dums remembers the first time the team discussed the idea of producing eFuel in 2019. By the time the vision began to slowly take shape and the construction team was selected, they had spoken to more than 60 potential partners. "I was always confident that we'd get it done," says Dums. "Technologically speaking, we were breaking new ground, which motivated us and brought us closer together as a team."

César Norton, President of HIF, entered the picture at that time. His team coordinated construction and got the eFuel plant up and running. "Bienvenidos, amigos," he calls out cheerfully to Frenkel and Dums, they smile back at him — they have finally arrived at the Haru Oni plant. The idea has actually become a reality.

M

Masterpiece

A natural, picturesque landscape right next to a high-tech factory. In Leipzig, that's a perfect fit. Already net carbon neutral, the Porsche plant is preparing for the future one step at a time. The next milestone will follow at the end of the year, when the site kicks off production of an all-electric SUV. But it doesn't end there. Porsche plans to continue pursuing this path.

Behind a simple wooden fence, a wild ox stands calmly in the pasture surrounded by his herd. Measuring 1.6 meters at the shoulders and weighing in at around 700 kilograms, this ox with powerful horns is a rare sight that visitors can enjoy close-up in northwestern Leipzig. Grazing on the grasses and herbs, the imposing animal also enjoys an extraordinary view from the pasture, as a black SUV approaches almost silently along an off-road stretch beyond the fence. The camouflaged SUV without a license plate features a sticker on the rear: “Research and Development Vehicle.”

This harmonious interaction is no coincidence, as the premises of the Porsche Plant Leipzig begin just behind the pasture. The test vehicle comes from here, a location that will soon be home to the subsequent series model. Production of the new Macan will kick off in the exhibition city at the end of 2023, with 800-volt technology, 450 kW of performance, and electronic differential lock. An all-electric SUV that will provide the Porsche electric

End of

2023

Start of production

E-Macan

3

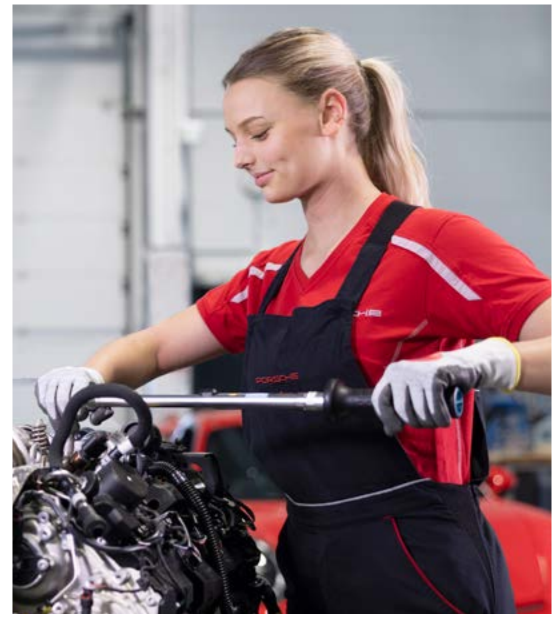
drive types

at a single plant

strategy with more momentum. In this field, the company is pursuing one of the most ambitious strategies in the entire industry. According to the sports car manufacturer, more than 80 percent of all vehicles delivered will be all-electric as of 2030.

“We’ve been working with electric mobility here since 2010,” clarifies Sebastian Ganswindt, plant structure planner, referring to when the first Cayenne hybrid model was manufactured. “But the E-Macan will push us even farther!” Ganswindt is well acquainted with the Leipzig site, as he’s been there from the very start. He even played a key role in the plant’s organic growth. “Our objective for the new E-Macan was to optimize costs and processes and integrate the new vehicle into the range. So we mechanized operations, added another 40 meters to the assembly hall, and restructured the testing ground, the “marriage” process, and battery delivery. As a result, Porsche will one day be able to manufacture models with an internal combustion engine, hybrid vehicles, and the all-electric Macan on a single assembly line.

For sustainable development of the Porsche factory in Leipzig: Dubbels (left), Engert (right), Ganswindt (online)



The motivation at the site is where it needs to be: Porsche employees at the training center (right) and at the production facility for the current Macan

The site at a glance: the Porsche Experience Center in front of the production facilities

Our sustainability objectives go beyond mere decarbonization. Over the long term, we'll work toward the vision of the Zero Impact Factory.

Albrecht Reimold, Member of the Executive Board responsible for Production and Logistics

This represents enormous flexibility, but Member of the Executive Board responsible for Production and Logistics Albrecht Reimold is already looking to the future and formulating the company objective for the coming decade: "We're pursuing the goal of making our entire value chain net carbon neutral by 2030, which also includes a carbon-neutral service life for future BEV models. We're working on the assumption of a total mileage per vehicle of 200,000 kilometers." But Reimold plans to go one step further: "Our sustainability objectives go beyond mere decarbonization. Over the long term, we'll work toward the vision of the Zero Impact Factory." Consistent improvement across all areas, from resource and material efficiency to biodiversity.

Those, in particular, are key words for Anke Höller, who is fully responsible for environmental and energy management at Porsche AG. "With the vision of the Zero Impact Factory, we've set ourselves the climate action goal of minimizing the environmental footprint of vehicle production — a comprehensive concept with positive impacts on economic, environmental, and social aspects," explains Höller, referring to the eleven areas of action. "The cornerstones have already been established. On our path to becoming a Zero Impact Factory, we've turned our focus to Scope 1 and Scope 2 emissions, which refer to the direct and indirect carbon emissions of our production facilities."

Standing on the plant roof with a view of the photovoltaic systems, energy manager Björn Engert describes how Porsche Leipzig has already begun to conserve energy and resources. The production facility is powered entirely with electricity from renewable sources, some of which is produced in-house. Three photovoltaic systems with a capacity of around 4.6 MWp are installed at the site. With construction of the body shop for the new Macan and use of the resulting roof space, this value can be increased to approximately 9.4 MWp. Engert points beyond the hall roof toward the south. A biomass plant installed directly on the plant premises covers approximately half of the space heating required.

Porsche introduced a resource efficiency program at the site in 2015. The successfully implemented measures include the organic stone dust-based separation process in the paint shop, which reduces energy requirements by up to 60 percent when applying the paint compared to the conventional water-based system. Mixing paints one day, a machine operator realized that pump capacity can be reduced without compromising quality, which saves energy and conserves materials. The idea was implemented right away. Or take for instance the body shop, where a modern system for cooling the robots' welding tongs uses heat recovery to reduce annual electricity consumption. Waste, energy, solvents, water, and CO_2 are also used more carefully.

"The plant has grown significantly, but energy consumption has only increased marginally," explains Engert with pride. Porsche Leipzig is "sustainable to the fourth power," he says with a laugh, listing the achievements: green energy supply since 2017, platinum certificate presented by the German Sustainable Building Council (DGNB) in 2019, the Lean & Green Management Award in 2021, and operations that are net carbon neutral — just like at the Porsche sites in Zuffenhausen and Weissach.

Leipzig Plant Manager Gerd Rupp is not content to rest on his laurels. He knows his workforce in Leipzig, which consists of 4,400 women and men. "All of them are looking forward to starting production of the new Macan," he says cheerfully. The motivation is where it needs to be.

Employees are at the heart of the transformation, with electrification and digitalization fundamentally changing the prospects of every fourth job at Porsche. Launched in 2021, the "Workforce Transformation" also coordinates training and retraining courses throughout the Porsche Group and is one of the biggest qualification strategies in company history.

"Proactively managed, with a job guarantee for permanent staff up through 2030. We're taking everyone with us," says Andreas Haffner, Member of the Executive Board responsible for Human Resources, who also relies on the typical Porsche team spirit. "90 percent of our people say that Porsche is an attractive employer. More than 80 percent are satisfied — a value we're proud of. We're a family that strives for extraordinary achievements and looks after each other."

Apparently an especially hospitable family, as demonstrated by the area beyond the plant fence, the workplace of Beke Dubbels, who is in charge of nature protection and environmental issues at the plant. A space that served as a military training zone for a hundred years is now home to grazing oxen and English Exmoor ponies, pheasants, black kites, amphibians, brown hares, roe deer, bats, and 50 bee colonies. The largely untouched land measures 132 hectares. "Nature is our role model," says Dubbels. "There's strength in diversity. A functioning ecosystem that offers space for everyone."

11 AREAS OF ACTION

1 **Environmental compliance**

2 **Architecture and perception**

3 **Planning**

4 **Digitalization**

5 **Water**

6 **Energy and CO_2**

7 **Material**

8 **Soil**

9 **Biodiversity**

10 **Pollutants**

11 **Mobility**

TOWARDS THE VISION OF THE ZERO IMPACT FACTORY

911

One Icon.
Two Extremes.

LEFT **First standard off-road model in the series: 911 Dakar**

RIGHT **Consistently designed for performance: 911 GT3 RS**

Mankind has been searching for eternal youth for millennia, a goal that has become a reality in the automotive world.

The 911 is timeless, always young, and attractive, thanks in large part to the strong genes of the original 911 from 1963. But the continuous momentum of the iconic 911 is rooted in portfolio management that is forever unearthing new character traits, which also plays a key role. “We cater for a wide range of lifestyles with the 911 derivatives,” says Michael Steiner, the Member of the Executive Board responsible for Development. “Our youngest protagonists are called GT3 RS and Dakar. Creativity and ability in development and series ensure the uniqueness and desirability of our brand.”

A 911 disappears in a cloud of dust with Achim Lamparter behind the wheel, negotiating the 40-meter-tall Big Red with confidence. “You’ll never make it up there,” the words of his colleagues in the Cayenne series echoing in his mind. After all, Big Red is the largest of all the sand dunes in the United Arab Emirates. But Lamparter knows just how to apply the accelerator and control the steering wheel as he drives up and then down again. His 911 Dakar is the first standard off-road 911 — and chassis specialist Lamparter the main project manager. “Our aim was to develop top-notch driving characteristics — even for extreme tracks you’d never consider for the 911.” That’s why the Porsche experts test the cars at extreme locations and under extreme conditions, always with a focus on customers.

It took three and a half years to develop the off-road 911 Dakar, the soul of which resides in its chassis. Lift system increases the maximum ground clearance to 191 millimeters, which is eight centimeters more than that of the sports suspension of the 911 Carrera. The whole thing is designed for up to 170 km/h and all the

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

911 (1963)
The original 911: introduced as a 901 in 1963; the Coupé becomes an icon as a 911 in 1964.

911 Targa (1965)
The world's first safety cabriolet: the Targa bar remains and attains cult status.

911 Carrera RS 2.7 (1972)
High-performance sports car as a bestseller: 1,525 units are produced rather than 500.

911 SC Cabriolet (1982)
Innovative top: the roof of the first 911 Cabriolet is especially sturdy and reduces noise.

911 Carrera 4 (1988)
The first all-wheel 911: highlights include the new 3.6-liter engine and an aerodynamically optimized body.

Outstanding driving performance on all terrain: the 911 Dakar

Creativity and ability in development and series ensure the uniqueness and desirability of our brand.

Michael Steiner, Member of the Executive Board responsible for Development

more robust thanks to the stainless steel-reinforced front and rear, the side skirts, the red towing lugs of forged aluminum, the protected transverse links, and the specific suspension struts. Five driving modes are available to choose from, including the new rear-oriented Rally mode for playful drifting on gravel as well as the Off-road mode for maximum traction on sand and uphill tracks. All-terrain tires come as standard and provide the necessary traction even when conditions are unfavorable, whilst a specially applied Rallye Launch Control guarantees fast acceleration on gravel.

Some of the 2,500 vehicles in the limited edition will come with the Rallye Design Package. The look pays homage to the Porsche 953, winner of the 1984 Paris–Dakar Rally, and its successor, the 959, both of which featured the famous Rothmans paintwork. Golden and red decals adorn the white and blue two-tone paintwork. An optional roof rack with LED light bar for folding spade, water and petrol tanks, sand ladders, and especially robust gear is available through Porsche Tequipment.

An Extraordinary Time of Six Minutes and 49.328 Seconds on Nordschleife

Jörg Bergmeister doesn't need this equipment in his 911 on Nürburgring. The Porsche pilot completes the 20.8 kilometers of Nordschleife in six minutes and 49.328 seconds, an extraordinary time for a series production car, the new GT3 RS. In addition to its 386 kW (525 PS) high-rev naturally aspirated engine and intelligent lightweight design, it's also the cooling and aerodynamic concept, in particular, that transfers pure racing technology to the road. Rather than a trunk, the 911 GT3 RS features a central radiator at the front, which reduces the weight and creates space for the installation of side wing modules. Correspondingly, the rear features the largest rear wing of all Porsche GT road vehicles to date, which is infinitely adjusted in accordance with the flaps at the front for downforce on a par with that of a thoroughbred racing car. With the GT3 RS, Porsche has also implemented its first-ever drag reduction system (DRS). As in Formula 1, the driver can flatten the wing at the touch of a button to achieve maximum speeds on straight stretches.

The aerodynamics of the 911 GT3 RS: Racing technology for the road

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

Production on rare vehicles such as the 911 Dakar and the 911 GT3 RS has been discontinued in Zuffenhausen, where all Porsche two-door sports cars are manufactured on a single assembly line — whether 718 Boxster, 718 Cayman with mid-engine, or any of the 911 variants, including Coupé, Cabriolet, Targa, and racing cars. With rear and all-wheel drive, in a variety of country packages and individually configured, down to hand-sewn leather door panels and cockpit features from the company's own saddlery. The astonishing drive for perfection makes it possible to produce one unique vehicle after another here despite all the complexity.

Take for instance the 911 Dakar, which is first painted in white and then sent to a specific assembly line to create its two-tone look. The body is sanded by hand, the upper section masked with film and adhesive tape, and the lower section painted in Gentian Blue using a spray gun. The 911 Dakar then passes through the main assembly line twice for application of a clear coat, with more sanding in between. "This allows us to soften the transition between blue and white before the third run, so that it's not raised underneath the golden stripe later on," explains 42-year-old Martin Krieger, who as process planner at the paint shop is in charge of special vehicles and personalized paintwork. Only then is the off-roader returned to the normal line. Later in assembly, the active lift system with pump and lines also require special measures such as the extended suspension struts when bringing the body and chassis together.

"The 911 GT3 RS is much more complex for us," says 40-year-old Andreas Mattes, who's in charge of planning assembly. The new road-legal sports car is the first series production car with CFRP door, which is one of the reasons why the GT3 RS has to leave the normal production stations. Even the carbon fiber cage, the single-cooler concept, and the opulent aerodynamic attachments change the construction sequence.

911 Turbo (1995)
Powerhouse as the best in its class: thanks to its advanced emissions control system, it's one of the lowest-emission series vehicles in the world.

911 GT3 RS (2003)
Purist for maximum performance: consistent lightweight design and no electronic driving assistance systems.

911 Sport Classic (2009)
Special series for enthusiasts: all 250 units are purchased within 48 hours.

911 Targa 4 (2014)
A modern classic: at the touch of a button, the new roof system opens and closes in a spectacular fashion.

911 GT3 Touring (2018)
Wolf in sheep's clothing: the touring package visually tames the GT3, which remains a racing car in its heart.

TOP **Nostrils on the bonnet: 911 GT3 RS with air outlets for the central radiator**

BOTTOM **Rear wing on the 911 GT3 RS: Larger than on any other Porsche GT road vehicle before it**

LEFT **Unfamiliar terrain: 911 Dakar as a homage to the Porsche 953**

"Despite all the unique features, we've integrated the 911 Dakar and the 911 GT3 RS into our assembly line in a way that is not only efficient and homogenous, but also ensures quality," emphasizes Mattes.

The Director and the Timing

Frank-Steffen Walliser is the master of the matrix at Porsche. As Vice President Complete Vehicle Architecture and Characteristics, he is responsible for a consistent set of premises in development and the resulting overall concepts for future Porsche vehicles. These concepts are then implemented in the proven product line organization at Porsche, an approach that operates under the term "systems engineering."

Walliser was an intern, a student, and a doctoral candidate at Porsche and then responsible for the 918 Spyder super sports car, the GT motorsport, and the 911 and 718 series. "In the 1980s, special 911 models were primarily developed for motorsport," says the 53-year-old. "For example, the 935/78 Moby Dick and the 911 were developed for the Paris–Dakar Rally. It was about establishing new technologies such as turbocharging and all-wheel drive."

Today, Walliser allocates all platforms along with the corresponding vehicle concepts to his matrix, which offers sections for requirements, desires, and dreams in the categories all-arounders, sports cars, and purists.

LEFT **Extraordinary time for the 911 GT3 RS: Six minutes and 49.328 seconds for Nordschleife**

RIGHT **Limited edition: Porsche plans 2,500 units of the 911 Dakar**

Part of his responsibility is to make these a reality, resulting in extremes that few could imagine.

"Exhausting all possibilities" is how Walliser refers to the creative unwillingness to compromise — as with the 911 GT3 RS, "every drop of the body, every air outlet, and even the fin on the roof have an impact on performance."

Which derivative will fit into the portfolio is one question. The other is, when will it fit the best? The 911 writes its own manuscripts and doesn't conform with the usual sales cycles. Typical of the industry is a sharp rise after the market launch, which is followed by waning desirability and a face-lift to trigger the second peak, before it's time for a successor. "Whenever we introduce a new generation, a portion of the community that loves the current 911 responds with skepticism — and then makes a real effort to buy the old model," says Walliser. "Two years later, everyone has driven the new model and discovered its benefits. They end up placing an order." That's when it's time for the first derivations — Turbo, Turbo S, GT3, GT3 RS, GTS, T, Targa — with new ones every six to eight months.

Portfolio management through excitement. Its own heritage acts as a sporty antiaging program, with the main character remaining young for all time.

State-of-the-ART

Porsche fulfills dreams with fascinating sports cars that inspire customers and fans around the world. People who want to be part of a community. The brand creates unique experiences especially for young target groups. A journey from Miami to Tel Aviv.

It's a scene everyone's familiar with: lying on the floor with their legs angled upwards, a child is holding a toy car in their left hand and then sends it racing through the bedroom with a shove. This connection between the child and car continues. It will likely be remote-controlled cars in a couple of years and then the first car of their own when they turn 18. And later it just might be a sports car, agile and stylish, a prestigious expression of their own personality. This process is a textbook example of brand psychology.


"Dream Big." — Porsche 911 as part of a sculpture by Chris Labrooy

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

Porsche seizes on this familiar image in the child's bedroom. Visitors and passers-by alike can also observe a situation like this on the promenade in front of the Pérez Art Museum in Miami: with their legs angled upwards, someone appears to be playing with a car on the sand. But the proportions don't exactly match with the surroundings, as the white 911 is a real vehicle, and the "child" an oversized sculpture of steel frame and fiberglass. Twelve meters long and 3.5 meters tall. Bright yellow with a crash helmet. An installation orchestrated by Scottish artist Chris Labrooy during the Art Basel fair in Miami.

For obvious reasons, Labrooy has christened his installation "Dream Big." He himself has been a car enthusiast since he was little and is an impassioned Porsche collector. "Almost no other object instinctively stirs up childhood dreams for me quite like cars. I wanted to create a colorful, fun piece of art that speaks to people directly," says Labrooy, who's best known for his realistic digital installations that place vehicles in unusual places. Something else he generated on the computer in Miami this time was a tangible, interactive game with dimensions and associations. "For me, it's important to make the digital and physical worlds overlap," explains the artist.

The scenery illustrates how the challenges for modern luxury brands are changing. "Porsche is more than just a product," explains Detlev von Platen, Member of the Executive Board responsible for Sales and Marketing at Porsche AG. "Customers want to be part of a community, which is also what distinguishes the brand power. This can be communicated especially well with unique experiences and creative events." Porsche is developing novel offers associated with the interface between analog and digital worlds, with the aim of targeting new and younger target groups. These range from colorful installations and carefully curated events in the strongholds of the global creativity community to virtually designed, unique NFTs.

For me, it's important to make the digital and physical worlds overlap.

Chris Labrooy, Scottish artist

Tel Aviv Ballroom: Mix of dance, drag performances, and modeling

Creative journey in Web3: NFT owners as part of a Porsche community

"By 2025, millennials will account for half of all luxury consumption worldwide," says Fernando Fastoso, Professor of Brand Management at Pforzheim University, who specializes in the requirements of new target groups and believes that 30 per cent of all global luxury sales will be conducted in online channels in 2025. "Before this can happen, luxury companies will need to expand the customer journey to all channels and link digital with nondigital touchpoints."

This approach aligns with the standards of Porsche, a brand which is celebrating its 75th anniversary this year and represents pioneering spirit and innovation, not least because the boundaries between analogue objects and digital virtual experiences are increasingly blurring especially for younger generations. The art installation in Miami is also the starting point for virtual vehicles in the form of so-called non-fungible tokens (NFTs), which offer fans and collectors alike the opportunity to virtually influence and help design their very own white 911 as they see fit. A limited collection of digital works of art are being created during this creative journey in Web3. "For the technically minded target group, it's important to be part of a dynamic community, which is exactly what the Porsche brand has always represented. It creates a close bond with people all over the world," explains Robert Ader, Marketing Director of Porsche AG.

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

Porsche 953 in a mirror image of the future: Installation by Gal Vardi

By definition, luxury is exclusive.

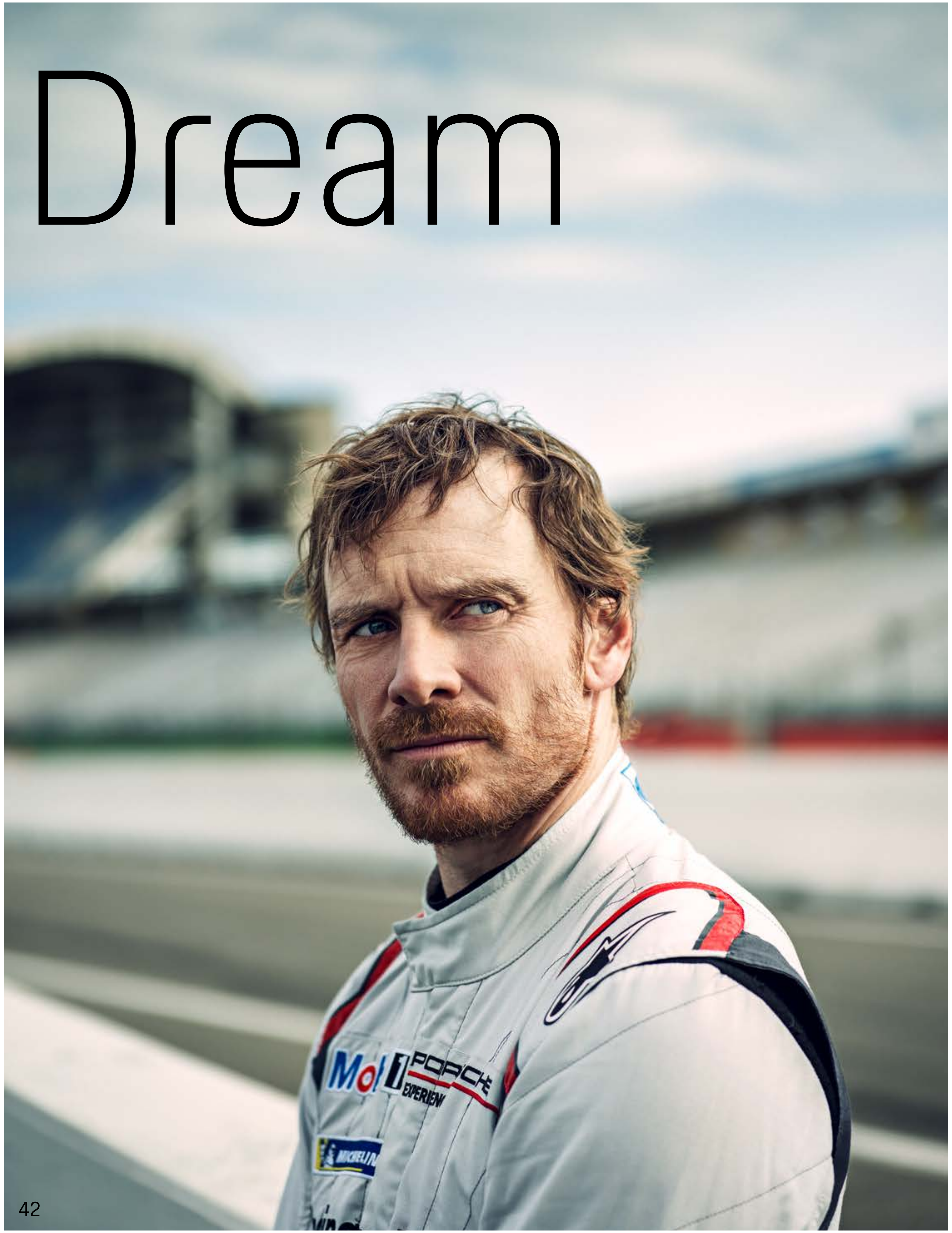
Fernando Fastoso, Pforzheim University

From the digital world to Tel Aviv, in the very heart of a bustling city, Porsche plans to bring creative minds and forward thinkers around the globe together with the SCOPES project, a series of urban festivals focusing on a new target group. “We deliberately choose iconic locations where a diverse range of communities can come together, and connections can be forged that extend beyond the event,” says Ader. “In this way, we can create a global community of creative minds that, thanks to this exchange, associate our brand with positive experiences.”

Over a period of five days, this concept in Tel Aviv will attract thousands of guests to a historical courtyard, where they can experience a journey through analogue and digital performances. A sound sculpture on a metal construction by Eliran Dahan. A mirror installation, in which Gal Vardi has concealed the legendary winner of the 1984 Paris–Dakar Rally, a Porsche 953. Or Assaf Reeb, who is researching virtual self-expression through avatars.

“By definition, luxury is exclusive,” explains Fastoso. The university professor wholeheartedly believes that the associated benefit of self-expression and status is not limited to the physical world. “The perception of exclusivity can also be generated with digital products. In addition to being owned, they can also be publicly consumed in virtual spaces.” New worlds which, not least of all, seize on old childhood dreams.

Dream



Start

I had to do it. Otherwise I would never have known whether I could. There can be no progress without action.

2018

A great actor had a great dream: Michael Fassbender wanted to go to Le Mans. To survive the toughest 24-hour race in the world. With Porsche, that dream developed into an idea, grew into a plan, blossomed into a team, and turned into four years of hard work. It is all documented with brutal openness and self-criticism in the YouTube series Road to Le Mans, which has had around 80 million views. “Endless planning gets you nowhere,” says Fassbender. “I had to do it. Otherwise I would never have known whether I could. There can be no progress without action.”

An electrifying call came in the spring, with an invitation for Fassbender to test the Porsche 919 Hybrid Evo, the world-record breaking car inspired by the three-time Le Mans-winning Porsche 919 Hybrid. “I couldn't believe it! I was shocked, scared and excited,” recalls the Hollywood star, who at the time had little racing experience. “When we were in Aragon, in Spain, I was overwhelmed by how little space there was in the cockpit. My heart was racing. It felt like a spaceship and I was completely consumed by it — physically, mentally, emotionally.”

It was the first taste. Fassbender wanted more. The training program began after the adventure with the 919 Evo. The Porsche Track Experience was followed by Levels 1 and 2 of the Porsche Racing Experience and his participation in the six race weekends of the Porsche Sports Cup Germany in 2019. It was not only Fassbender and his race engineers who could see the steep learning curve ahead — everyone watching on YouTube could too.

We wanted to show how rocky the road to Le Mans really is in a period of just four years.

The crew from day one: Michael Fassbender with project leader Sebastian Borowski (left) and instructor Felipe Fernández Laser

Pit stop on rain tires: 911 GT3 Cup at the Porsche Sports Cup Germany 2019 on the Hockenheimring

2019

The German-Irish actor rarely speaks about his private life. Unlike his contemporaries, this famous face is not interested in social media. “I want people to see the characters I play” he says. “The less they know about me, the more deeply they can immerse themselves in the films.” But Fassbender makes an exception. He is not acting in Road to Le Mans. He is what he is and lays a lot of the experience bare: the frustration, joy, and mercilessly detailed fault analysis. “I would have preferred not to have my defeats filmed,” he admits. “But honesty was the only way — for us as a team, for my development, and for the audience to understand. Our crew grew together. My dream became a collective one. We wanted to show how rocky the road to Le Mans really is in a period of just four years.”

The episodes dedicated to the 2019 season show success and failure in quick succession. Even years later, Fassbender can recall the analyses of the individual races in great detail. When he looks back at low points, his mind zooms in on the wounds almost forensically. He shows merciless self-criticism.

I felt that I was becoming one with that dynamic. I was fascinated by the elegance of perfect lines in curves.

2020

The giant leap into the European Le Mans Series (ELMS) came in 2020, with Fassbender driving the approximately 510 hp Porsche 911 RSR instead of the 911 GT3 Cup. His former instructor, the German Felipe Fernández Laser, became his teammate at Proton Competition at this point. They were joined by Richard Lietz — a factory driver with three class victories at Le Mans to his name already. He proved to be a calm veteran and mentor. "I had immediate respect for Michael. His move to the ELMS was like going to university without having finished high school," says the Austrian. "The four-hour races are tough, but to really get him ready for Le Mans 2022, he had to get in the RSR and build up experience in the field with faster prototypes."

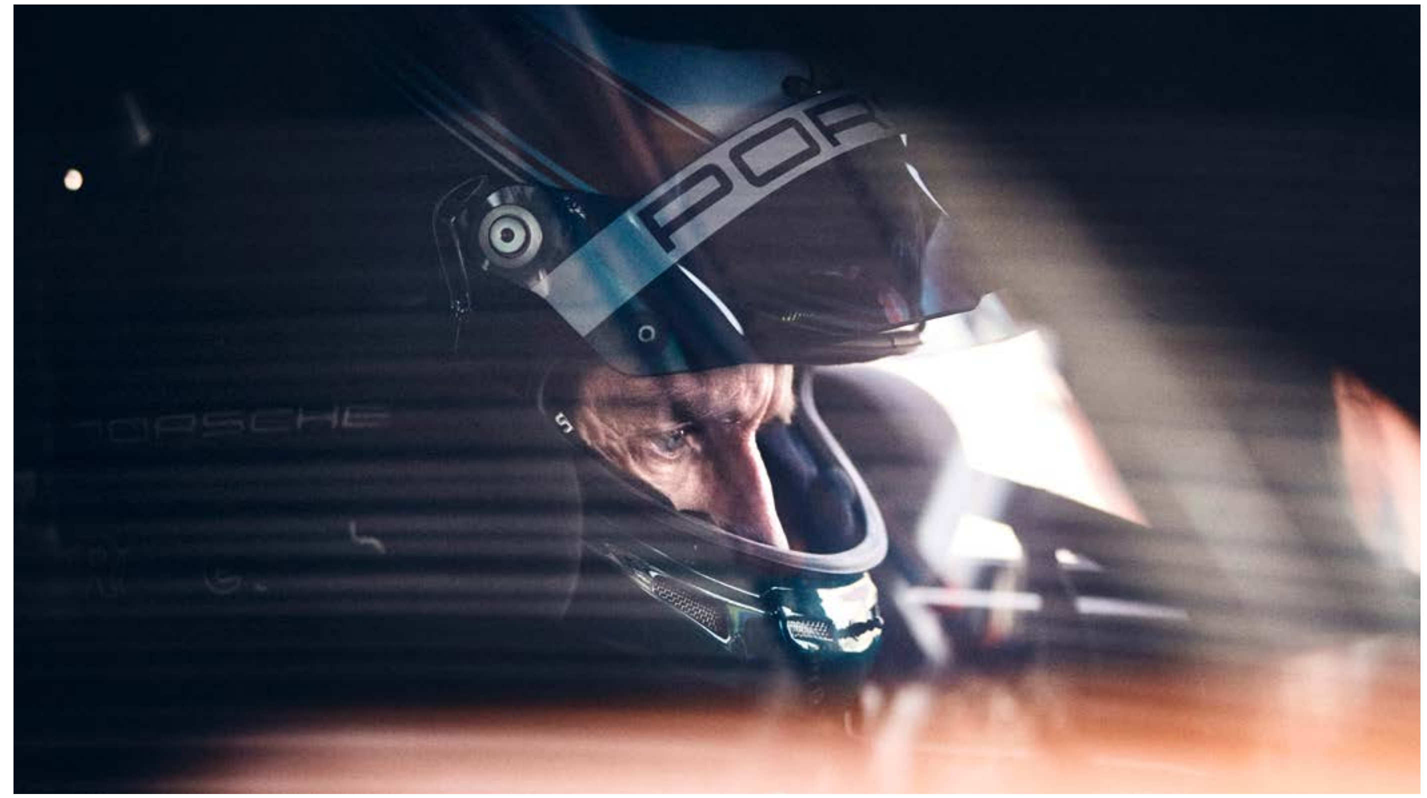
Porsche pressed on with the dream project, organizing test drives and arranging a guest start at the Porsche Mobil 1 Supercup. Fassbender trained on the simulator and the kart track, building up his physical strength and working hard: "I was being bombarded by so much information," he says. "I was constantly watching myself to make sure I was doing everything right. That cost me presence of mind behind the wheel. I felt a similar sense of uncertainty when I stood in front of the camera for the first time. I can only overcome those challenges because I've been doing it since I was 17 years old. It takes at least 10,000 hours to become an expert in something. We didn't have that much time. I had to learn faster."

TOP **Entering the European Le Mans Series: Michael Fassbender with the 911 RSR in Spa Francorchamps**

BOTTOM **Fassbender's new team: Driver change between Richard Lietz and Felipe Fernández Laser in the 911 RSR**

A positive start to the season was followed by a bitter defeat in the third ELMS race. Fassbender was familiar with Circuit Paul Ricard and felt at ease. He had been entrusted with qualifying for the first time because Laser and Lietz were driving at the Nürburgring on the Saturday. "I am good when I am familiar with a track, but that can turn into too much self-confidence. We chose slicks for the unpredictable weather. After an overtaking maneuver, I ended up on slippery kerbing and was too slow to react. The impact was violent enough to spell the end for the weekend." His phone conversations with his teammates at the Nürburgring are available to listen to online and the nasty accident can be seen in the opening credits of the episodes. "I was never afraid of getting hurt, not even aged 14 in a kart," he says.

Back then, inspired by his Irish grandfather's passion for motorsport and his German father's love of cars, he would pay occasional visits to the kart track. "I felt that I was becoming one with that dynamic. I was fascinated by the elegance of perfect lines in curves. Ever since then, I dreamed of becoming a racing driver."



Fully focused through the flow of information: Michael Fassbender in the 911 RSR ELMS

2021

Fassbender's learning curve remained a steep one in the second season of the ELMS. He also had to deal with switching from a 2017 RSR to a 2019 model, and with new tire specifications. "When things went wrong, I could now understand the chains of events. It was a matter of being able to make the right decisions in a split second." He was well prepared for the final race in Portimão. "I love that track! As we live in Lisbon, it is practically my home race," he says. "Elevation changes make the track very physically tiring, but I found a good rhythm, won individual battles and completed my one-and-a-half-hour stint. Our racing strategy worked, and Richard even took the lead for a while. We ended up in second place. The podium at last — it felt like a victory and there are no words to describe how happy I was for the team."

TOP A fight against the darkness: 911 RSR at the final night test before Le Mans in Aragón, Spain

BOTTOM Moved by the magic of the setting: Michael Fassbender on the starting grid at the 24 Hours of Le Mans in 2022

2022

After a three-year break, Michael Fassbender returned to acting in the winter of 2021/2022. His leading role in David Fincher's 'The Killer' meant that he could not test for five months. Nevertheless, the season kicked off where the last one ended: on the podium, this time third at Circuit Paul Ricard. Finally, the 24 Hours of Le Mans took place in June. Matt Campbell from Australia and Zacharie Robichon from Canada were his new teammates.

"The testing went well, but on Wednesday, the first day of practice and qualifying, we had a problem with vibrations and the car's steering. Matt and the team worked on that — I lost track time and didn't get back into the car before qualifying. All the professionals were now pushing for lap times. It was nerve-racking. I braked a split second too late at the first chicane and was unable to prevent a crash. The chassis was done for.

"Sitting in the truck with the car in the back, I didn't know whether I could face the mechanics; I saw people taking photographs of me and I thought about the reports. They were stupid thoughts that only took hold because I allowed them to. Richard and other professionals came to offer support, but I was sitting in a pressure cooker that I'd created in my own mind. With 244,000 spectators, the cathedral-like magic of the place … Le Mans gives you no time to hit the reset button; it can engulf you like a boa constrictor."

His first stint in the race on the Saturday afternoon went smoothly. Many amateurs steer clear of the night, yet Fassbender wanted to experience Le Mans in all its glory. "It was going great until I was hit by another GT car going into Indianapolis. As if in slow motion, I flew into a tire wall which was invisible in the darkness. The mechanics did the impossible. After that, we had nothing left to lose. I got faster, yet ended up off the track once more. At any rate, we crossed the line, but there was a highlight, because Richard won. That wonderful guy won his fourth victory at Le Mans on the last factory outing for the RSR, and I felt really lucky to share and celebrate it with him. As for me, it took months to come to terms with what had happened."

The reflection. "To drive a Porsche racing car, to take it on the perfect line through a corner, to merge with it and flow as one — it is the best feeling in the world! I'm hooked." The man who slips into roles as other people is suddenly clear and present: "I have a profound sense of gratitude for the privilege of doing all that," he says. "We grew together with every experience. What I have learned is now part of me. Porsche kept its word and helped my dream come true — no ifs or buts."

TO OUR SHAREHOLDERS

911 GT3 RS

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

LETTER FROM THE EXECUTIVE BOARD

Dear Reader,

Porsche was born of a dream. Ferry Porsche was unable to find the car he was dreaming about, so he built it himself. He turned his dream into a reality, and in doing so wrote the first page of a unique history.

We have always been driven by dreams. We are proud of our tradition. We combine it with our pioneering spirit, innovation, and progress, and carry them on into the future. In doing so, we keep adding new moments of great significance to the unique history of Porsche.

The successful IPO in 2022 marked the dawn of a new era for us. Watched closely the world over, our return to the capital market was a grand achievement for the entire Porsche team. It made Porsche AG an independent company again. This has given us more room to maneuver, so we are able to work on strengthening our luxury position with even more agility and focus. At the same time, we will continue to benefit from synergies within the Volkswagen Group. It is the best of both worlds and, in our opinion, a unique situation in the automotive industry. We want to utilize it.

Porsche is synonymous with modern luxury. We are redefining the term. We want to intertwine luxury with sustainability and social engagement systematically. We have always seen our success as an obligation. That is why we assume responsibility for the brilliant people at Porsche and for society as a whole. We stand by our values and we offer help where help is needed. We want to do our part for the good of future generations and for a brighter future.

We can see how the world is changing, including the notion of luxury. There is growing awareness of sustainability, especially among younger people. Likewise, we are seeing stronger demand for greater individualization, personalization, and authentic experiences — moments that become lasting memories. We call them Porsche moments.

We see a lot of opportunities and potential in this attractive environment, and we are in a strong position to take action. In a challenging environment with serious geopolitical challenges and their economic impacts, we successfully took Porsche public in 2022. Additionally, our financial results are once again remarkable.

Last year, we delivered 309,884 vehicles to our customers around the world. We did so in spite of the fact that there have never been so many restrictions affecting the supply of components. Likewise, our operating profit of €6.8 billion is a new record for Porsche. And with a return on sales of 18.0%, we are at the upper end of the corridor we had forecast for 2022.

This shows that our customers' enthusiasm for the Porsche brand remains strong. It also shows that we can do business profitably in a volatile, challenging market — thanks to cost discipline and an attractive mix of products.

We will continue to pursue our strategy of modern luxury with determination. The goals we have set ourselves are ambitious. In the long term, we are striving to achieve a return on sales of more than 20% for the Group. We also want to ship more than 80% of our new vehicles as all-electric models by 2030 and become net carbon neutral across our entire value chain.

To succeed, we will depend on the outstanding dedication of our entire team across all divisions.

As they say in sports, there is no "I" in team, and that is exactly how Porsche sees it. Besides, we always take new challenges head-on. We think in terms of opportunities. When we succeed, we do not rest on our laurels — we build on our success. Sometimes we lose, but we learn from our defeats, and whatever we do next, we aim to do even better.

This vision has always helped us remain agile and successful. To think bravely, dare to try new things, evolve, and keep reinventing ourselves. To produce excellent results in challenging times and under difficult circumstances. We believe that this is the best starting point to continue shaping a successful future for Porsche — a future in which crisis is the rule, not an exception.

We are always looking forwards. However, we never forget where we have come from. This way, we keep the Porsche tradition alive. In doing so, we continue to evolve and pave the way for new major milestones in our history. We will be celebrating "75 Years of Porsche Sports Cars" in 2023. We're looking forward to it. And we're looking forward to having you at our side.

With the warmest regards,

The Executive Board of Dr. Ing. h.c. F. Porsche Aktiengesellschaft

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

MEMBERS OF THE EXECUTIVE BOARD

In front of the Frankfurt Stock Exchange: Porsche Executive Board (from left to right) with a bull and Taycan Turbo S

Dr. Michael Steiner
Research and Development

Lutz Meschke
Deputy Chairman of the Executive Board, Finance and IT

Dr. Oliver Blume
Chairman of the Executive Board

Barbara Frenkel
Procurement

Albrecht Reimold
Production and Logistics

Andreas Haffner
Human Resources and Social Affairs

Detlev von Platen
Sales and Marketing

The independence Porsche has gained after the IPO will provide us with even more corporate room to maneuver. We will use it wisely and make our customers' dreams come true with our sports cars.

Dr. Oliver Blume, 2022

The Porsche legend lives and will never perish.

Dr. Wolfgang Porsche, 2009

Dr. Oliver Blume

Chairman of the Executive Board

Success is achieved through teamwork and systematic entrepreneurship. That is what Porsche stands for. We have a clear strategy that guides us into the future like a compass. The Taycan is a prime example. We introduced electromobility at Porsche back in 2015 — earlier than others. After its launch in 2019, the Center of Automotive Management named the Taycan the most innovative vehicle in the world in 2020. Our first all-electric production model was a resounding strategic and operational success. This became apparent in subsequent years: the level of orders for the Taycan remains high. Successes like this are only possible with the right team. Fairness and passion are crucial at Porsche. Every single person makes their own contribution with passion and a pioneering spirit. This makes us a game changer and enables us to set ambitious targets. Macan, Cayenne, 718. Porsche will gradually expand its range of all-electric models over the next few years. Our goal is clear: more than 80% of our new vehicles are to be all-electric by 2030.

Lutz Meschke

Deputy Chairman of
the Executive Board,
Finance and IT

Porsche stands for outstanding vehicles and excellent profitability. In spite of a challenging market environment, we achieved a return on sales of 18% in 2022. Our strong profitability is based on three pillars: an attractive mix of products, a strong pricing strategy, and a lean cost structure. In the new financial year, we are aiming to achieve a return on sales of 17–19%. Many in the industry are envious of this margin, yet we will not stop there. That is why we are now pressing on with our successful 2025 profitability program. Our ambitious new project “Road to 20” represents our long-term goal: a return on sales of at least 20%. We will never lose sight of two things in the process: our sports cars have to captivate our customers and our profitability has to electrify our shareholders.

Dr. Michael Steiner

Research and Development

Porsche has stood for a pioneering spirit for almost 75 years. The electromobility division demonstrates this not only when it develops new cars and technology, but also through its organizational structure. After all, fast and efficient vehicles and innovations cannot be developed and put on the road without a development department structured to meet current requirements. Last year, guided by the principle of systems engineering, we restructured our electromobility division. It is now aligned with the development processes of modern vehicle and electronics architectures, and its systematic approach improves its flexibility when it works with, for example, the energy, drive, infotainment, and Connect systems. These are strong foundations for Porsche to retain its crown as a pioneer of sustainable mobility in the future.

Albrecht Reimold

Production and Logistics

"We make dreams come true" is the mission statement of Porsche Production 4.0. We strive to be the global benchmark when it comes to building exclusive sports cars. We stand for excellent quality and flexibility, efficient processes, innovative technologies, and highly qualified staff. Our smart factory and digital production platform are setting the stage for the future of automobile production: smart, lean, and green. We are pursuing our vision of a "zero-impact factory," that is, a factory with a heavily reduced carbon footprint. We have already reached a number of milestones on this journey: the manufacturing process for vehicles made at our production sites in Zuffenhausen and Leipzig has been completely net carbon neutral since 2020. The factory building the all-electric Taycan was a trailblazer in as early as 2019. Last year, by optimizing a preexisting paint shop, the Zuffenhausen site was able to save over 850,000 kWh of heat energy.

Barbara Frenkel

Procurement

Procurement makes a valuable contribution at Porsche: we bring innovations into the company, help shape the product range, and actively implement sustainability through our suppliers. Flexibility is our highest priority here. After all, the transition to electromobility is changing the structure of our suppliers, with many new partners joining us. Working with us, they can seize the opportunity to actively shape the mobility of the future, and working with them, we can head in new directions and build our knowledge and expertise. Additionally, Procurement is always working to overcome challenges. There were a few in the previous year: the semiconductor shortage, supply chain disruption, and the conflict in Ukraine kept us and our partners extremely busy. That being said, every crisis has its opportunities too. We are therefore examining how we can further stabilize our supply chains and make them even more resilient. Dual sourcing certain parts, stockpiling important components, and direct dialogues with chip manufacturers are all ways of doing this. In spite of all this, the roughly 700 employees in Procurement have one main priority: we procure parts. The sum of these parts is the vehicles that make our customers' dreams come true.

Detlev von Platen

Sales and Marketing

Porsche is an iconic brand. In Sales and Marketing, our global team strives to keep this promise. Our goal is to enhance the appeal of the brand so that it remains relevant and coveted in the future. Exclusive, unique customer experiences are at the heart of this. These experiences include a seamless transition between digital and analog worlds as well as a modern, global network of retail sites and fresh experience formats: at South by Southwest, in the new Porsche Car Configurator, or with retail formats such as “Driven by Dreams,” the Porsche brand store in Stuttgart. Driven by passion and commitment, we help our customers and fans accomplish their lifelong dreams — and we do so in 128 markets with 16 subsidiaries and at 900 sales sites. After all, the Porsche brand is not something to be taken for granted. It has to be nurtured, bolstered, and developed continuously.

Andreas Haffner

Human Resources and Social Affairs

For Porsche, exclusivity and social acceptance go hand in hand just as much as economic success and social responsibility. To us, as an employer, this means providing our workforce with attractive, secure jobs. After all, only a highly motivated and enthusiastic team can produce its best work. At the same time, we look beyond our own factory gates, because solidarity and social commitment are key elements of our Porsche culture. As an example, we prepared a diverse support package for the people in Ukraine, ranging from language courses for refugees and donated clothes through to deliveries of supplies, in no time at all. This involvement makes it very clear that at Porsche, the focus is on people. I find it remarkable how much passion is shown by our team. That is the hallmark of Porsche; it is what makes us unique.

STOCK PRICE

Based on the German stock market index DAX, the European EURO STOXX, and the market-wide global index MSCI World, the market as a whole performed negatively in the reporting period. Affected by the conflict in Ukraine, inflation and the inflation forecast for 2023, and the reactions of key central banks in particular, the DAX (–13.1%), EURO STOXX (–11.7%), and MSCI World (–19.5%) all declined in 2022. Even the DJ Auto Index, which is of relevance to Porsche, fell by 21.9% in the year under review. Porsche shares have risen significantly since the IPO, performing better than the relevant indices (DAX, EuroStoxx50, and DJ Auto Index). In the period from September 29 to December 31, the price of the share certificates increased by 14.9%. The peak price was €110.70 on November 22, whereas the stock hit its lowest price of €81.80 on October 3. The year-end price of €94.75 corresponds to market capitalization of around €86.3 billion.

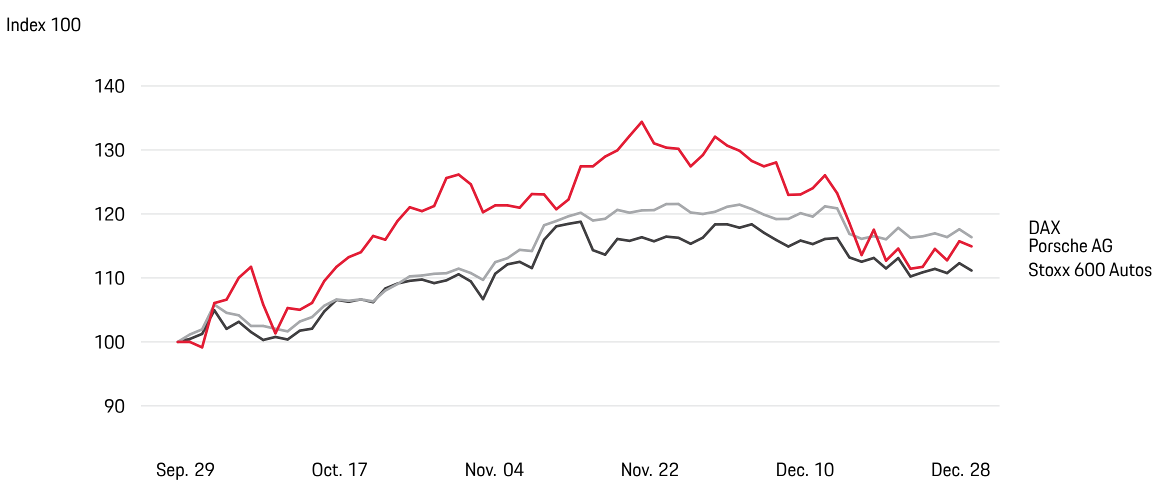
INDICES

Porsche AG was added to the MSCI World Index on October 12. It was then admitted to the DAX on December 19 under its fast-entry rules.

IPO

The IPO in September was a resounding success — based on the opening price, the market capitalization was around €78 billion, as a book value comprising the offer price for the preferred stock and the corresponding value for the common stock. This makes it the largest IPO ever carried out in Europe. Overall, as part of the IPO, Volkswagen made partial use of its greenshoe option to sell 110,080,801 nonvoting preferred bearer shares with no par value in Porsche AG. Consequently, the free float of the preferred stock is 24.2%. Cornerstone investors in the IPO were QIA, Norges Bank Investment Management, T. Rowe Price, and ADQ.

Stock price development 2022



CAPITAL MARKETS DAY

Porsche held its first Capital Markets Day on July 18. In a hybrid format, all members of the Executive Board reported to the analysts and investors on the strategic position of the company, its plans for growth, and the sustainability strategy of Porsche AG. Since then, Porsche has been in regular contact with all important players in the market. The Executive Board and the newly created Investor Relations department are both involved in this process.

REPORTABLE TRANSACTIONS

Name	Function	Type of transaction	Aggregated volume in €	Price in €	Date
Barbara Frenkel	Member of the Executive Board	Purchase	47,667.50	105.93	Nov. 28, 2022
Andreas Haffner	Member of the Executive Board	Purchase	97,840.00	97.84	Oct. 28, 2022
Dr. Oliver Blume	Member of the Executive Board	Purchase	241,395.00	82.50	Sep. 29, 2022
Andreas Haffner	Member of the Executive Board	Purchase	93,885.00	82.50	Sep. 29, 2022
Lutz Meschke	Member of the Executive Board	Purchase	233,392.50	82.50	Sep. 29, 2022
Albrecht Reimold	Member of the Executive Board	Purchase	174,332.50	82.50	Sep. 29, 2022
Dr. Michael Steiner	Member of the Executive Board	Purchase	161,287.50	82.50	Sep. 29, 2022

REPORT OF THE SUPERVISORY BOARD

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT (PURSUANT TO SECTION 171, PARA. 2, OF GERMANY'S STOCK CORPORATION ACT (AKTG))

Dear Reader,

The year 2022 brought with it a wide range of changes and challenges for Porsche AG. Although the direct effects of the Covid-19 pandemic are abating, we are witnessing a paradigm shift. Something we all once considered unthinkable has been directly affecting our lives and Porsche AG since the spring of the reporting year: conflict has returned to central Europe. From the outset, Porsche has taken a clear, unequivocal stance in support of human rights, peace, and freedom for all.

The conflict in Ukraine has done more than cause unimaginable suffering for millions of people; it has had a direct impact on Porsche AG through factors such as rising raw material and energy prices. In the reporting year, these led to supply chain limitations that were keenly felt. The automotive industry is undergoing fundamental change in light of these new influences, some of which are temporary. In ten years, it will likely be said that almost no other industry has changed so massively in the past decade as the automotive industry. Combined with the introduction of new drive methods and mobility concepts, the widespread withdrawal from internal combustion engines represents nothing short of radical upheaval for Research and Development and for Production.

Porsche has always seen changes as an opportunity. As such, the company is leading the charge in this process and, to name but one example, has set itself extremely ambitious goals regarding the development of new drive models. In this context, Porsche AG and its employees take their responsibility for all stakeholder groups, and especially the environment, extremely seriously. Existing processes, products, and raw material usage are to be restructured with a view to building a future that is net carbon neutral, in which resources are used responsibly. Porsche embraces all aspects of sustainability, from ecological and social factors to responsible corporate governance.

The company's exceptionally successful IPO in late September 2022 was one of the most significant and positive changes not only in the reporting period, but in the entire history of Porsche AG. At the initial listing, the theoretical market capitalization of Porsche AG was around €78 billion, based on the issue price of the preferred stock and with consideration for the 7.5% premium for the common stock. Based on market capitalization, this makes it the largest IPO in Europe so far. In the run-up to the listing, Porsche was able to attract well-known cornerstone investors such as QIA, Norges Bank Investment Management, T. Rowe Price, and ADQ. Porsche AG has been listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange since September; Porsche AG was also admitted to Germany's blue-chip stock market index DAX 40 on December 19, 2022.

Motorsport is and will remain the DNA of Porsche AG and the basis of many successful developments. Once again, Porsche racing cars proved their extreme competitiveness in the reporting period. For instance, Porsche won the GTD Pro class of the manufacturer's championship in the American ISMA series. Porsche also won the GTE Pro class at the 24 Hours of Le Mans. The works drivers Gianmaria Bruni from Italy, Richard Lietz from Austria, and Frédéric Makowiecki from France crossed the finish line in first place after an intensive and gripping race over 350 laps. In Formula E, Porsche celebrated its first race win in Mexico in a somewhat mixed season featuring defeats on the track. The works drivers Pascal Wehrlein and Andre Lotterer claimed a double victory in the 99X Electric at the Autódromo Hermanos Rodríguez.

The economic environment posed significant challenges for Porsche in the reporting period. Nevertheless, 2022 proved to be another highly successful year. The operating profit of the Porsche AG Group increased by €1,456 million to €6,770 million. The return on sales was 18.0% and was therefore 2 percentage points higher than in the previous year.

METHODS OF THE SUPERVISORY BOARD AND MEETINGS OF THE SUPERVISORY BOARD AND COMMITTEES

In the 2022 financial year, the Supervisory Board performed its tasks and duties imposed upon it in accordance with the law, the Articles of Association, and the Rules of Procedure, and focused closely on the position and prospects of Porsche AG. In doing so, the Supervisory Board monitored the Executive Board as it conducted business and advised it regularly on all key matters, but also with regard to the recommendations and requirements of the German Corporate Governance Code.

The Chairman of the Supervisory Board was in close, trusting, and regular contact with the Executive Board, especially the Chairman of the Executive Board, where they discussed matters of strategy, planning, business development, risk, risk management, and corporate compliance. Without delay, the Chairman of the Executive Board notified the Chairman of the Supervisory Board of significant events of relevance to the assessment of the company's position and development, as well as to the running of the company, and the Chairman of the Supervisory Board, like the board as a whole, was heavily involved in the strategic considerations and decision-making processes of the Executive Board.

Key topics discussed included the development of business, strategic matters, operative planning including financial, investment, and human resource planning, as well as matters relating to profitability — on a Group level and for key subsidiaries. The Supervisory Board monitored the executive functions of the Executive Board and offered advice on a continuous basis.

Due to the regular reporting by the Executive Board, the Supervisory Board was informed in full, promptly, and transparently at all times, both verbally and in writing. The necessary documents were made available in full to the members of the Supervisory Board or the relevant Supervisory Board committees in good time.

The Supervisory Board met in full eleven times in the financial year. Additionally, three circular resolutions took place outside of regular meetings. Overall, the rate of participation in Supervisory Board meetings was almost 93%.

With the exception of one meeting that a participant was unable to attend, the committees of the Supervisory Board always met with all members in attendance.

Members of the Supervisory Board or its committees who, due to exceptional circumstances, were unable to attend a meeting were able to familiarize themselves with the items on the meeting's agenda with the prepared documents. As in previous years, digital documents ensured that meeting preparations and procedures were efficient.

The following table presents the individual Supervisory Board members' participation in plenary sessions and committee meetings:

	Plenary sessions	Committee meetings
Dr. Wolfgang Porsche	11 of 11	11 of 11
Dr. Hans Michel Piëch	11 of 11	11 of 11
Dr. Ferdinand Oliver Porsche	11 of 11	2 of 2
Hans Peter Porsche (until Sep. 23, 2022)	6 of 10	–
Dr. Hans Peter Schützinger	10 of 11	–
Hans Dieter Pötsch	9 of 11	8 of 9
Dr. Arno Antlitz	10 of 11	–
Dr. Christian Dahlheim	10 of 11	2 of 2
Thomas Schmall-von Westerholt (until Sep. 23, 2022)	6 of 10	–
Hiltrud Dorothea Werner (until Jan. 31, 2022)	1 of 1	1 of 1
Micaela le Divelec Lemmi (since Sep. 23, 2022)	1 of 1	2 of 2
Melissa Di Donato Roos (since Sep. 23, 2022)	1 of 1	–
Hauke Stars (since Sep. 23, 2022)	1 of 1	2 of 2
Werner Weresch (until Sep. 30, 2022)	10 of 10	9 of 9
Harald Buck	11 of 11	13 of 13
Wolfgang von Dühren	11 of 11	–
Akan Isik	11 of 11	–
Nora Leser	10 of 11	2 of 2
Knut Lofski	11 of 11	–
Carsten Schumacher	11 of 11	13 of 13
Jordana Vogiatzi	11 of 11	11 of 11
Vera Schalwig	11 of 11	–
Stefan Schaumburg	10 of 11	–
Ibrahim Aslan (since Dec. 6, 2022)	0 of 0	–

In the reporting year, Covid-19 restrictions, especially those regarding travel and personal contact, resulted in the meetings of the Supervisory Board and its committees requiring more flexibility than usual, which is why hybrid meeting formats — in-person meetings that can also be attended virtually — were utilized. Audiovisual technology made it possible for participants who were not physically present to take part in meetings effectively. Of the eleven meetings of the Supervisory Board, ten were in-person meetings (with virtual participation as an option) and one was a videoconference. Of the meetings of the committees, eleven were in-person meetings (with virtual participation as an option) and two were videoconferences. No meeting was held as a teleconference.

Although the members of the Executive Board participated in meetings of the Supervisory Board and its committees, the Supervisory Board frequently met without the Executive Board too.

As a rule, the members of the Supervisory Board completed the necessary training and development courses for their duties on their own responsibility, with reasonable support from the company. In particular, the company assists with the organization of seminars and covers their costs. In the reporting year, for example, the members of the Supervisory Board were given comprehensive information about the stricter legal requirements and the additional rights and duties of the Supervisory Board members due to the IPO of Porsche AG in September. All new members of the Supervisory Board were given comprehensive onboarding and, in connection with this, the opportunity to delve deeper into the business operations and strategy of Porsche in order to gain an overview of the topics of relevance to the company. As part of the annual design presentation, future vehicle models were also presented to the members of the Supervisory Board in detail.

MAIN FOCAL POINTS OF THE WORK OF THE SUPERVISORY BOARD

In the reporting period, the Supervisory Board addressed the company's key topics in depth in all meetings. These included, for example, the economic situation of Porsche AG and its major subsidiaries, the IPO of Porsche AG, the planning round, key vehicle projects, and HR matters in the Executive Board.

In particular, with regard to the economic situation, the Supervisory Board addressed the direct and indirect effects of the Ukraine-Russia conflict on the business operations of Porsche AG and its subsidiaries both thoroughly and comprehensively. In this context, the Supervisory Board supervised the preparation and execution of the sale of the importer, its own retail operations, and Porsche Financial Services in Russia at short notice.

The company's IPO was another focal point of the work of the Supervisory Board. The Supervisory Board closely monitored the preparation and execution of the IPO. To this end, it had the Executive Board file regular, continuous reports on the current status and the next steps. Furthermore, the Supervisory Board addressed the major changes to governance at Porsche AG in detail, as well as the key agreements signed with Volkswagen AG and others in connection with the IPO. In particular, the Supervisory Board passed new rules of procedure for the Executive Board and Supervisory Board and proposed an amended version of the Articles of Association of the company to the Annual General Meeting. In this regard, the Supervisory Board was closely involved in advising on the determination of new remuneration for the Supervisory Board. The new system of remuneration for members of the Supervisory Board is to be proposed to the company's 2023 Annual General Meeting to be voted on as part of a resolution. In particular, with regard to the key agreements in connection with the IPO, the Supervisory Board resolved to approve the conclusion of the industrial cooperation agreement as well as the relationship agreement with Volkswagen AG. The Supervisory Board also addressed the additional legal obligations arising from the IPO of Porsche AG. In particular, this required the Supervisory Board to examine and vote on specific composition targets for itself, as well as a profile of skills and expertise and a diversity policy for the Supervisory Board.

Major projects in which the Supervisory Board was heavily involved were the entry into a new racing series and a new model series. As part of the discussion concerning the expansion and manufacture of high-performance battery cells, the Supervisory Board decided to expand the Cellforce Group. By approving an investment in Group14, the Supervisory Board also secured access to an innovative battery cell material manufacturer in the USA.

Moreover, HR matters in the Executive Board were a key subject area of the advice offered by the Supervisory Board in the financial year ended. For one, these included the appointment of Sajjad Khan as member of the Executive Board in charge of Car-IT. Additionally, the Supervisory Board was heavily involved in and approved the appointment of Dr. Oliver Blume as CEO of Volkswagen AG. Furthermore, the appointment of Dr. Oliver Blume at Porsche AG was addressed and extended as scheduled. Likewise, the Supervisory Board was involved in extending the appointments of Andreas Haffner (Human Resources), Detlev von Platen (Sales and Marketing), and, in early 2023, Albrecht Reimold (Production and Logistics) on the Executive Board. All three Executive Board appointments were extended. In this context, other key subjects of consultation were the revision of the Executive Board member remuneration system and the setting of targets for the variable remuneration of members of the Executive Board for the 2023 financial year. The new legal requirements that had to be met as a result of the IPO were taken into account as part of the revision of the remuneration system, as were the recommendations and suggestions of the German Corporate Governance Code concerning Executive Board remuneration. Additionally, the Supervisory Board verified that the remuneration system is appropriate and competitive for a listed company in the position and of the size of Porsche AG. The new system of remuneration for members of the Executive Board is to be proposed to the company's 2023 Annual General Meeting for approval.

Furthermore, on the basis of reporting by the Executive Board and external consultants, the Supervisory Board was continuously engaged with the key official and judicial processes of the company, such as the proceedings in connection with emissions.

Ultimately, the implementation of the recommendations and requirements of the German Corporate Governance Code, which Porsche AG has to take into account as a result of its IPO, was a key focal point for the Supervisory Board. The Supervisory Board discussed the requirements in depth and, together with the Executive Board, issued the annual Declaration of Conformity in accordance with section 161 of the AktG.

PERSONNEL CHANGES ON THE SUPERVISORY BOARD

The company's IPO in particular led to fundamental changes in the governance and composition of the Supervisory Board. Consequently, new members were appointed to the Supervisory Board in connection with the planned IPO. The Annual General Meeting of the company elected three new Supervisory Board members on September 23, 2022: Micaela le Divelec Lemmi, Melissa Di Donato Roos, and Hauke Stars. In return, Hans-Peter Porsche and Thomas Schmall-von Westerholt stepped down as members of the Supervisory Board. In connection with the appointment of the new Supervisory Board members, the position left vacant by the resignation of Hiltrud Dorothea Werner with effect from January 31, 2022, was filled by the shareholder representatives on the Supervisory Board. Each of the new Supervisory Board members elected by the Annual General Meeting on September 23, 2022, has been appointed until the end of the Annual General Meeting that resolves to formally approve the actions of the members of the Supervisory Board for the 2023 financial year, that is, until the end of the 2024 Annual General Meeting.

In the 2022 financial year, the Supervisory Board of the company bade farewell to its long-standing member Werner Weresch, who stepped down from the Supervisory Board after 25 years on November 30, 2022, and retired. Werner Weresch was also the Deputy Chairman of the Supervisory Board. This role has been taken over by Jordana Vogiatzi. By decision of the Local Court of Stuttgart on November 24, 2022, which was delivered to us on December 6, 2022, Ibrahim Aslan was appointed as a member of the Supervisory Board and employee representative to succeed Mr. Weresch.

The members and Chairman of the Supervisory Board wish to thank their departing members for the outstanding and constructive work they have done over so many years.

COMMITTEES OF THE SUPERVISORY BOARD

In order to perform the duties incumbent on it, the Supervisory Board has formed committees to assist it with its tasks.

The Supervisory Board had installed the Standing Committee until the IPO of Porsche AG. The Standing Committee was also a mediation committee pursuant to section 27, paragraph 3, of Germany's Co-determination Act (MitbestG) and, among other things, was responsible for making decisions regarding the conclusion, amendment, and dissolution of employment contracts for members of the Executive Board, and for proposing candidates for vacant positions on the Executive Board to the Supervisory Board. Additionally, assignments were delegated to the Standing Committee as part of the scopes of special audits. In urgent cases, the Standing Committee was also able to pass resolutions on transactions that required the approval of the Supervisory Board. The Rules of Procedure for the Supervisory Board permitted the formation of other committees if necessary, although this option was not utilized.

The Standing Committee met on a regular basis in the financial year ended, as in previous financial years. By the end of September, the Standing Committee had held a total of nine in-person meetings (with the option of virtual participation), each in the run-up to a Supervisory Board meeting. In these meetings, the Standing Committee offered advice and recommended resolutions in connection with the topics classed as the main focal points of the Supervisory Board's work.

In connection with the IPO of the company, the Supervisory Board has fundamentally restructured the organization and composition of its committees. To this end, the Supervisory Board has issued new Rules of Procedure for itself with effect from September 23, 2022. As part of this reorganization of the Supervisory Board, the Standing Committee was restructured as a Presidential Committee and the number of Presidential Committee members was reduced by two to six. Four other committees have been formed: the Audit Committee, the Nomination Committee, the Mediation Committee, and the Related Party Committee. Under the Rules of Procedure of the Supervisory Board, the Supervisory Board is authorized to set up additional committees if it considers this option necessary in order to perform its duties.

The Supervisory Board committees have the following responsibilities and members:

Presidential Committee
The Presidential Committee coordinates the work within the Supervisory Board and prepares its meetings. In addition, the Presidential Committee performs the duties of the Supervisory Board in connection with utilizing authorized capital or issuing warrant bonds or convertible bonds, including giving authorization to make amendments in this context to the Articles of Association that only concern the wording. Furthermore, the Presidential Committee prepares the Supervisory Board's personnel decisions.

Members of the Presidential Committee:
— Dr. Wolfgang Porsche (Chairman)
— Dr. Arno Antlitz
— Hauke Stars
— Jordana Vogiatzi
— Harald Buck
— Carsten Schumacher

Audit Committee
The Audit Committee monitors the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, as well as the audit of the financial statements, especially the selection and independence of the auditor, the quality of the audit, and the additional services performed by the auditor.

Members of the Audit Committee:
— Dr. Christian Dahlheim (Chairman)
— Micaela le Divelec Lemmi
— Dr. Ferdinand Oliver Porsche
— Carsten Schumacher
— Nora Leser
— Harald Buck

Nomination Committee
The Nomination Committee is staffed exclusively by representatives of the shareholders and has the task of proposing suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members to represent the shareholders.

Members of the Nomination Committee:
— Dr. Wolfgang Porsche (Chairman)
— Dr. Arno Antlitz
— Hauke Stars

Mediation Committee
When the criteria of section 31, paragraph 3, sentence 1, and paragraph 5, of the MitbestG are met, the Mediation Committee is responsible for proposing candidates for appointment to the Executive Board and for proposing the dismissal of Executive Board members.

Members of the Mediation Committee:
— Dr. Wolfgang Porsche (Chairman)
— Hauke Stars
— Jordana Vogiatzi
— Harald Buck

Related Party Committee
The Related Party Committee regulates the so-called Related Party Transactions, that is, certain transactions between the company and related parties. The committee identifies and monitors transactions with companies and legal and natural persons that exceed the threshold of 1.5% of the balance sheet total. The committee evaluates, reviews, and decides whether the company's independence requirements are met, and potentially decides whether or not to approve such transactions.

Members of the Related Party Committee:
— Dr. Hans Michel Piëch
— Micaela le Divelec Lemmi
— Hauke Stars
— Wolfgang von Dühren
— Akan Isik

The newly established Presidential Committee and the Audit Committee have each met twice since October 2022. Each committee held one meeting as a videoconference and one in person. The other committees did not meet in the reporting year. The Presidential Committee focused on advising and recommending resolutions for the plenary session. Additionally, in its meeting in November, the Presidential Committee addressed the long-term succession plan in depth. In both of its meetings, the Audit Committee focused on financial reporting and the risk management, compliance, and audit reports in particular. It also advised on the focal points of the audit for 2022.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements of Dr. Ing. h.c. F. Porsche AG and the combined management report of Dr. Ing. h.c. F. Porsche AG and the Group for the 2022 financial year have been duly audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, and awarded an unqualified opinion. The same applies to the consolidated financial statements for the 2022 financial year that have been prepared in accordance with IFRS.

In its meeting on February 28, 2023, the Supervisory Board addressed the annual financial statements of the company, the consolidated financial statements, and the combined management report of Dr. Ing. h.c. F. Porsche AG and the Group for the 2022 financial year — including the nonfinancial report, the Corporate Governance Declaration, the remuneration report, and the proposed appropriation of profit — each of which received an unqualified opinion from the auditor. For preparation, the members of the Supervisory Board had extensive documentation at their disposal, including the consolidated financial statements prepared in accordance with IFRS, the combined management report and nonfinancial report of Dr. Ing. h.c. F. Porsche AG and the Group, as well as the Corporate Governance Declaration, the remuneration report, the annual financial statements of Dr. Ing. h.c. F. Porsche AG, the proposed appropriation of profit by the Executive Board, the audit reports of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, for the annual financial statements of Dr. Ing. h.c. F. Porsche AG and the consolidated financial statements, each for the 2022 financial year and each including the combined management report as well as the draft reports of the Supervisory Board and the Audit Committee.

The Audit Committee and the Supervisory Board examined these documents thoroughly and discussed them in depth in the presence of the auditor, who reported on the findings of the audit, especially the key audit matters and each audit procedure, including the conclusions, and was on hand to answer any additional questions and provide further information.

For the first time, the Executive Board and Supervisory Board have prepared a remuneration report for the year under review in accordance with section 162 of the AktG. Pursuant to section 162, paragraph 3, of the AktG, the remuneration report was examined by the auditor in order to verify whether the mandatory disclosures required by section 162, paragraph 1 and 2, of the AktG had been made. The auditor also audited the content beyond the minimum legal requirements. The auditor confirmed that the remuneration report is consistent with the accounting provisions of section 162 of the AktG in all material aspects. Pursuant to section 120a, paragraph 4, of the AktG, the remuneration report will be submitted to the Annual General Meeting for formal approval.

Based on the conclusive outcome of the audit by the Audit Committee and its own examination, the Supervisory Board accepted the results of the audit by the auditor. It concluded that it had no objections and formally approved the annual financial statements and combined management report, including the nonfinancial report, as prepared by the Executive Board. As such, the annual financial statements of Dr. Ing. h.c. F. Porsche AG for 2022 have been adopted. On this basis, the Supervisory Board accepted the Executive Board's proposed appropriation of profit. Furthermore, the Supervisory Board adopted the report of the Supervisory Board, the Corporate Governance Declaration, the remuneration report, and its proposed resolutions on agenda items of the 2023 Annual General Meeting.

CONFLICTS OF INTEREST AND HOW THEY ARE HANDLED

The Supervisory Board has clear rules designed to avoid potential conflicts of interest when its members offer advice and pass resolutions, and on how potential conflicts of interest are to be dealt with in exceptional cases. In particular, the Supervisory Board's Rules of Procedure require every member of the Supervisory Board to disclose a potential conflict of interest to the Chairman of the Supervisory Board immediately. Furthermore, depending on their scale and reach, conflicts of interest can result in the exclusion of the Supervisory Board member in question from voting on and potentially even consulting on the relevant agenda item.

Some members of the Supervisory Board of Porsche AG also sit on boards at Volkswagen AG and/or Porsche Automobil Holding SE. In order to avoid potential conflicts of interest in connection with these dual roles and in terms of the consulting and resolutions of the Supervisory Board of Porsche AG concerning the preparation and execution of the IPO, these Supervisory Board members, as a precautionary measure, did not involve themselves in the consulting and resolutions of the Supervisory Board of Porsche AG if they were acting on boards at Volkswagen AG or Porsche Automobil Holding SE and a conflict of interest could not be ruled out as a result. This has comprehensively ensured that the Supervisory Board members involved in the decisions and resolutions are serving the interests of Porsche AG exclusively.

No other conflicts of interest were reported or became evident in the reporting year.

SELF-ASSESSMENT BY THE SUPERVISORY BOARD

The German Corporate Governance Code requires the Supervisory Board to assess, at regular intervals, how effective it is as a whole and how its committees fulfill their tasks (this is known as self-assessment). In light of the short period of time since the restructuring of the Supervisory Board following the company's IPO, the Supervisory Board did not consider a self-assessment prudent or necessary. Therefore, the Supervisory Board intends to conduct a comprehensive examination of its work in the form of a self-assessment in the 2023 financial year. In particular, this examination will focus on the efficiency and effectiveness of the Supervisory Board's work, in line with the specifications of the German Corporate Governance Code. In particular, key subject areas will be the preparation, procedure, content, and topics of meetings, cooperation within the Supervisory Board, and collaboration with the Executive Board and the external auditor. The Supervisory Board intends to engage the support of an external consultant with extensive experience in corporate governance. The assessment of the discussions, including the suggestions regarding further improvements to the Supervisory Board's work, is to be presented to the Supervisory Board by the Chairman of the Supervisory Board and discussed by the members of the Supervisory Board. The particularities of the self-assessment procedure, as well as its results, will be published in the reports on the 2023 financial year.

DECLARATION OF CONFORMITY 2022

The recommendations and suggestions of the German Corporate Governance Code are important parameters for the actions and methods of the Supervisory Board. In the Declaration of Conformity of December 2022, the Executive Board and Supervisory Board explained the extent to which the recommendations of the German Corporate Governance Code have been followed since the company's IPO, and will be followed in the future.

The joint Declaration of Conformity by the Executive Board and Supervisory Board is published on the website ↗ **https://investor-relations.porsche.com/de/corporate-governance/**. For further disclosures regarding the implementation of the recommendations and suggestions of the German Corporate Governance Code, please refer to the Corporate Governance Declaration.

ACKNOWLEDGMENT

The Supervisory Board wishes to express its gratitude and recognition to the Executive Board and all employees for the work they have done in the extremely challenging financial year. Through their extraordinary personal commitment and sense of responsibility, they have all played an important part in making the 2022 financial year a successful one for Porsche AG and completing the IPO successfully.

Zuffenhausen, February 28, 2023

Dr. Wolfgang Porsche
Chairman of the Supervisory Board

MEMBERS OF THE SUPERVISORY BOARD

From left to right:

Knut Lofski, Akan Isik, Stefan Schaumburg, Carsten Schumacher, Micaela le Divelec Lemmi, Dr. Ferdinand Oliver Porsche, **Dr. Wolfgang Porsche** (Chairman of the Supervisory Board), Dr. Christian Dahlheim, Melissa Di Donato Roos, Hans Dieter Pötsch, Hauke Stars, Nora Leser, Vera Schalwig, Harald Buck, Dr. Hans Peter Schützinger, **Jordana Vogiatzi** (Deputy Chairman of the Supervisory Board), Dr. Arno Antlitz, Dr. Hans Michel Piëch, Wolfgang von Dühren (not present: Ibrahim Aslan, member of the Supervisory Board since December 6, 2022)

SUSTAINABILITY

Taycan Turbo S

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

SUSTAINABILITY ORGANIZATION

Sustainability is enshrined as a central cross-cutting issue in Porsche's Strategy 2030[1]. Throughout the Group, it is anchored in the organization with a clear internal structure and defined responsibilities. This way, the Porsche AG Group is able to address material topics systematically and effectively.

This is underpinned by the Group's sustainability guidelines. They contain binding rules for the entire Porsche AG Group concerning the organization, internal processes, topic management, project implementation, and communication of all sustainability topics. They enable the Porsche AG Group to ensure that the sustainability strategy is known and implemented throughout the Porsche AG Group.

For Porsche AG, the company's sustainability guidelines are seen as the counterpart of the Group's sustainability guidelines. The other Group companies have similar documents.

Sustainability is the responsibility of the Chairman of the Executive Board, supported by the Member of the Executive Board responsible for Production and Logistics and the Member of the Executive Board responsible for Procurement. Their role is that of overseers. The Executive Board is the highest body in charge of sustainable corporate development. It determines the fundamental strategic direction and concrete sustainability targets in regular strategy workshops. It also decides on particularly far-reaching measures and flagship projects.

The Sustainability department within the General Secretary and Corporate Development division is responsible for implementing the sustainability strategy and works continuously to optimize it. It realizes sustainability projects and manages the sustainability bodies of Porsche AG. In line with the Volkswagen Group Sustainability Guidelines, it also serves as the interface with the Volkswagen Group, where it represents the Porsche AG Group's sustainability management.

The Politics and Society department of the Communications, Sustainability, and Politics division is responsible for internal and external sustainability communications, strategic stakeholder involvement, and non-financial reporting. It engages in sustainability networks and represents the office of Porsche's Sustainability Council.

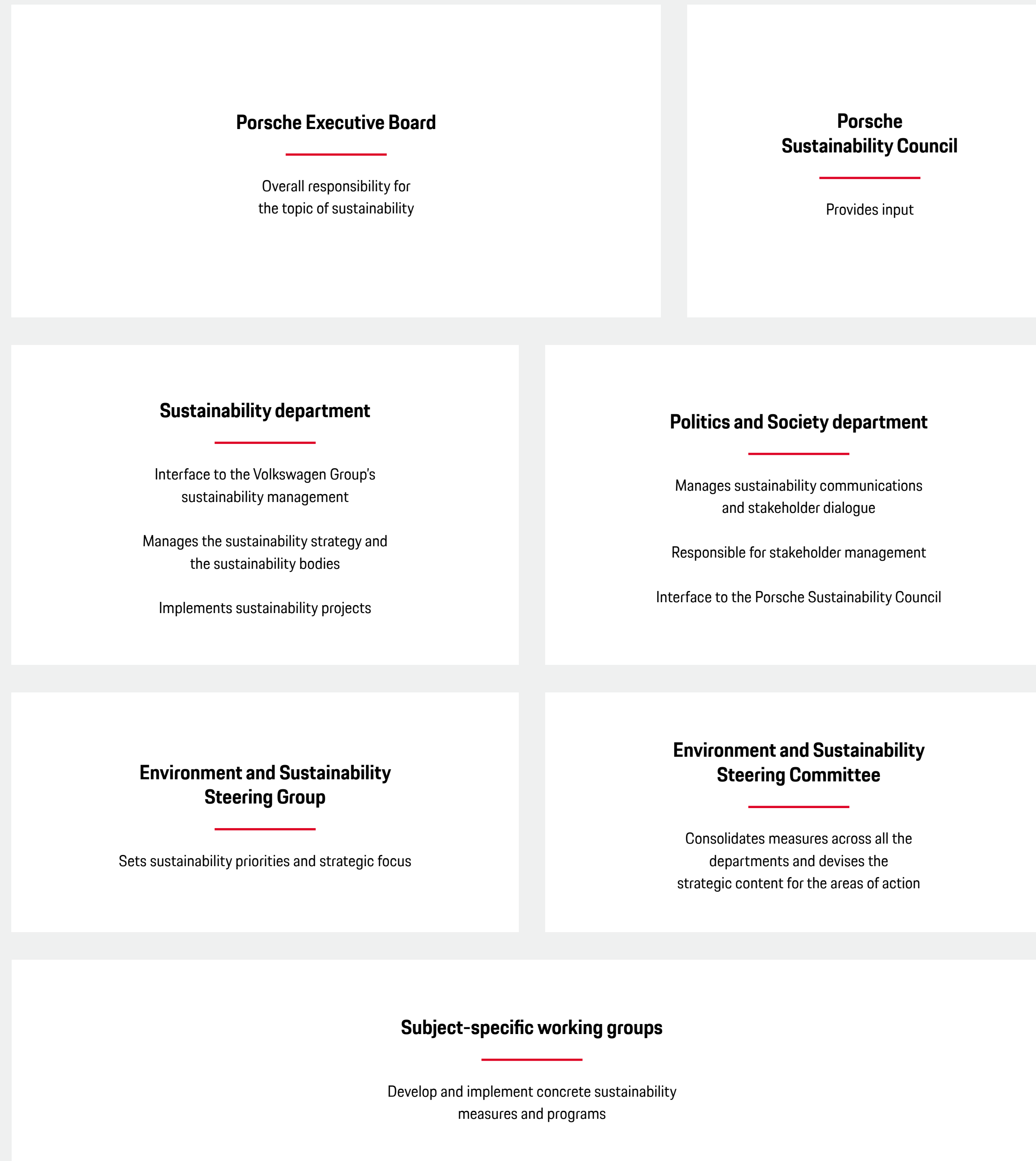
The Environment and Sustainability Steering Committee is a cross-departmental body comprising representatives of all the relevant departments. The Environment and Sustainability Steering Committee determines the direction and content of the sustainability strategy. It convened a total of eight times in the year under review. It also handles decisions regarding the road map and objectives within the strategy. The Environment and Sustainability Steering Committee forms working groups to prepare, evaluate, and refine individual topics, projects, and initiatives relating to sustainability. These assignments are issued by the Environment and Sustainability Steering Group, to which the Steering Committee reports.

The Environment and Sustainability Steering Group determines the focuses and direction of the sustainability strategy. The Environment and Sustainability Steering Group is composed of the heads of the main divisions. It can be expanded flexibly as required. It meets once a quarter and provides regular reports to the Executive Board. In doing so, it prepares its decisions regarding the sustainability strategy.

Another key body is the Porsche Sustainability Council. It was formed in 2016 and institutionalizes the stakeholder dialogue on sustainability. External specialists in business, science, politics, and civil society advise the Executive Board and top management regarding the strategic focus of sustainability on a regular basis. The members are independent and not bound by instructions. The Executive Board has given the Council far-reaching rights to information and consultation, as well as rights of initiative.

[1] The Porsche Strategy 2030 focuses on the four stakeholder dimensions: customers, society, employees, and investors. The Porsche AG Group aims to become more sustainable as part of its Strategy 2030. "Sustainability" is one of six cross-cutting strategies, together with "customer", "products", "digitalization", "organization" and "transformation".

An overview of sustainability organization



The Porsche Sustainability Council: Adnan Amin, Sarah Jastram, Klaus Töpfer, Raffaela Rein, Ortwin Renn, and Lucia Reisch (from left to right)

In 2022, the Porsche Sustainability Council held two meetings with the Porsche AG Executive Board. The key topics addressed were supply chain decarbonization, sustainability in sales, digitalization and non-fungible tokens (NFTs), partner to society, diversity, the conflict in Ukraine, and the significance of sustainability to the capital market.

Council members also held regular meetings with representatives of its office and with experts from the Porsche AG Group in the year under review. Additionally, the Porsche AG Group regularly involved members of the Council in the development of the Porsche AG Group's sustainability strategy as part of videoconferences.

SUSTAINABILITY MANAGEMENT

The automotive industry plays a key role in the transformation of business towards sustainability and the fight against climate change. Therefore, the Porsche AG Group intensified its sustainability activities in the year under review, developing the company systematically in line with the Sustainability Strategy 2030. Greater attention is being paid to the value chain as a whole in the process. The overriding objective is to anchor sustainability in all areas of its business activities.

The Sustainability Strategy 2030 classifies the key challenges facing the Porsche AG Group into six strategy fields:

- **Decarbonization**
- **Circular economy**
- **Diversity**
- **Partner to society**
- **Supply chain responsibility**
- **Governance and transparency**

The Sustainable Development Goals towards which Porsche is working:

The work done by the Porsche AG Group is systematically aligned with these fields of action. In doing so, the Porsche AG Group wishes to embrace its responsibility, bolster sustainable and value-creating growth, and reduce its environmental footprint continuously. It remains focused on the impact of its business activities and the expectations of its stakeholders all along the value chain.

The Porsche AG Group evaluates its progress continuously in all six fields of action of its Sustainability Strategy 2030. To this end, the Porsche AG Group regularly engages in dialogue with its internal and external stakeholders and with recognized experts. The Porsche AG Group then uses the findings from these dialogues to update its strategy as necessary.

The Porsche AG Group also aligns the six fields in the Sustainability Strategy 2030 and its related activities with the Sustainable Development Goals (SDGs) from the 2030 Agenda of the United Nations. These help guide the Porsche AG Group in its efforts to make its own business activities more sustainable. They indicate how economic progress, social justice, and environmental compatibility can be reconciled.

Strategy review 2022

The Porsche AG Group reviewed its sustainability strategy in the year under review by comparing its accomplishments so far against the challenges it still faces. Selected subsidiaries were also surveyed on the progress of the sustainability strategy. Building on this, the Porsche AG Group has continued to develop its sustainability strategy.

Materiality

→ GRI 3-1

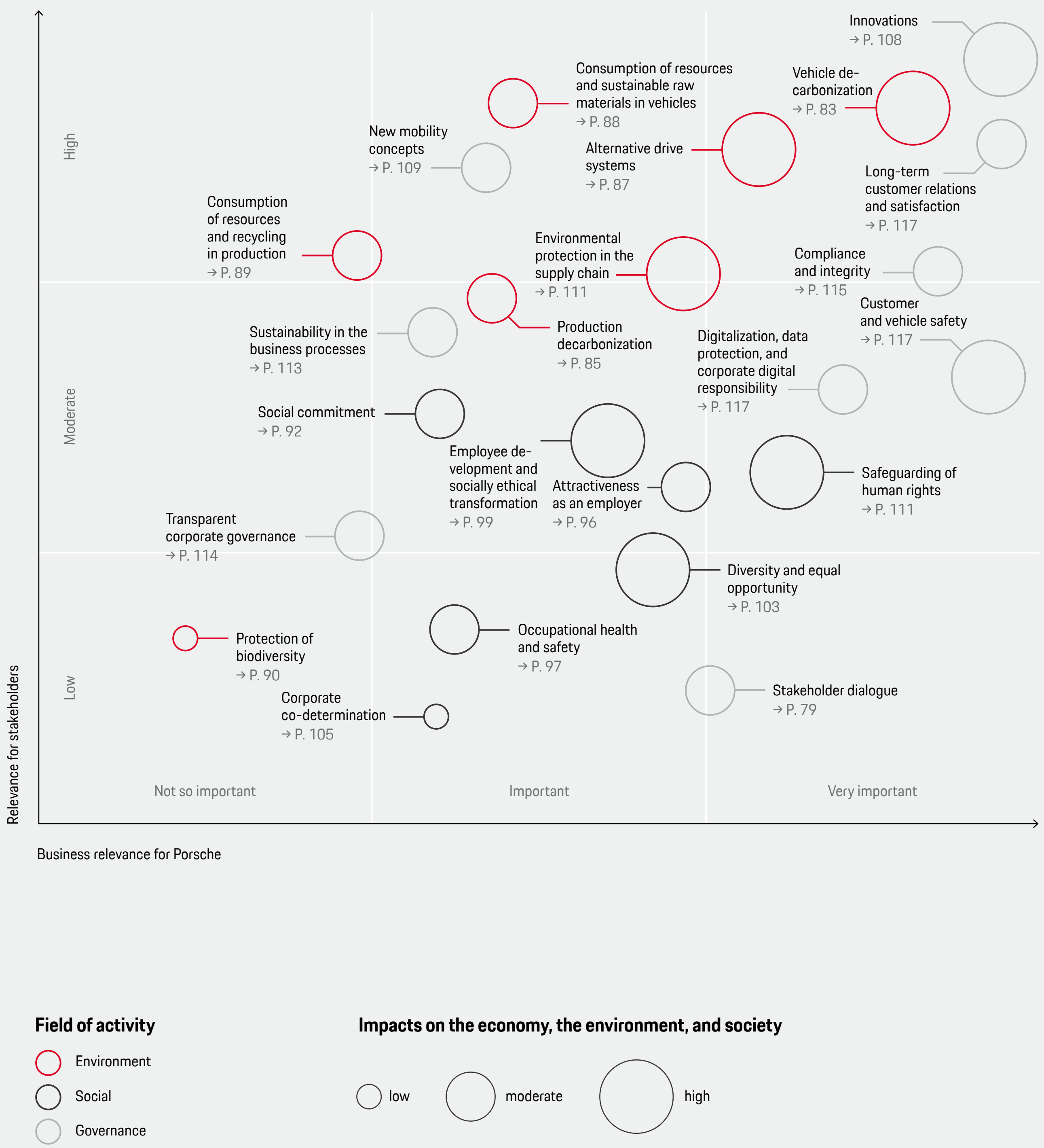
The currently valid materiality analysis of the Porsche AG Group was conducted in 2021. In this analysis, the Porsche AG Group evaluated and prioritized 23 sustainability topics in a multistage process. Customers, business partners, analysts and investors, politicians, and representatives of public authorities, media outlets, NGOs, and academia took part in the anonymous international online survey, as did Porsche's own employees. Internal and external assessments were factored into the results in equal measure. Additionally, expert interviews were held with the members of the Porsche Sustainability Council in person.

Internally, management representatives from all the relevant departments and representatives of the corporate strategy of the Porsche AG Group took part in materiality workshops. The participants indicated how strongly they believed each sustainability topic affects business development, the corporate strategy, and the business result. They also evaluated the impacts of the Porsche AG Group's business activities on the economy, the environment, and society. The Porsche AG Group combined the results with the external stakeholder evaluations to create a materiality matrix.

This materiality matrix sets the relevance for stakeholders against the relevance for Porsche. Different sizes of circle represent high, medium, and low impacts on the economy, the environment, and society. They are also color coded to symbolize the environment (red), society (gray), and governance (light gray).

The materiality matrix exemplifies the most important topics for the Porsche AG Group and its stakeholders, as well as their impacts on the economy, the environment, and social. The topics with the highest prioritization are in the top right. Some aspects differ from the 2019 materiality matrix in terms of their classification. For example, the topic of "Innovations" was included in the evaluation for the first time in 2021. It was deemed a core topic both by the external stakeholders and by the company's representatives.

Materiality matrix
→ GRI 3-2



Both parties also rated the relevance of "Long-term customer relations and satisfaction" more highly in 2021 than in 2019. The same went for "Consumption of resources and sustainable raw materials in vehicles" and "Digitalization, data protection, and corporate digital responsibility", which was featured in the survey for the first time. For the external stakeholders, the topic of "Compliance and integrity" was of exceptional importance.

The results of the materiality analysis were confirmed by the Environment and Sustainability Steering Group and Committee, and by the Executive Board. The next materiality analysis is scheduled for 2023.

The Porsche AG Group presents all the material topics and describes how they are addressed in the following sections. Other topics of relevance to the company are also included in the reports.

The findings of the materiality matrix make an important contribution to the further development of the Sustainability Strategy 2030.

Non-financial risks

No material non-financial ESG risks were identified within the Porsche AG Group in the year under review. For more information about ESG risks relating to the aspects of Section 289c HGB, see → **"Risk and opportunity report" in the combined management report.**

STAKEHOLDER COMMUNICATIONS, DIALOGUE, AND SURVEY

Stakeholder communications and dialogue

The business activities of the Porsche AG Group touch on the lives and interests of many people around the world. The Porsche AG Group engages in a proactive dialogue with its stakeholders and continuously expands this dialogue. The dialogue is centered on an open, transparent exchange of information and opinions. This is the foundation for mutual trust and acceptance.

With its holistic approach to stakeholder management, Porsche aims to systematically ascertain the expectations of individual stakeholders. The Porsche AG Group then reviews the feedback and factors the findings into strategic planning processes. The Porsche AG Group can identify key social trends by identifying the interests and perspectives of various stakeholders. They can then be incorporated into its commercial decision-making. In turn, the stakeholders learn more about how much flexibility the Porsche AG Group has to react to current changes, as well as the related requirements and general circumstances.

Porsche stakeholders

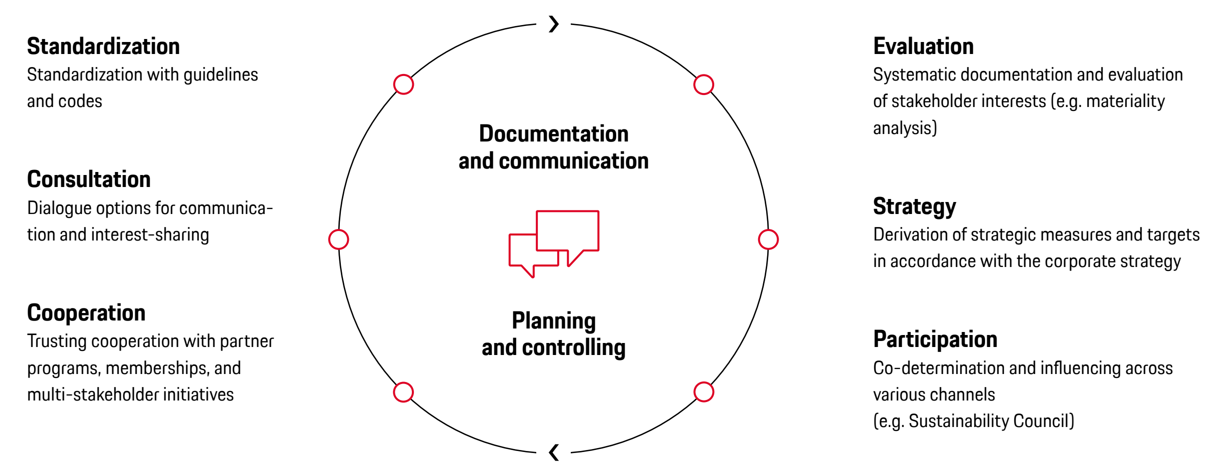
→ GRI 3-1

Identifying and involving stakeholders is immensely important to the Porsche AG Group when it comes to fulfilling its responsibility as a company. A stakeholder is any individual or group with an interest in a decision or activity of the Porsche AG Group, and thus a direct or indirect influence over the actions of the Porsche AG Group — or anyone who is influenced by the actions of the Porsche AG Group. The Porsche AG Group's most important stakeholders are determined on the basis of internal analyses as part of the regular stakeholder survey. The Porsche AG Group has identified the following key players: residents and communities, customers and business partners, investors and analysts, media, employees, policymakers and associations, non-governmental and charitable organizations, scientific community and experts, and competitors.

Selected stakeholder management tools

An exchange that is both strategic and beneficial for all sides must be based on trust. This serves as the foundations of any long-term relationship between the Porsche AG Group and its

Stakeholder management — a holistic approach



dialogue partners. Trusting exchange with our stakeholders must be geared towards the long term and be nurtured on an ongoing basis. The Porsche AG Group believes it is important for people to talk to one another, not about one another. The company aims to understand different positions by adopting different perspectives, jointly overcome challenges, and foster long-term partnerships. The Porsche AG Group does this by using different media and dialogue formats, as well as various internal and external communication channels.

The Porsche AG Group establishes and maintains personal contact in order to maintain a continuous dialogue with its stakeholders. For instance, this entails events like the Neighborhood Dialogues at the company's sites. Since 2016, these have given, among others, local residents the opportunity to regularly engage with experts from the Porsche AG Group and raise specific issues.

The Covid-19 pandemic and the legal requirements meant that the dialogue formats planned for the reporting year could not take place as normal. Instead, the Porsche AG Group increasingly drew on virtual exchange with the key figures and groups in order to obtain direct feedback and input. If necessary, stakeholders can contact the department responsible for sustainability directly using the email address ↗ **sustainability@porsche.com**.

Memberships and networks

The Porsche AG Group promotes economic, environmental, and social topics through its involvement in networks, sustainability initiatives, and working groups. This too is part of the Porsche AG Group's stakeholder dialogue.

In the year under review, Porsche AG joined the UN Global Compact, the world's largest and most important sustainable and responsible corporate governance initiative.

Dialogue with politics

When the Porsche AG Group makes business decisions, the consequences of its actions for society and the environment have to be assessed and incorporated into the internal processes. The Porsche AG Group operates in a complex and heavily regulated field. It is important to engage in transparent and proactive dialogue with representatives from governments, parliaments, authorities, associations, institutions, and representatives of civil society through political lobbying.

The employees of the Politics and Society department who are responsible for political lobbying work in and with associations at times. They are in regular contact with numerous nongovernmental organizations (NGO) as well as civil society, political, and business representatives. In doing so, they set out the positions of the Porsche AG Group in social and political discourse, as well as decision-making processes. This takes place in compliance with binding Group-wide guidelines, as well as in coordination with the Volkswagen Group. Its policy is based on the principles of integrity, compliance, transparency, and traceability. Competition and antitrust legislation, as well as other legal provisions, are always taken into account too. Porsche AG is registered in the Lobby Register (↗ **https://www.lobbyregister.bundestag.de**) for the purposes of lobbying the German Bundestag and the German government.

UN Global Compact

Porsche AG has been a member of the UN Global Compact, the world's largest and most important sustainable and responsible corporate governance initiative, since 2022. The platform for developing, implementing, and disclosing responsible business practices calls on companies to align their activities and strategies with the ten generally recognized principles in the fields of human rights, labor, environment, and corruption prevention. They are also called on to take action to contribute to the United Nations Sustainable Development Goals. Porsche AG will report to the UN Global Compact on its activities in these fields on a regular basis.

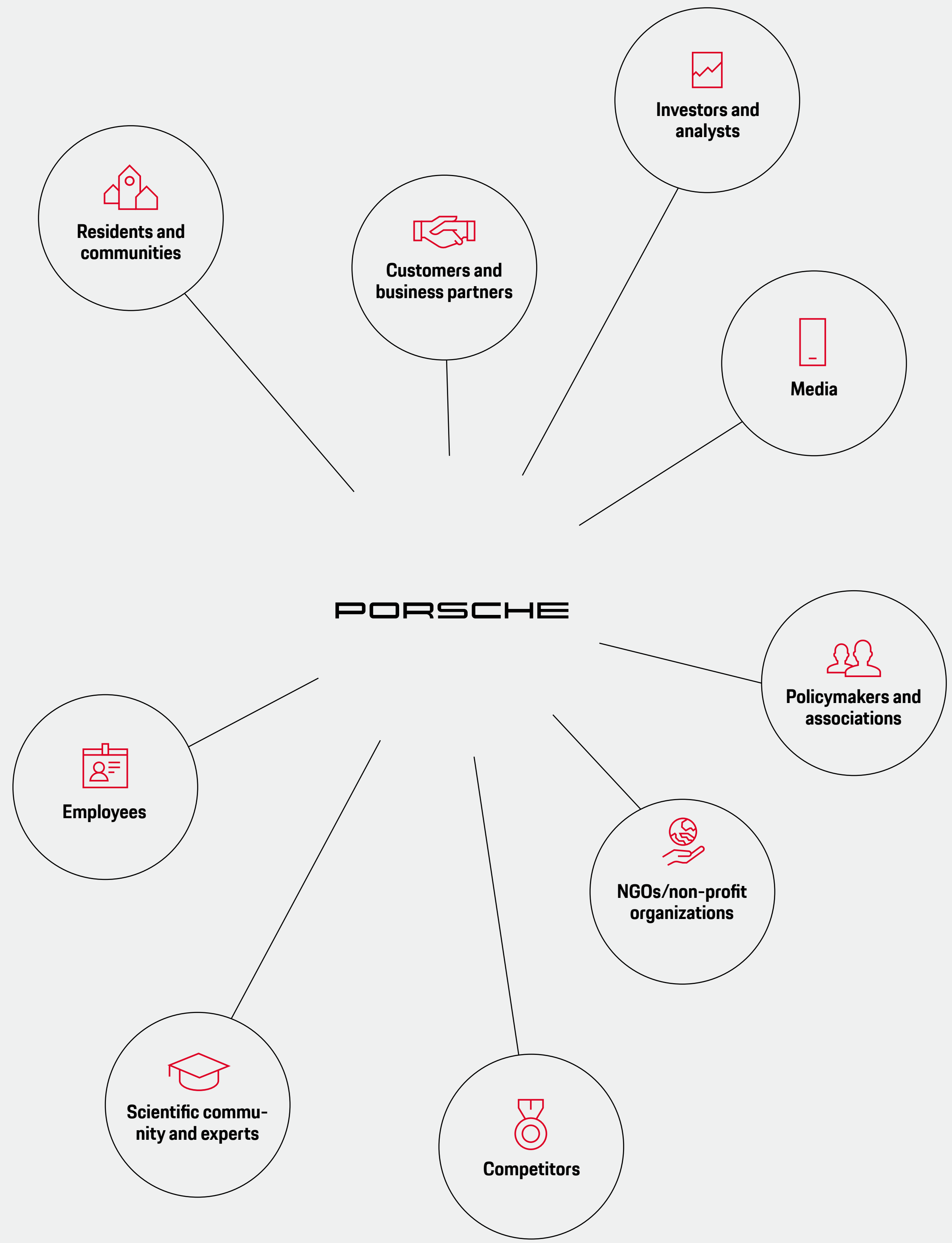
The UN Global Compact was founded in 2000. It is one of the largest sustainability initiatives in the world, with more than 19,000 companies and organizations in more than 160 countries.

In the coming financial year, the Porsche AG Group will continue to contribute to the working groups in the existing networks. Likewise, the Porsche AG Group is striving to join other sustainability networks and engage with them.

WE SUPPORT
UN GLOBAL COMPACT

Porsche stakeholders

The most important Porsche stakeholders as determined by internal analyses.



The Porsche AG Group does not maintain any representative offices of its own. Therefore, political lobbying is handled by the Volkswagen Group's representative offices in Berlin and Brussels.

The following list features a selection of associations and groups of which the Porsche AG Group is a member:

— German Association of the Automotive Industry (VDA)
— Südwestmetall (Baden-Württemberg employers' association for the metal and electrical industry)
— Chamber of Commerce and Industry of the Stuttgart Region (IHK)
— Leipzig Chamber of Commerce and Industry (IHK)
— American Chamber of Commerce in Germany e. V. (AmCham Germany)
— United Nations Global Compact
— German Environmental Management Association (B.A.U.M.)
— German Business Ethics Network (DNWE)
— Society for the Advancement of the Kiel Institute for the World Economy
— The Industry Association of Baden-Württemberg (LVI)
— Responsible Mica Initiative (RMI)
— Value Balancing Alliance

The Porsche AG Group is working to promote a Europe that is harmonious, sustainable, and internationally competitive. The European Single Market, cross-border trade, the free movement of workers, and the sharing of knowledge are important prerequisites for the Porsche AG Group to be competitive. The Porsche AG Group welcomes the European Green Deal as a key framework for future action, and supports the Paris Agreement including the 1.5-degree target. The Porsche AG Group supports free, sustainable, fair, and rules-based international trading relationships.

As a matter of course, the Porsche AG Group remains impartial in its dealings with political parties and interest groups. The Porsche AG Group does not donate to political parties. During the reporting year, it incurred no expenditure related to supporting party events, advertising in publications affiliated with parties, or external lobbying agencies or services.

Complaints management

The Porsche AG Group logs its internal and external stakeholders' questions, suggestions, and concerns and advises its subsidiaries on how to communicate with stakeholders. The complaints management function in the Politics and Society department and in the Environment and Construction Management department at Porsche's site in Stuttgart-Zuffenhausen serves as the central contact point regarding complaints and suggestions for improvements. This enables Porsche AG to respond more quickly, if necessary. The contact information is accessible and visible to the public. Complaints are received, addressed internally, answered, and documented via the email address ↗ **nachgefragt@porsche.de** and by phone.

Stakeholder survey

Since 2013, the Porsche AG Group has asked its stakeholders about their views and expectations on sustainability and future challenges. This exchange and the materiality analysis process based on it previously took place every two years. They serve as the cornerstones of reporting on and the reviewing and further development of the Porsche AG Group's sustainability strategy. In keeping with the schedule, no stakeholder survey took place in the year under review.

Before conducting the anonymous international online survey in 2021, the Porsche AG Group had modified the selection of sustainability aspects after consulting internal and external experts, taking into account recent changes and incorporating relevant topics from the Sustainability Strategy 2030. The survey featured 23 key topics. In total, 1,440 people responded, with around 84% of responses coming from European markets and approximately 14% from China. 2% of the responses came from other international markets, but were allocated to Europe due to their low numbers. Alongside customers, business partners, analysts and investors, politicians, and representatives of public authorities, media outlets, and representatives from NGOs and academia, the Porsche AG Group surveyed a large number of employees. Owing to the abundance of employee responses, the opinions of the internal and external stakeholders were assessed using a 50:50 weighting. The Porsche AG Group weighted the responses from individual external stakeholder groups equally. The methodology and weightings are comparable to those of the previous survey conducted in 2019.

The members of the Porsche Sustainability Council also commented on the sustainability topics relevant to the company in personal expert interviews. They discussed their input with the Executive Board in the year under review. Overall, they praised the incorporation of their feedback into the corporate strategy and the Executive Board's active sustainability practices. At the same time, they called for greater attention to be paid to diversity and the socially ethical transformation of the Porsche AG Group.

ENVIRONMENT

Environmental and climate protection is one of the greatest challenges facing the world. The Porsche AG Group is aware of its responsibility in this context and has signed up to the targets agreed in the Paris Agreement in 2015. Porsche AG has also set itself its own ambitious targets. It aims to restructure key products and its use of raw materials with a view to building a net carbon neutral future in which resources are used responsibly. Important ways open to the Porsche AG Group include vehicle decarbonization, the development of alternative drive systems, making increasing use of sustainable materials, closing resource cycles, and enforcing strict environmental standards in its supply chain.

› STRATEGY FIELD DECARBONIZATION

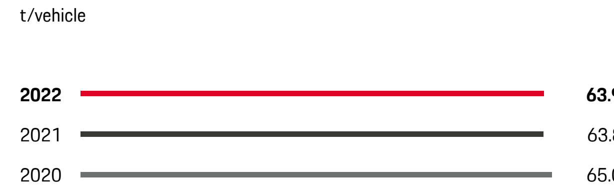
The product portfolio represents the core of the Porsche AG Group's activities: the Porsche AG Group is shaping the mobility of the future with innovative products and technologies and attractive services. In particular, these include future-oriented drive concepts that cause significantly lower CO_2 emissions.

It is focusing on electromobility in particular: half of all new Porsche models are to have an electric motor, in other words be all-electric or partially electric, by 2025. Over 80% of new Porsche models are then to be fully electric by 2030. Porsche entered this era back in 2019 with the fully electric Taycan.

Building on its electrification strategy, the Porsche AG Group is striving to further reduce the average CO_2 emissions of its products and business processes. The Porsche AG Group has anchored this goal in its strategy for the entire life cycle of its vehicles. In addition to the CO_2 emissions caused by vehicle production, it takes into account the emissions in its upstream vehicle supply chain and during a vehicle's downstream use-phase, right up to disassembly for recycling at the end of the vehicle's life.

In cooperation with the Volkswagen Group, Porsche AG calculates the volume of greenhouse gas emissions, in tons of CO_2 equivalents per vehicle, all along the value chain using the Decarbonization Index (DCI)[1] → **"Vehicle decarbonization"**.

Decarbonization Index (DCI) of Porsche AG



[1] Due to the changes to the previous methods of collecting logistical data, the actual value for the 2022 financial year is currently unavailable as a calculation basis. In the reporting year, logistical data were therefore acquired on the basis of the average CO_2 emissions of the part of the Volkswagen Group (excluding the Porsche AG Group) included in the DCI for the 2022 financial year, multiplied by 1.3. This value is higher than in the previous reporting year.

[2] In deviation from the publication in the previous year, the DCI value for 2020 has been adjusted from 65.3 to 65.0 t/vehicle. The difference is due to CO_2 reduction measures in the supply chain.

VEHICLE DECARBONIZATION (DECARBONIZATION PROGRAM)

Advancing climate change means the global automotive industry has obligations. Newly developed vehicles and drive systems need to contribute to a significant reduction in global CO_2 pollution. Therefore, the Porsche AG Group aims to reduce the CO_2 emissions of its entire value chain, including throughout its vehicles' life cycles. The Porsche AG Group is intensively

[1] The Porsche AG Group bases its calculation of the DCI on, among other things, assumptions which are founded on statistics. The Porsche AG Group uses model-based calculations to obtain the DCI on the basis of premises and values specific to the Porsche AG Group, as well as data from Life Cycle Assessment (LCA) databases. A vehicle is assumed to have a total mileage of 200,000 km. Vehicle servicing is not factored into the calculation. Inaccuracies cannot be ruled out of the modeling. The target of net carbon neutrality in 2030 is founded on averaging and involves offsetting. (GRI 2-4)

expediting the electrification and hybridization of its range of vehicles to this end. The vehicles are at the heart of an extensive and comprehensive decarbonization program.

Target: decarbonization and net carbon neutrality

The Porsche AG Group has initiated an extensive decarbonization program. The Porsche AG Group aims to be net carbon neutral[1] across the entire value chain of its vehicles by 2030. This is its contribution to the UN's climate targets being achieved.

The decarbonization program contains concrete measures. They are based on three guiding principles, which also represent the priorities in descending order: the decarbonization program contains concrete measures. They are based on three guiding principles, which also represent the priorities in descending order: at the top of the list are measures to avoid or reduce CO_2 emissions. Second come measures designed to switch the energy sources used in the value chain to less CO_2-intensive or to renewable energies. Thirdly, unavoidable CO_2 emissions (especially emissions that are technically unavoidable or only avoidable at unreasonable economic cost) are offset via carbon offset projects. These projects are expected to comply with strict, internationally recognized standards.

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

Decarbonization Index

The Decarbonization Index (DCI) is a meaningful instrument for reporting and controlling progress across all the divisions. The goal of the DCI is to present the emissions in CO_2 equivalents throughout the entire value chain. It is based on a life cycle assessment of the vehicles. A life cycle assessment examines environmental impacts such as the CO_2 footprint caused throughout a vehicle's life cycle during manufacture, use, and recycling. This encompasses the following:

— **Supply chain and production**
This includes selected emissions generated during raw material extraction, component production, body construction, paintwork, and assembly.

— **Use-phase**
The use-phase encompasses the CO_2 emissions related to power supply for battery electric vehicles and the tailpipe CO_2 emissions for internal combustion engines, as well as the CO_2 emissions of upstream fuel chains on the basis of average, region-specific consumption values over an assumed total mileage of 200,000 km per vehicle.

— **Recycling**
Recycling includes emissions caused by selected disassembly processes.

The DCI also records other emissions within the value chain, such as business trip and logistics emissions.

It includes both direct and indirect CO_2 emissions of production sites (Scope 1 and 2) as well as additional upstream and downstream CO_2 emissions, from raw material extraction to recycling (Scope 3).

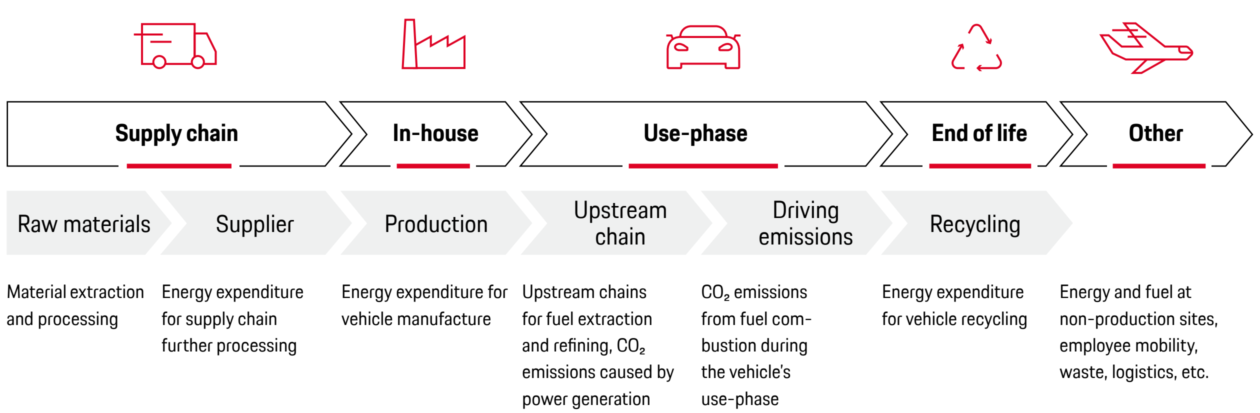
In cooperation with the Volkswagen Group, Porsche AG modifies the composition, valuation methods, and methodology of the DCI on a regular basis, due to changes in internal or external requirements (such as test cycles), or in light of advancements in findings. DCI values previously published can therefore be adapted to new premises and be changed for the purposes of obtaining a methodologically consistent time series.

The DCI is the most important strategic performance indicator in terms of the transparent, comprehensive management of the company's progress towards net carbon neutrality. At Porsche AG, the DCI on a company level is reported by committees up to the level of the Executive Board. With regard to the DCI on a vehicle level, the product development process for individual vehicles involves regular reporting to the relevant Executive Board committees.

The DCI increased slightly by 0.2% year-on-year, even though measures were put in place to accelerate the reduction of CO_2. This was essentially due to increased consumption by fleet vehicles resulting from supply chain bottlenecks and the limited availability of parts for the first all-electric Taycan model.

More information about vehicle decarbonization is available in the → **non-financial statement.**

Decarbonization Index



PRODUCTION DECARBONIZATION

As part of its decarbonization program, the Porsche AG Group has already reduced the CO_2 emissions per vehicle produced of its own production activities by more than 98% since 2014. Its own production activities are a stepping stone in its efforts to continuously reduce the CO_2 emissions of the Porsche AG Group and throughout the life cycles of its products. Furthermore, the overarching goal is to reduce five selected types of environmental pollution caused by the production of each vehicle (energy, water, waste for removal, volatile organic compounds [VOC], and CO_2) by 45% by 2025 compared to 2014.

Environmental compliance

Environmental protection is a compliance topic at the Porsche AG Group. Europe-wide regulations and directives, German national laws, federal state laws and ordinances, and municipal bylaws must be observed. We are not aware of any violations of environmental or energy legislation regulations at company sites in the reporting period.

Porsche presents all environmental compliance requirements in its environmental compliance management system (ECMS), which is part of the Porsche AG Group's overall management system. The ECMS requirements are based on the specifications of the Volkswagen Group.

As a Group guideline, the environmental compliance management system (ECMS) standardizes the procedure, responsibilities, and processes in connection with environmental and energy-related matters throughout the Porsche AG Group.

The implementation of necessary measures is the responsibility of the Member of the Executive Board responsible for Production and Logistics, who is assisted by the Environment and Energy Management department. It turns the specifications of the Volkswagen Group into specifications for the Porsche AG Group. Officers from this department follow the relevant legal developments, evaluating their impact on the company and informing the affected areas.

Additionally, the Porsche AG Group formed the Environmental Compliance Management Committee in the year under review. Its members are from different divisions and Group companies on an international level. The committee is expected to meet twice a year with all members, and an additional four times a year on a national level. It provides information about legal compliance at the German sites and offers examples for handling German legislation and potential international transferability. The committee also provides information about overarching strategic goals and measures.

Certified management systems

The strategy of the Porsche AG Group defines short-, medium-, and long-term environmental and energy management measures on the basis of its environmental policy. Top management evaluates these targets and measures at least once a year and determines what action is required for further improvements to be made.

Stuttgart-Zuffenhausen is a trailblazer in this context: the Porsche AG Group has noted effects on the environment, including all relevant pollution in the air and water, energy consumption, and waste volumes. The site has met the requirements of the European Eco-Management and Audit Scheme (EMAS) for over 20 years, the environmental management standard ISO 14001 since 1999, and the energy management standard ISO 50001 since 2011.

Additionally, Porsche Leipzig GmbH, the Research and Development Center in Weissach including its external locations, the central parts warehouse in Sachsenheim, and Porsche Werkzeugbau GmbH have all been certified as compliant with ISO 14001 and ISO 50001.

Independent third parties audit the official certifications on a regular basis. In addition, annual system and process audits are conducted at random in order to verify that the Porsche AG Group is adhering to the relevant environmental and energy legislation.

Efficient use of energy

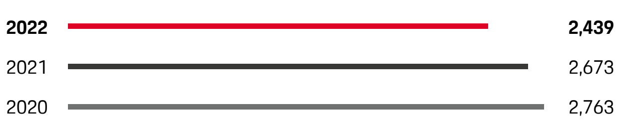
Since 2017, Porsche AG and Porsche Leipzig GmbH have exclusively used electricity from renewable energy sources. The production sites in Stuttgart-Zuffenhausen and Leipzig obtain their energy from green electricity and biomethane. Leipzig also obtains district heating from biomass.

At some sites, the Porsche AG Group generates its own renewable electricity. The Porsche AG Group is subsidizing this share and aims to increase it continuously. In Leipzig, for example, a 4 MWp photovoltaic system generates electricity for the company's own consumption. Additionally, a highly efficient combined heat and power plant generates some of the extra energy that is needed.

The Porsche AG Group aims to exceed the minimum legal energy efficiency requirements in new buildings and has set its own minimum criteria.

Energy consumption of vehicle production sites[1]

kWh/vehicle



[1] Sites in Stuttgart-Zuffenhausen and Leipzig.

Zero-impact factory

The Porsche AG Group is pursuing the vision of a zero-impact factory at its vehicle production sites, in other words production that has the smallest negative impact on the environment possible.

Direct and indirect greenhouse gas emissions from vehicle production sites[1]

kg/vehicle

[1] Sites in Stuttgart-Zuffenhausen and Leipzig.

The vision of a zero-impact factory involves eleven areas of action:

— Environmental compliance
— Architecture and perception
— Planning
— Digitalization
— Water
— Energy and CO_2
— Materials
— Soil
— Biodiversity
— Pollutants
— Mobility

With this vision of a zero-impact factory, the Porsche AG Group wants to reduce its environmental impact by means of selected key performance indicator (KPI) and additional qualitative criteria. The vision aims to reduce the environmental impact of Porsche's internal production activities by 95% by 2030 compared to 2018. One exception is the development site in Weissach, where the environmental impact is to shrink by 50% by 2030 compared to 2018, and by 95% by 2040.

In particular, the production sites in Stuttgart-Zuffenhausen and Leipzig are well on the way to realizing the vision of a zero-impact factory: Stuttgart-Zuffenhausen, for example, has been building the fully electric Taycan in a newly built plant in a net carbon neutral process since 2019. All types of environmental pollution, such as energy and resource consumption, water, waste, and sustainable mobility, are being taken into account. On average, the new buildings need 15% less energy than the previous building standard, which makes them surpass the minimum legal requirements.

As part of this structural expansion, Porsche AG has optimized the entire site in Stuttgart-Zuffenhausen, which is now fully net carbon neutral. For example, there are highly efficient Combined Heat and Power Plant (CHP) plants not far from the production and office buildings. It is beneficial that plants with extremely constant heat requirements are installed nearby, such as the paint shop, where the immersion baths and drying areas require a continuous supply of process heat.

With biomethane from organic waste and residues, the plants even generate some of the electrical energy used by the site in an environmentally friendly fashion. The Porsche AG Group offsets the rest of the site's CO_2 emissions.

ALTERNATIVE DRIVE SYSTEMS

In light of the advantages of e-mobility, the Porsche AG Group has decided to adopt a systematic electrification strategy. With this path it has chosen, Porsche AG is seeking to establish itself as a technology leader. Its drive strategy is based on three pillars: petrol engines, hybrid drives, and all-electric drives. As such, the Porsche AG Group reflects the demands and needs of the customers, the environment, and policymakers. Furthermore, the Porsche AG Group complements the three pillars by the use of new technologies available in the market, such as eFuels. An electric vehicle causes fewer CO_2 emissions than a comparable vehicle with an internal combustion engine. As renewable energies can be used during an electric vehicle's use-phase, one of the biggest levers for reducing the CO_2 footprint can be found in this area. The Porsche AG Group is looking to use sustainable energy sources such as wind and solar power in the process.

Promote electrification sustainably

Porsche AG is systematically expanding its range of electromobility offerings. The proportion of new vehicles with all-electric drives is to increase to more than 80% by 2030. Furthermore, Porsche AG aims to be net carbon neutral across the entire value chain by 2030. This vision also includes a net carbon neutral use-phase for all-electric models[1].

Over the next five years, the Porsche AG Group plans to invest more than €20 billion in electrification and digitalization, with a special focus on vehicle projects. Additionally, at least 50% of all newly sold vehicles are to be electrified by 2025, i.e., be all-electric or plug-in hybrid electric vehicles (PHEVs).

Massive expansion of charging infrastructure

To make the breakthrough, e-mobility needs an accessible, available charging infrastructure that meets demand and provides a customer-friendly charging process. The Porsche AG Group is taking a holistic approach to this. That is why the Porsche AG Group is working continuously on upgrading charging technologies and charging infrastructure. New products and services are set to turn charging into a personal customer experience that is fast and attractive.

That is why, last year, the Porsche AG Group took part in another round of funding for the joint venture IONITY, which currently operates a network of around 450 charging stations throughout Europe. In March 2022, Porsche AG also announced its plan to build a fast-charging network of up to 80 stations along main traffic routes in Europe.

[1] Usage includes the "tailpipe" CO_2 emissions of the fuel or electricity supply based on an assumed total mileage of 200,000 km or 124,274 miles per vehicle, according to the WLTP.

Additionally, the Porsche AG Group provides its customers with charging options in the form of Porsche Destination Charging. This service already features more than 5,000 Porsche charging points in 80 countries around the world. They are situated in selected hotels, restaurants, shopping malls, sports clubs, and marinas. Guests at these destinations who drive an electric Porsche can take advantage of free vehicle charging.

The Porsche Charging Service even enables Porsche customers to connect to more than 300,000 third-party charging stations around the world.

The Porsche AG Group also delivers home charging solutions: with a Porsche Mobile Charger, which is built in-house by Porsche, customers can fully charge the battery in their Taycan with up to 22 kW.

Alternative fuels

In addition to this, Porsche AG is exploring other ways to reduce the CO_2 emissions of vehicles with petrol engines and hybrid drives in certain areas by means of efficiency measures. Porsche AG is making use of what are known as eFuels: synthetic, liquid fuels. These are made of hydrogen obtained exclusively using renewable energy and non-fossil carbon dioxide extracted from, for example, the ambient air.

Together with partners in science and industry, Porsche AG is working to develop these alternative fuels on an industrial scale. In doing so, Porsche AG is seeking to develop world-class sites: these are sites at which synthetic fuels can be manufactured under optimal conditions. One important factor in this context is the availability of renewable energy that other industries are not competing to use. Overall, more sources of renewable energy have to be made available in order to bolster the competitiveness of these new energy carriers.

In the year under review, Porsche AG and Siemens Energy worked with a number of international companies to build an industrial eFuels production plant in Punta Arenas, Chile. This site boasts very good parameters in comparison to elsewhere in the world, with consistent and strong winds. This results in very low power generation costs and therefore also low production costs. Furthermore, additional renewable energy is generated which does not compete with other industrial needs. Initially, a pilot facility has been built on this world-class site, and is expected to produce around 130,000 liters of eFuels per year. Production began in the fourth quarter of the year under review. In two phases, capacity will be increased to around 55 million liters of eFuels from 2025 and by another approximately 550 million liters of eFuels from 2028.

More information about alternative drive systems is available in the → non-financial statement.

The transition of Porsche models towards electromobility is a significant step. At the same time, entering the strategy field of a circular economy is a key element of Porsche AG's sustainability strategy. Under this principle, materials are to be designed, built, repaired, and recycled in such a way that as little waste as possible is produced. Porsche is striving to use circular materials in its vehicles and develop repair and reconditioning policies. Circular materials often have advantages over other aspects of sustainability, such as in terms of their CO_2 footprint.

The basic criteria of Porsche's principle of a circular economy are the longevity of its vehicles, quality workmanship, and the use of low-wear materials. Porsche AG aims to intensify its engagement on this front. Porsche AG has therefore set itself the goal of closing material cycles.

The transition to a circular economy is also reflected in the vision of the production of the future: According to the vision of a zero-impact factory (for more information, see → **"Production decarbonization"**) as many negative environmental impacts as possible should be avoided in production processes.

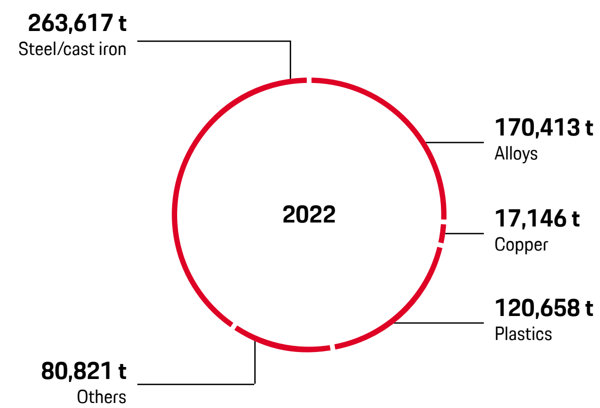
CONSUMPTION OF RESOURCES AND SUSTAINABLE RAW MATERIALS IN VEHICLES

Many of the raw materials used in automobile production are finite or their extraction has a direct impact on the environment. That is why Porsche AG is working to make efficient use of the materials used in its vehicles. Where technically possible, it is also reducing its primary raw material needs. That is why the Porsche AG Group has anchored targets for the use of circular materials in all new all-electric vehicle projects where production begins after 2026. For example, these targets involve the use of recycled plastic and metal.

Efficient use of resources

To promote the use of sustainable materials, Porsche AG has defined criteria that materials have to meet. These criteria are considered met if, for example, their application makes a significant contribution to at least one environmental target without impeding other sustainability goals. This means that, compared to conventional materials, clear advantages will be generated throughout the life cycle.

Material consumption of Porsche AG



Porsche AG has paved the way organizationally, on a strategic level and within the individual divisions and series, for the goals to be pursued in a systematic manner. In doing so, it has integrated the vehicle goals into the series' target systems and related processes. Selected business divisions are involved in the implementation process.

Alongside this, Porsche AG continues to work on lightweight construction in order to reduce vehicle weight and, in turn, the CO_2 emissions from vehicle use. Lightweight batteries are used in addition to aluminum in the bodywork and carbon fiber-reinforced plastic in the front, side, and rear windows.

Porsche AG aims to continuously improve battery production together with its suppliers, such as by using electricity from renewable energy sources in the upstream supply chain. By increasing energy density and power intensity, the amount of raw materials used in traction batteries can be reduced even further without affecting the range of the vehicle.

In cooperation with the Volkswagen Group and expert development partners, Porsche AG is also optimizing a procedure to recycle high-voltage batteries. In 2021, Porsche and CUSTOMCELLS GmbH founded the Cellforce Group to make it possible to build exceptionally powerful yet also more sustainable batteries. They aim to develop a new battery standard that delivers better range with a higher energy density and improved fast-charging capability. The Cellforce Group has signed agreements with partner companies to recycle production waste into new cathode material for future batteries. This is expected to bolster resilient European supply chains.

As high-voltage batteries contain a considerable percentage of valuable raw materials, Porsche AG is taking a holistic approach. To reduce waste, a repair concept has been developed for the Taycan that makes it possible to open the battery housing and replace each of the 28 or 33 installed battery modules, as well as other components. After operation in a vehicle, other options such as battery recycling by expert partners are evaluated. Porsche is currently examining advanced strategies known as second-life recycling for high-voltage batteries.

Sustainable raw materials at Porsche sites

The concept of a circular economy is anchored in the sustainability strategy of the Porsche AG Group as a field of action focused on the efficient use of resources. Therefore, more and more aspects of the circular economy are gradually being taken into account at Porsche's sites. In the case of the Taycan and Cayenne, for example, the material used to protect door coverings and hoods in transit has been switched out for a mono material that is more than 99% recyclable. Porsche AG has formed cross-departmental committees in order to work continuously on improvements to its circular economy.

More information about the consumption of resources and sustainable raw materials in vehicles is available in the → **non-financial statement.**

CONSUMPTION OF RESOURCES AND RECYCLING IN PRODUCTION

The Porsche AG Group aims for a production with the lowest possible negative impact on the environment. Technology, processes, and logistics can all have a positive effect on resource consumption. Examples of this include using water efficiently on the basis of circulation systems and multiple reuse, and the careful handling of contaminated production wastewater.

The consumption of resources cannot be reduced without the commitment and involvement of the workforce. That is why the Porsche AG Group organizes a variety of initiatives designed to raise employee awareness of the subject matter, such as online training. Since 2015, more than 400 individual resource efficiency measures have been processed and put into practice. Other new measures follow on a regular basis.

Resource efficiency

In addition to reducing costs, responsible use of natural resources has a positive effect on the environment. The Porsche AG Group therefore continuously optimizes its processes. For instance, Porsche AG has once again modified the technical processes in its paint shops. In doing so, for example, it has further reduced the amount of water consumed by each cathodic dip coating process. By optimizing a pre-existing paint shop, the Stuttgart-Zuffenhausen site has been able to save over 850,000 kWh of heat energy.

Waste management

Porsche AG and Porsche Leipzig GmbH's waste management system is based on a closed-loop system. As part of the vision of the zero-impact factory, waste is to be avoided and materials increasingly recycled. This will reduce the need for natural resources and thus make a significant contribution to their conservation. That is why avoiding waste and utilizing low-waste technology and sustainable disposal solutions are key elements of Porsche's waste management strategy. The company's "Environmental protection" resource regulation serves as an internal guideline and is also binding on suppliers.

Porsche AG and Porsche Leipzig GmbH have a system for collecting and separating unavoidable waste that is set for removal. Wherever waste is produced, there are bins which are labeled according to the different types of waste. The valuable materials in the waste can then be used in the subsequent waste disposal process. In addition, when looking to award waste contracts, Porsche AG and Porsche Leipzig GmbH pay special attention to disposal facilities that offer a materials recycling process. Any identified room for improvement is examined by Porsche AG and Porsche Leipzig GmbH's waste management officers on a continuous basis.

The levels of waste can be tracked by means of digital waste logging. This helps with the tracking of target achievement and compliance with the statutory documentation obligations.

Water and effluents

Water is becoming increasingly scarce as a resource. Porsche AG and Porsche Leipzig GmbH therefore use it prudently. The aim is to reduce water consumption and the production of effluents, thereby lessening the environmental impact of drinking water and groundwater shortages. Since 2014, the company has reduced the water consumption per vehicle produced of its own production activities by more than 19%.

Porsche AG and Porsche Leipzig GmbH operate in-house process facilities, such as vehicle leak testing equipment and washing equipment, largely in a closed-loop system. The paint shops conserve water by using cascade rinsing to recycle water, while bath treatment helps to extend life in pretreatment and in dip coating. The wastewater generated in vehicle production is pretreated in approved systems. This removes or reduces pollutants. The effluents are regularly analyzed and monitored in accordance with the requirements of the authorities.

All the water pollutants of all hazard classes produced at Porsche AG and Porsche Leipzig GmbH are transported, filled into containers, stored, or reused on site. The Porsche AG Group has reduced the risk of production interruptions when handling water-polluting substances by raising awareness among the employees, fitting technical protective devices to the production systems, and installing binding agent stations at outdoor locations.

Environmentally friendly transportation logistics

Throughout the value chain, Porsche AG's logistics operations use the available CO_2 reduction potential. In the process, a number of decarbonization measures are identified and implemented continuously.

CO_2 emission reduction measures are the highest priority. One concrete example is the use of Longer Heavier Vehicles (LHV) for deliveries of materials (inbound logistics) and for finished vehicle transportation (outbound logistics). A LHV can transport eight instead of the usual six or seven vehicles. This saves a large number of Heavy Goods Vehicle (HGV) trips each year, not to mention a share of CO_2 emissions.

The next priority is measures that transition the transport chain to less CO_2-intensive modes of transport, such as rail or alternative, more sustainable HGV drive technology. Since summer 2022, for example, production material for the Taycan has been transported to Stuttgart-Zuffenhausen by rail from a supplier in the south of Italy, instead of exclusively by HGV. Additionally, more than 10% of all HGVs delivering materials to the Stuttgart-Zuffenhausen plant have been converted to alternative drives. The HGVs are fueled by biogas (Bio-CNG) or synthetic diesel (reFuel). This also contributes to a reduction of CO_2 emissions.

PROTECTION OF BIODIVERSITY

Biodiversity is vital for human life. Protecting biodiversity therefore goes much further than mere nature conservation. Alongside climate change, it is one of the global tasks of the modern age. The Porsche AG Group recognizes this and is actively committed to preserving biodiversity at its sites.

Evaluating and managing biodiversity

Porsche's engagement here focuses on its sites and their immediate environment in particular. The Porsche AG Group wants to protect the occupied and unoccupied natural landscape and to minimize its own environmental footprint. In doing so, the Porsche AG Group wishes to maintain biodiversity, allow nature to operate and find its own balance, and secure the future capacity of nature and the landscape to recover. The Porsche AG Group therefore pays particular attention to these aspects.

In order to better evaluate and manage biodiversity at its own production sites, Porsche AG uses an innovative biodiversity tool developed by the Volkswagen Group. Since 2021, Porsche AG has used defined biodiversity criteria to study its Stuttgart-Zuffenhausen site. The tool is being optimized continuously. By 2025, the Porsche AG Group aims to define binding biodiversity targets in connection with its vision of a zero-impact factory.

Near-natural company grounds

In 2021, Porsche turned an area of 2,000 square meters into green recreational space for its employees and the neighborhood as part of its drive to create near-natural company grounds at the Stuttgart-Zuffenhausen site. The cultivated pastures and native plants also serve as a habitat for insects.

In 2020, in order to conserve nature and species at the Stuttgart-Zuffenhausen site, 13 bee colonies, each with some 50,000 bees, were introduced to a naturally grown fruit orchard located within the perimeter. Porsche AG introduced a further five colonies there in 2021. In addition, another bee site was established in Stuttgart-Zuffenhausen. Consequently, there are ten new bee colonies established at the edge of the woods between the central workshops and the former Bosch grounds.

The plant in Stuttgart-Zuffenhausen is the second site belonging to the Porsche AG Group to get its own bee colonies — since 2017, some three million honeybees have occupied the off-road site at the Leipzig plant, which has been returned to nature.

Porsche AG is also committed to protecting biodiversity around the Research and Development Center in Weissach. A guide was developed to this end together with experts in the fields of landscape planning and species conservation. This gives concrete recommendations for future planting and the creation of green spaces. The aim of the transformations is to create a wildlife corridor leading to the local natural structures and species outside the Research and Development Center. Special attention is paid here to especially protected species of wild bee. To improve their conditions of existence, wild bee pastures were created in selected green spaces. Other measures in the project to create near-natural company grounds are in the pipeline. In this way, biodiversity and habitat variety will continue to be promoted at the Weissach site.

Furthermore, the Leipzig production site's grazing concept is unique in the automotive industry. Back in 2002, Porsche Leipzig GmbH introduced Exmoor ponies and wild oxen to 132 hectares of natural space there. The natural space is also home to Finnsheep and numerous wild animals.

Porsche Taycan: The all-electric sports car has been built net carbon neutral in Stuttgart-Zuffenhausen since 2019

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

The Porsche AG Group bears great responsibility towards its employees and society. That is why the Porsche AG Group organizes a wide range of activities designed to promote the safety, development, and well-being of employees. At the same time, the Porsche AG Group works to improve diversity and equal opportunities with a view to promoting a corporate culture in which everyone is welcome and able to apply their skills. In particular, the Porsche AG Group wishes to bolster disadvantaged and vulnerable social groups. The Porsche AG Group relies on strategic training courses and initiatives that raise awareness of these topics in order to make a lasting difference.

› STRATEGY FIELD PARTNER TO SOCIETY

The Porsche AG Group sees itself as a member of and partner to society, one that is aware of its responsibility. As part of its sustainability strategy, the Porsche AG Group assists regions and communities around the world in conserving the environment, guaranteeing good labor and living conditions, and boosting social cohesion. In the “Partner to society” strategy field, the Porsche AG Group aims to use corporate citizenship projects to focus on the people whose social environment is directly or indirectly related to the Porsche AG Group, be that its own sites or suppliers and business partners. In particular, young or disadvantaged people should receive strategic support and education to enable them to make permanent improvements to their living situation.

Ever since 2020, the Porsche AG Group has had its own core team for the “Partner to society” strategy field, comprising representatives of all relevant organizational units at Porsche AG. The team meets at regular intervals every six weeks: it defines and implements a joint strategy for projects in the strategy field and networks the relevant departments. The company fund, which was set up in 2021, is used to finance Group-wide project ideas. In the year under review, the funds were used to realize initiatives as part of the “Porsche Ride” program in Germany, Switzerland, and France. For more information, see → **“Join the Porsche Ride”**. The fund was also used to finance the expansion of the placement platform “Porsche hilft”, in order make more team events possible.

The Porsche AG Group wants to use recognized methods to measure the effectiveness of its projects in the “Partner to society” strategy field. The Porsche AG Group is striving towards objective impact assessments on the basis of quantitative criteria, especially for its strategic flagship projects. The Porsche AG Group also remains in contact with the participants in order to see, with its own eyes, whether a project is really having a lasting positive influence on their lives and how their life situations have changed. Its impact assessment process was expanded further in the year under review, including for initiatives in the “Porsche Ride” program. Moreover, it has developed consistent KPIs for all strategic projects in order to map their footprint (i.e., their range and impact). The results will also be used to adapt current and future projects to the needs of the people affected.

The following sections present individual initiatives as part of the Porsche AG Group’s social commitment in more detail.

Social activities around the world

PORSCHE HILFT

Voluntary engagement is an integral part of the Porsche corporate culture. In the year under review, Porsche AG broadened its support in view of the impacts of global crises such as the Covid-19 pandemic, climate change, and other geopolitical challenges. The “Porsche hilft” initiative complements the Porsche AG’s extensive financial aid with the placement of voluntary helpers.

A digital platform lists organizations and associations that need the support of volunteers. Individuals and teams, be they newcomers or retirees, can then quickly and straightforwardly see where help is needed. The selection of projects and organizations is aligned with the company’s strategy, especially the sustainability aspects of engagement and empowerment. Porsche AG is expanding the platform continuously and broadening the array of possible assignments.

The platform is being put to good use, with volunteers performing more than 1,400 hours of voluntary work in the year under review. Among other things, they helped redesign playgrounds for disadvantaged children and young people, planted several thousand trees, and marked World Cleanup Day by picking up almost four tons of waste from around Porsche sites worldwide as part of an international campaign.

With “Porsche hilft”, Porsche AG is focusing on people. The initiative makes it clear that each and every one of us can make an important contribution to society and help bring about positive change.

For its extensive commitment as part of the conflict in Ukraine, the initiative received the Trendence Award in the “Companies Help People” category.

RESPONSIBLE MICA INITIATIVE

Like many other manufacturers, Porsche AG processes the raw material mica and is involved in the Responsible Mica Initiative. Porsche AG was represented on the initiative’s Board of Directors in 2022. In 2021, it published the the Global Mica Standard, which is a global workplace standard dedicated to occupational safety and fair working conditions and wages. For more information, see → **“Supply chain responsibility”**.

PORSCHE AFTERSALES VOCATIONAL EDUCATION

The Porsche Aftersales Vocational Education (PAVE) program has been training highly qualified employees in technical professions for more than ten years. The trainees attend training at international sites — in accordance with European standards — and are then appointed to the dealer organizations of the Porsche AG Group and other Volkswagen Group brands around the world. Everyone benefits from the PAVE program: the young adults, many of whom are from socially disadvantaged backgrounds, gain access to first-class vocational training, and the dealer organizations are provided with highly qualified employees. Long-term, strategic school partnerships also ensure that vocational training skills are embedded locally, which means that PAVE has a lasting effect. At the same time, changes in vocational training requirements are responded to flexibly and in advance by the program. All in all, PAVE offers young people highly promising development opportunities, which not only promotes individual self-determination, but also leads to improvements in society as a side effect.

CASCADE

In cooperation with Michelin, Porsche AG is campaigning for the sustainable extraction of natural rubber: the project CASCADE (Committed Actions for Smallholders Capacity Development) champions greater transparency and better labor conditions during extraction of this raw material. With the initiative, the partners are supporting numerous smallholders on the Indonesian island of Sumatra. Indonesia is one of the world’s primary rubber regions.

Representatives from both companies identified potential sustainability risks in the natural rubber supply chain, especially the smallholders’ heavy dependence on natural rubber cultivation and a lack of knowledge about efficient cultivation methods. Consequently, the project provides training in efficient cultivation methods, income diversification, and occupational safety, in order to enable the smallholders to make their cultivation methods more environmentally friendly and more efficient while also improving their living conditions and economic situations on a long-term basis. Around 1,000 smallholders are to be trained by local partners overall, with more than 400 smallholders making use of the option in the year under review. So far, Porsche AG and Michelin have invested a combined total of around €1 million in the project, which is initially set to run until 2024.

“JOIN THE PORSCHE RIDE”

The global “Join the Porsche Ride” initiative is closely aligned with the United Nations Sustainable Development Goals. In order to make a successful contribution to these goals, “Join the Porsche Ride” is centered on the empowerment of various local target groups. The initiative’s projects range from environmental and sustainability-related education programs for children to the inclusion of people with disabilities to improved occupational health and safety. The implementation is accompanied by a Porsche Taycan. It serves as both a catalyst and an ambassador for sustainability. The projects are set to take place at selected sites across five continents. As the goals cannot be accomplished and upheld going forward without a long-term commitment, engagement on a local level is indispensable. Therefore, the initiative is supported by Porsche’s dealer organization as well as partnerships with specialized non-governmental organizations (NGOs) at each site. In this context, it is important that the various projects are set up with sound structures and strategies, so as to guarantee that they are able to run successfully on a long-term basis. “Join the Porsche Ride” underlines the Porsche AG Group’s complete understanding of the notion of social commitment. In the year under review, the Porsche Taycan set out from Porsche’s site in Leipzig and called at intermediate destinations in Switzerland and France.

Diverse aid initiatives for Ukraine

REFUGEE RELIEF DONATIONS

In the year under review, Porsche AG donated €1.5 million to the victims of the conflict in Ukraine. Of this amount, €750,000 went to the German charity UNO-Flüchtlingshilfe, a long-term partner of the Volkswagen Group. Another €250,000 went to the Ferry Porsche Foundation, which supports children and young people. The funds were also used to provide counseling and language courses for Ukrainian refugees. Subsidiaries donated €500,000 to people in Ukraine, with a focus on the United Nations High Commissioner for Refugees. Under the "Porsche hilft" initiative, employees were given the option to make hassle-free donations to the people in Ukraine.

Besides quick and effective financial aid for the Ukrainian population, Porsche AG launched numerous funded projects to support refugees:

ACES FOR CHARITY

The initiative in association with the Porsche Tennis Grand Prix has supported charitable projects for a number of years. The year under review was no exception, with €100 being added to the total donations whenever a player hit an ace. The total amount raised, €30,000, benefited two organizations: half was given to Agapedia, an initiative that helps Ukrainian child refugees and their families, breaks down language barriers, helps overcome intercultural expectations, and supports traumatized children. The other half went to the Baden-Württemberg Sports Federation, whose competitive members include Ukrainian refugees. It aims to provide young athletes with training opportunities and help them — as well as their trainers and families — face upcoming challenges without any delays or red tape.

DONATED TOYS AND PLAYBUSES

Not far from Schleyer-Halle in Stuttgart, there is emergency accommodation for refugees which took in numerous children in 2022. Porsche AG managed to put smiles on their faces by donating sets of Lego and Playmobil. As the accommodation often lacks the space needed to play, the donations were accompanied to the center by a "Mobifant". Belonging to Stuttgarter Jugendhausgesellschaft, these playbuses are equipped with all kinds of creative and movement activities. Qualified educators take them to places where children have especially limited space to play. Porsche AG subsidized this special form of proactive work with children and young people back in 2016, to help Stuttgarter Jugendhausgesellschaft purchase a Mobifant after the initial influx of refugees from Syria.

MEDICAL SUPPLIES FOR ARTHELPS

Ukraine remains desperate for medical supplies, so in the year under review, Porsche AG donated more than 200 first-aid kits from development and test vehicles, containing dressings, plasters, and much more. The donations went to the charitable organization ARTHELPS, which delivers aid to Ukraine on a regular basis. In the Ukrainian city of Smila, ARTHELPS is also offering another type of aid to children and young people who are refugees: psychological support and art therapy — which can be extremely effective in children especially — aim to make it easier to process the trauma of war and counteract any potential long-term effects.

Support for the most vulnerable in society

CHILDREN'S RUN FOR LIFE

The nationwide Children's run for life, which is organized by the children's charity Bundesverband Kinderhospiz e.V., aims to bring a sensitive issue into the public eye and constantly raise awareness in order to dispel the taboo. Founded in 2002, the charity aims to improve medical care for around 50,000 children and young people with life-shortening diseases, improve their families' quality of life, and raise public awareness of the issue.

Porsche AG was the main sponsor of the children's run for life in 2022. With a total length of 7,000 km, the race called at 120 children's hospices between April and October, including Stuttgart-Zuffenhausen.

Donations made by the Porsche AG Group[1]

€ million

[1] The disclosure contains all donations made by Porsche AG as well as donations of more than €5,000 made by fully consolidated subsidiaries.

BÜRGERSTIFTUNG STUTTGART – SUPP_OPTIMAL

The project "Supp_Optimal" coordinates the preparation and distribution of food and hot meals to homeless people in Stuttgart. The initiative calls on citizens to get involved and raises public awareness of the desperate situation in which homeless people find themselves. Porsche AG has been supporting the project since 2020, which has enabled it to expand. In the year under review, around €600,000 was donated to the organization thanks to an initiative run by Porsche employees. Instead of using the temporary VAT reduction during the Covid-19 pandemic to lower prices at Porsche Gastronomy, the Executive Board and Works Council decided to use the money saved to provide food to those in need. Thanks to Porsche AG's donation, around 53,000 meals were distributed to people in need in Stuttgart.

PROJECT "LUKAS" FOR CHILDREN WITH DISABILITIES

More than seven million people in Germany are living with a serious disability. They and their families often have to face serious challenges. Through project "Lukas" — a German abbreviation for "A smile for company children with other strengths" — Porsche AG supports employees whose children need special support due to a mental and/or physical disability by making donations to the institution that provides care for the child. Porsche AG launched the initiative in 2019. So far, the initiative has helped 24 integrative kindergartens as well as care centers and all-day nurseries. Just under €100,000 was donated through project "Lukas" in the year under review.

PORSCHE 911 SALLY SPECIAL: A UNIQUE MODEL FOR A GOOD CAUSE

At Monterey Car Week in California, Sotheby's auctioned off a truly special unique specimen: the 911 Sally Special. It was inspired by the Sally Carrera from the movie series "Cars". Just like its famous inspiration, the 911 Sally Special is literally unique: it will only ever be one of a kind. The dream vehicle was unveiled at the auction by Porsche AG and Pixar Animation Studios — this was the first time that Pixar had supported such a project.

The car sold for 3.6 million US dollars. The money went to two charitable organizations: Girls Inc., an initiative that wants to help girls be strong, clever, and brave, and USA for UNHCR, which provides emergency aid to the almost 6.2 million Ukrainians who have fled to other European countries since the outbreak of the conflict.

PORSCHE KOREA: PORSCHE DO DREAM

Through its campaign "Porsche Do Dream", Porsche Korea aims to open up new opportunities and prospects to disadvantaged children and young people. A scholarship program named "Porsche Dream Up" supports bright young talents in the fields of art and sports. The "Dream Playground" initiative creates play opportunities inside buildings. Other projects under this initiative include Porsche Dream Circle for environmental education in schools, Bee'lieve in Dreams, a honeybee project for greater biodiversity in Seoul, and Smart Traffic Safety Solution for Children.

"Turbo for Talents" — youth development in sports

PROMOTING YOUNG TALENT IN VARIOUS CLUBS

Under its "Turbo for Talents" initiative, Porsche AG works to promote talented young people in various types of sports. In soccer, it has partnerships with RB Leipzig, the Stuttgarter Kickers, the Red Bull Football Academy, Borussia Mönchengladbach, and FC Erzgebirge Aue. In ice hockey, the company supports talented young people at the Bietigheim Steelers. In basketball, the Porsche Basketball Academy (BBA) in Ludwigsburg — the elite training center for MHP RIESEN Ludwigsburg — is named after Porsche AG. In addition to high-quality sports training, this program promotes the social and personal development of children and young people. The football world champion Sami Khedira is a prominent sponsor of the program.

FOOTBALL CAMPS FOR UKRAINIAN CHILDREN AND YOUNG PEOPLE

In cooperation with partner clubs FC Erzgebirge Aue, Borussia Mönchengladbach, SV Stuttgarter Kickers, and RB Leipzig, the Porsche youth development initiative "Turbo for Talents" launched football camps for children and young people who had fled Ukraine. More than 100 participants came together from lots of different areas. Besides an age-appropriate training unit, the day with each club featured other highlights, including an exclusive stadium tour and a kick around with the professional team.

PORSCHE TURBO AWARD ON THE HOCKENHEIMRING FOR THE FIRST TIME

The Porsche Turbo Award has been an integral part of the "Turbo for Talents" program for many years — once a year, Porsche AG awards prizes to selected up-and-coming players from partner clubs in the following categories: best sporting development, best academic performance, and exceptional social engagement. Every prizewinner receives €500 towards the cost of driving lessons. The seventh awards ceremony took place in the Porsche Experience Center on the Hockenheimring for the first time in 2022.

Besides the prize-giving ceremony, the young athletes were given the chance to co-pilot a car on the Hockenheimring track.

ATTRACTIVENESS AS AN EMPLOYER

The employees are one of the four most important target groups in the Porsche AG Group's Strategy 2030 alongside the customers, society, and investors. First and foremost, the Porsche AG Group wants to remain an attractive employer. Therefore, this goal is embedded deeply in its HR strategy. For the Porsche AG Group, this primarily means always putting employees at the heart of its business decisions and embracing its responsibility as an employer.

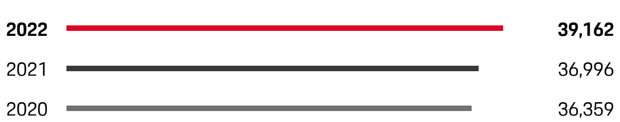
Porsche's corporate culture

For the Porsche AG Group, a strong corporate culture is a fundamental key to success. It enables the Porsche AG Group to overcome strategic challenges and create the conditions for a successful transformation. The Porsche Code offers long-term guidance here as well as a target vision for the employees and managers. The ongoing development allows them to actively co-determine Porsche's corporate culture and contribute to ongoing improvement.

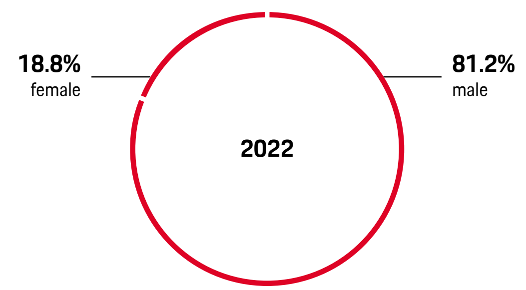
First and foremost, to be an attractive employer means that the Porsche AG Group keeps its promises to its employees and turns them into a reality in everyday working life. The Porsche AG Group wants to be seen as a top employer by talented individuals in the labor market. This all depends on a high degree of credibility: it is the only way the Porsche AG Group can attract the most qualified staff and retain them in the long term. The Porsche AG Group has intensified its efforts to recruit IT and digitalization experts in the fields of the future.

Porsche AG is constantly looking for new employees who will actively help shape the future of mobility. Porsche AG has taken various steps to this end, such as the "Porsche Tech Talents" recruitment initiative, which is specially designed to appeal to talented young people in digital and technological fields. In the reporting period, Porsche AG also partnered with universities and organizations such as Formula Student Germany and CODE University of Applied Sciences.

Employees of the Porsche AG Group



Employees of the Porsche AG Group by gender



Work-life balance

The Porsche AG Group recognizes the immense value of a work-life balance and supports its employees with a wide variety of different measures and options: for example, local cooperation partners ensure that regular childcare places are available in kindergartens close to selected Porsche AG sites. In emergencies, additional childcare places are also available at day care centers in Stuttgart. Parents can also take their children to work at Porsche AG for a few hours. In summer, the children of employees can attend a school holiday program that runs throughout the holidays. With its family service, Porsche AG offers extensive, free, and individually tailored advice and support on all aspects of family life, in particular for parents-to-be and with caring for relatives.

In doing so, the Porsche AG Group is taking account of its employees' individual needs and promoting flexible working options with regard to workplace and working hours. This gives employees a high degree of flexibility. Porsche AG further enhanced this flexibility in 2021 with the amended works agreement regarding mobile working, and facilitated mobile working on up to twelve full days per calendar month in the reporting year. Mobile working by the hour is also an option. Looking ahead, Porsche is focusing on a healthy mix of on-site and mobile working in order to uphold the unique Porsche culture, which is characterized by personal relationships and shared experiences.

Further options range from flexible working hours aligned to the employee's current phase of life and diverse part-time options to a wide range of flextime policies, such as during parental leave and sabbaticals, as well as care leave to support family members.

Outstanding employer

Porsche's high level of attractiveness as an employer is demonstrated by the number of applicants, which remains high — in the reporting year, the Porsche AG Group received more than 140,000 applications for just under 5,000 vacancies.

In 2022, Porsche AG was once again ranked as a top employer by students in verified employer rankings. In the Universum Student Survey, Porsche AG was again named the most attractive employer for students of engineering and business sciences. Up-and-coming IT specialists ranked Porsche as the fifth most attractive employer based in Germany. And in the Universum Young Professionals Survey, Porsche AG defended its top spot in engineering and business sciences. In the field of IT for young adults, the company managed to greatly improve its rank and rating. In fourth place, Porsche AG is the best-positioned employer brand in Germany by far.

In the reporting year, Porsche AG performed better in the eyes of students of engineering and business sciences in the Trendence Institute's annual survey. It remained in the same position as the previous year in the hotly contested IT and informatics segment. Porsche AG only fared slightly more poorly among the target group of engineers and IT specialists in the "Young Professional Ranking".

And last but not least, Porsche AG was again voted the most attractive employer in the automotive industry in a study conducted among students and future graduates by "Automobilwoche" and the Institute of the Automotive Industry (IfA). This means that Porsche AG won the Automotive TopCareer Award again, as it did in the previous year.

Porsche AG also won the Glassdoor Award for employee satisfaction: Porsche AG was named the fifth best employer in Germany out of 25 (previous year: ninth place), which means that it has ranked among the ten best employers at Glassdoor for the third time in a row. Glassdoor is a website where employees can rate their current and former employers anonymously and voluntarily.

Measuring employee satisfaction

It is very important to the Porsche AG Group that its employees are actively involved in processes and that their opinions, views, and suggestions are all listened to. Once a year, Porsche AG and selected subsidiaries carry out an employee survey. This mood barometer gauges employee satisfaction and determines the company's attractiveness as an employer internally. The mood barometer covers topics such as "handling pressure and requirements", "work-life balance", "advanced qualification opportunities", and "leadership style of your direct superior".

The results of the mood barometer are used to identify potential areas for improvement and provide managers with information on areas requiring attention in their organizational units. In fixed follow-up processes, the managers and their employees jointly define suitable measures. They are supported by the team responsible for the mood barometer, which has various tools at its disposal. The aim is to secure the long-term implementation of the measures in the organizational units. More than 16,000 Porsche AG employees participated in the 2022 mood barometer survey, which corresponds to a participation rate of 73%. The mood index, one of the mood barometer's primary metrics, came in at 78 out of a possible 100 index points in the year under review, thus largely remaining at the previous year's level.

OCCUPATIONAL HEALTH AND SAFETY

At Porsche AG, occupational health and safety are foundations for motivation and willingness to work. Occupational safety is therefore an important goal for Porsche AG and its employees. An organized and structured occupational health and safety management system ensures a uniform approach and is designed to ensure that legal provisions are implemented. This helps to prevent workplace accidents and occupational diseases as far as possible.

Occupational safety

In line with the statutory regulations, the central occupational safety processes are standardized and set out in the Group guideline on occupational safety. This guideline is a major element of Porsche's compliance management system. It applies to the whole workforce at Porsche AG and selected subsidiaries in Germany. The managers are to ensure that their employees are familiar and comply with the provisions of this guideline. Specialists in occupational safety and works doctors are available to all employees in an advisory capacity. Generally speaking, the entire workforce of the relevant companies is represented through the legally defined representatives in the occupational safety committees in accordance with the Occupational Safety Act. The revision of the guideline was completed in the reporting year. It will be extended to include provisions on health protection to form the basis for a certifiable occupational safety management system in the future.

Due to ongoing automation and digitalization, the world of work is changing and becoming more challenging at an ever-faster pace. Therefore, safe working conditions and ergonomic workplaces are exceptionally important. According to Germany's Act on Occupational Physicians, Safety Engineers, and Other Occupational Safety Specialists (ASiG), the Occupational Health and Safety department is responsible for advising in this field. Each department is responsible for realization. Representatives of the department tour the existing workplaces on a regular basis and assist with risk assessments and standard operating procedures.

Safety experts offer advice on the design of workstations, equipment, and installations. Their main focus is on preventing accidents and risks to health. Construction and installation sites are overseen and monitored by special construction experts beyond what is required by law. Porsche AG refines current safety standards on a continuous basis.

In the event of workplace accidents, the causes are analyzed in detail and measures are implemented to avoid future accidents. Porsche AG measures the occurrence of workplace accidents in all organizational units with the "occupational accident index" and reports them internally each month. Ever year, Porsche AG and selected subsidiaries in Germany set targets to continuously improve employee safety in the workplace.

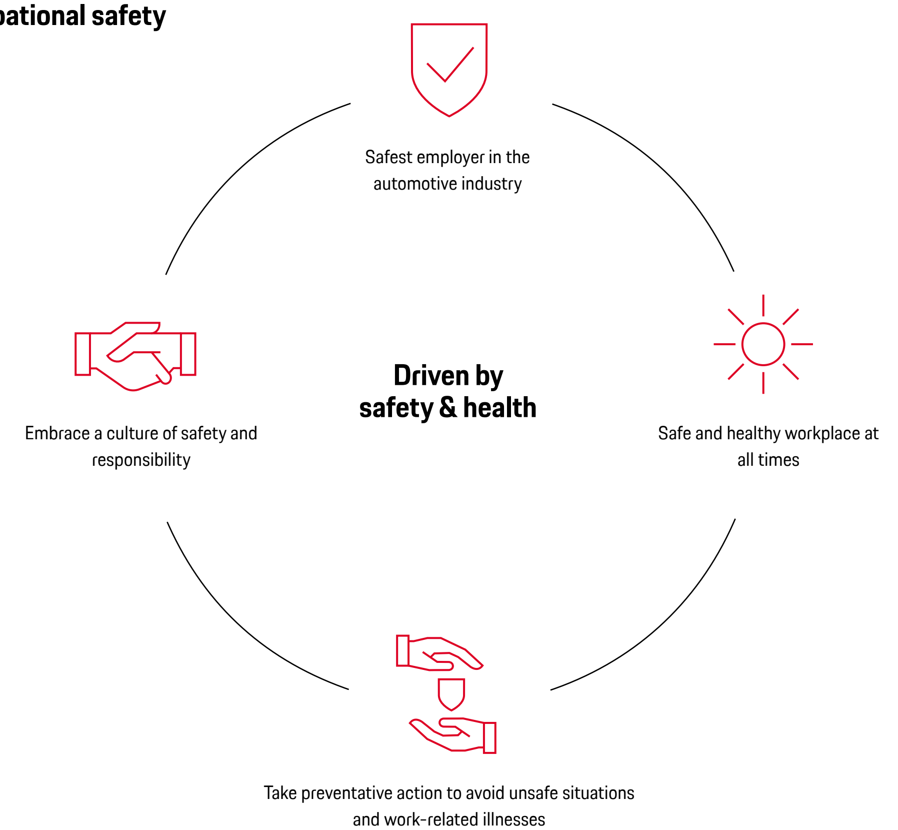
Preventative health management

At Porsche AG, health management encompasses all of the measures that contribute to the health of employees. In addition to safety systems and the provision of local medical care for employees working at German sites, there are services for preventative health promotion in the workplace. Health Management also offers courses on topics such as healthy eating, relaxation techniques, and effective self-management. Employees can access individual physiotherapy advice and seek treatment for acute disorders. On the basis of the Occupational Safety Act, works doctors assist with the design of healthy and ergonomic workplaces. They also perform preventative examinations on employees, offer advice, assist with the organization of first aid, and help reintroduce employees to the workplace after illness. Regular safety inspections are conducted to verify that the specifications are being implemented. Key occupational safety indicators are collected and compiled in a detailed occupational safety report.

The Health Management division is responsible for all health promotion activities, structures, and processes. Moreover, a number of company health departments are responsible for providing medical care at work. As a preventative discipline, occupational health care plays a key role in occupational health management. The works doctors' responsibilities include analyzing the effects of work on employees. They also promote the employees' health and productivity and assist Porsche AG in planning and creating healthy labor conditions. Occupational health care also encompasses emergency paramedics as part of first-aid organization, meaning acute and emergency health care is always guaranteed at the plants.

Porsche AG has a targeted occupational reintegration management system in place for restoring employees' capabilities after longer periods of illness: for example, the affected employees are reintroduced to the strains of working by means of gradual workplace reintegration. Porsche AG's Health Management division also provides social counseling to those with psychosocial stress and support for those in difficult life conditions.

Vision of occupational safety



Employee integration

All the employees are represented in occupational safety committees by statutory representatives. The site-specific committees meet four times each year. All employees are briefed on occupational safety at least once a year to ensure that they are kept up to date on specific hazards and rules of conduct. The intranet also contains a broad range of information and education on health and safety in the workplace.

In 2022, Porsche AG rolled out a communication campaign designed to raise employee awareness and motivate them to behave safely at work: the campaign provides information in various ways about hazard spots, current topics, and statements from the management and employee representatives.

To avoid risks to other companies' employees at its sites as much as possible, Porsche AG stipulates detailed rules of conduct. These apply to construction sites in particular, but also to the procurement and assembly of machinery and equipment.

Ongoing support during the Covid-19 pandemic

Porsche AG's emergency response organization dealt in detail with the coronavirus crisis during the reporting year. Porsche AG initiated a range of measures to protect the health of its employees, such as notifying affected departments and communicating with authorities. A telephone help desk and central mailbox were used by employees as a point of contact for all queries relating to coronavirus. Administrative employees can work remotely for their own protection. All employees have access to first, second, and booster vaccinations. The comprehensive safety policy also featured self-tests for employees and testing points offering PCR tests.

More information about occupational health and safety is available in the → **non-financial statement**.

EMPLOYEE DEVELOPMENT AND SOCIALLY ETHICAL TRANSFORMATION

In light of the transformation of the automotive industry, employees should be taught technical and interdisciplinary skills for changing responsibilities and roles in various future fields. In this context, Human Resources is a driver, a catalyst, and a controller. The content, processes, and tools for employee development and shaping the transformation are adapted and implemented in cooperation with the individual fields.

Centralized qualification opportunities are available for developing interdisciplinary skills and in the form of development programs for the management. Opportunities are also available to individual target groups, such as the "Procurement Academy" and the "Porsche Academy" for the global dealer organization. Changes are overseen by HR Business Partners, managers, and the integrated Change@Porsche program.

The Porsche AG Group has defined five targets in its interdepartmental cooperation:

1. Identify strategic needs for skills and proactively shape the transformation
2. Qualify and develop employees as needed
3. Help managers shape the transformation
4. Support employees and managers through change processes
5. Evaluate and optimize the effectiveness of measures

Every target is accompanied by a selection of appropriate measures. So far, these are applied by Porsche AG in particular. Other Group companies are free to adapt them to suit their own requirements and apply them too.

Regarding 1. Identify strategic needs for skills and proactively shape the transformation

Strategic competency management has been in place at Porsche AG since 2019. Since then, representatives of the departments have been observing the need for technical and interdisciplinary development. In 2022, Porsche AG compiled these updated needs in a company-wide road map. It contains short-, medium-, and long-term plans for strategic skills. There are also field-specific road maps.

On this basis, Porsche AG is planning its need for human resources in the form of professional profiles and designing measures to develop the entire organization and the skills of employees. That is why Porsche AG has also set up new bodies, such as the Transformation Office, as well as the Transformation Committees under the works councils in Stuttgart-Zuffenhausen and Weissach.

In the reporting year, Porsche AG also established a cross-divisional qualification organization to coordinate all qualification and development measures. With this "Portfolio Management Qualification Transformation", Porsche AG is able to compile opportunities throughout the company that are aligned with its corporate targets perfectly.

Regarding 2. Qualify and develop employees as needed
In the reporting year, Porsche AG developed or expanded existing qualification opportunities. For example, the qualification course "Maintenance Engineer 4.0" for the digitalization of industrial production has been expanded for people who maintain plant IT, robotics, and control technology. Porsche AG has created a qualification tool kit with new systems engineering methods and tools for development engineers. There is also a new mechatronics tool kit and a new cybersecurity management professional program.

A central budget is available to promote strategically relevant skills, such as the key skills of trainers and trainees. The budget is to be used to fund the comprehensive qualification of entire employee groups, as well as for individual transformation qualification. Furthermore, various centralized tools and opportunities were created in the reporting year.

In the second half of 2022, Porsche AG started offering standardized, system-based qualification and development interviews. They are expected to be in place throughout the company by 2023. Managers will then be able to hold annual interviews with employees who are covered by a collective agreement with a focus on qualification and development.

In these interviews, managers and employees will be able to find out what skills an employee already possesses, how they can build on them with a view to future challenges, and how they can grow strategically in the process. This way, Porsche AG wants to gradually document the skills of all employees in a uniform, centralized fashion. Building on this, Porsche AG will be able to plan further employee development, such as by identifying potential for promotion to the management as well as the scope and content of the qualification portfolio.

To account for the huge significance of internal development opportunities, Porsche AG conducted an anonymous, representative employee survey on HR development as part of the cross-cutting strategy "Transformation Driving Change" in 2021. For example, Porsche AG wanted to know how they see their current development paths and what they expect from their development at the Porsche AG Group. It also took a random sample from the overall workforce, in which more than 60% of the questions were answered. An external benchmark was also carried out on the same topic.

The results of this survey gave Porsche AG a sound insight into its employees' career opportunities. Porsche AG then derived new HR development opportunities in the reporting year:

— Porsche AG introduced a curriculum on "Personal development and self-reflection" for all employees in 2022. This curriculum complements the existing module "Self-reflection on the way to management", as self-reflection is an important skill for everyone to possess. The new curriculum should help employees identify their strengths and needs for development, and utilize the findings to shape their future professional development.
— Porsche AG promotes digital skills through the Porsche Digital Academy. The Porsche Digital Academy provides employees of the Porsche AG Group with a range of cross-departmental qualification opportunities in cooperation with internal and external experts. In the reporting year, Porsche AG expanded the range of opportunities in the fields of software development, AI and data, IT architecture, cloud computing, and digital security in particular. Training in agile methods of working, such as the Scaled Agile Framework, was particularly popular in 2022. This reflects the increasing agility of Porsche AG, such as in terms of its digital product organization.
Porsche AG even licenses external training portals for the Porsche Digital Academy, enabling it to offer more high-quality technical qualification courses and meet urgent qualification needs at short notice.
— Beyond the Porsche Digital Academy, Porsche AG introduced digital methods to its training courses in the reporting year. For instance, Porsche AG is making use of gamification: from the Digital Fitness Check to the Smart Factory Exit Room, Porsche AG has made use of a variety of exceptionally engaging and experience-driven blended-learning formats.
— In the reporting year, Porsche AG tested the "LearningExperience@Porsche" platform. This platform aims to offer guidance to help employees across departments and hierarchical levels navigate the large number of options. It is an AI-based search engine that employees can use to find qualification and development measures which are suitable for their roles and fields of responsibility.
At the same time, "LearningExperience@Porsche" complements Porsche's existing training platform with an optimized, comprehensive training environment. For example, it offers additional personalization options, adaptive learner journeys, and new ways to study with one another.

In summer 2021, Porsche AG opened the Learning Lab in Stuttgart-Zuffenhausen to provide more room for employees to learn from and with one another in an everyday working environment. With an area of more than 200 square meters, the Learning Lab gives employees the room they need to experiment, network, and create. It also features a studio for recording videos and professional live streams, as well as room for creating podcasts.

In 2022, in close cooperation with its departments, Porsche AG organized events in the Learning Lab designed to promote people's learning skills and their confidence in their own learning abilities. A wide range of target groups were able to book moderated formats that supported their personal development either individually or as part of a team.

For instance, the "Forward Thinkers" format guided employees to pass the knowledge of an expert on to colleagues. This form of structured knowledge transfer is becoming increasingly significant the more dynamically organizations and fields of work change.

Additionally, the "Pit Stop Future" workshop showed how the transformation of the automotive industry is reflected in employees' everyday work and training: teams in the Learning Lab used innovative methods to paint a picture of the future of their work, determine what skills their fields will need in the future, and draw up study plans.

This all makes Porsche AG's Learning Lab more than just a "development showroom"; it has opened the door to novel formats designed to promote idea-sharing and training. More sites and formats are in the pipeline as part of Porsche's evolution into a learning organization.

Regarding 3. Help managers shape the transformation
Managers play an important role in the transformation of the Porsche AG Group. In the reporting year, Porsche AG placed a heavy emphasis on expanding managerial skills and the personal development of its managers so that they are able to fulfill this responsibility. Porsche AG also strengthened its management culture, which motivates employees to do outstanding work and builds anticipation for change.

— Every year, on the basis of a closed management culture, Porsche AG redesigns the Porsche Leadership Lab with which it empowers managers to embrace their managerial responsibilities. In 2022, managers with disciplinary responsibility prepared for their crucial roles in the successful transformation in the Leadership Lab.
— Managers can learn about relevant topics and obtain further qualifications at their own pace, supported by the "Leading my team through the transformation" learning stream. The formats range from short bursts of inspiration to modules spanning several days to detailed documents for team workshops. The modules help participants see the transformation as a common leadership responsibility.
— Strengthening the leadership skills of hybrid teams was one key focal point. Following the Covid-19 winter in 2021/22, Porsche AG took the opportunity to convert valuable experience from the previous months into a hybrid post-Covid scenario. It combines the flexibility and efficiency of virtual collaboration with equally important personal communication. New general conditions for mobile working mean a new role and new responsibilities for managers. With comprehensive information and dialogue events as well as integrated tool kits and workshop sets, Porsche AG helped its managers establish the hybrid era within their fields.
— A new management program is in place for employees who have assumed a management role for the first time due to the revised requirements. The program assists them with their new responsibilities. The three focal points are strengthening the management role faced with the conflicting priorities of operational versus innovative tasks, managing in-person, hybrid, and virtual teams, and molding one's own scope for action to create value.
— Porsche AG developed the "Porsche Preparatory Management Module" for employees with the potential to have a career in management, and expanded it in 2022. High-potential employees and their managers select the modules that best match their personal development status and requirements.

Regarding 4. Effectively support employees and managers through change processes
A sustainable and socially ethical transformation cannot happen unless Porsche AG focuses on the people within the company throughout the change process. That is why integrated change management is of such great importance to Porsche AG: it wants to build a common understanding of the upcoming changes, make it possible to overcome the change more quickly, bolster acceptance, control concomitants, and safeguard the effectiveness of the organization.

Porsche AG therefore established the central unit Change@Porsche in 2022. It makes change-related guidelines, responsibilities, and tools transparent and offers guidance. It oversees individual change projects for this purpose. At the same time, it works to ensure that the entire organization shares common ground in terms of willingness to change, adaptability, courage, curiosity, and openness. Porsche AG supports this process with diverse communication measures, events, and tools.

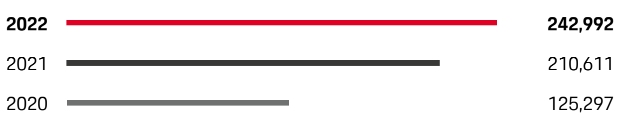
Porsche AG has started to build an external network of partners to attract additional expertise in change projects. The first idea-sharing formats, through which Porsche AG encouraged transfers of knowledge and experience-sharing, took place in the reporting year. Having obtained their basic qualifications in the previous year, the first HR Business Partners underwent a new, multi-week "learner journey" in 2022. This journey prepared them for their roles in change processes and taught practical skills. Additional qualification opportunities were also made available to managers in order to prepare them for change processes.

The reporting year also saw the launch of the initiative "#neverstoplearning", with which Porsche AG promoted its culture of learning on an organizational, individual, and team level throughout the company. For instance, it has developed an online community with more than 1,300 members under this initiative.

Regarding 5. Evaluate and optimize the effectiveness of measures
Porsche AG regularly assesses how satisfied employees are with the advanced qualification opportunities and how the processes behind these are working. This helps support change processes with appropriate measures. New quality assurance methods were developed in the reporting period.

As in previous years, Porsche AG and selected subsidiaries were able to reach even more employees with their opportunities in the reporting year. The number of participants in advanced training courses, based on the active workforce, increased by 9.2%. For one, this is due to the improved communication of the courses, such as the new intranet site.

Total number of advanced training program participations at Porsche AG and selected subsidiaries



The same applies to the number of participants in advanced training courses. This also increased by 15.4% year-on-year. Exceptionally frequent use was made of measures that are not based on dates and times, which caused them to increase by 18.6% year-on-year in 2022.

Although measures that are not based on dates and times are often shorter than ones with set dates and times, the amount of time each employee spends working on qualification increased by 15% in 2022. This shows that Porsche AG and selected subsidiaries addressed the need for advanced training more effectively in the reporting period.

In the reporting year, managers took part in 23.5 hours of advanced training on average.

Every six months since 2021, Porsche AG has evaluated employee satisfaction with existing advanced training opportunities. To do so, Porsche AG uses a standardized questionnaire developed in 2020, which participants receive automatically after completing a course on the Porsche training platform. The questionnaire asks about the learning outcome directly upon the conclusion of the course, yet participants are also invited to review it again 90 days later. In particular, they are asked to rate the extent to which they are able to apply what they have learned to their everyday work.

Porsche AG used this questionnaire to conduct a half-yearly internal evaluation in the reporting year. Porsche AG sent it to the people in charge of the qualification courses as well as representatives of the management.

A new questionnaire has been in use for the second year in a row. At 4.61 out of a possible five points, the feedback gathered directly after an interdisciplinary qualification course was positive in the reporting year. The evaluation of the learning outcome and transfer of learning 90 days after the conclusion of the interdisciplinary qualification course also scored 4.18 out of a possible five points.

Furthermore, Porsche AG has collected two key indicators for the purposes of monitoring the quality of its strategic work since 2021: the People Development Score and the Training Quality Score.

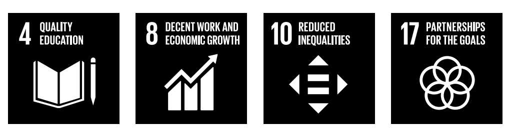
The People Development Score merges two questions from the internal mood barometer: whether employees are able to participate in advanced training if necessary for their work, and whether they see interesting development opportunities for themselves at the Porsche AG Group. The index was around 1.0% lower than in the previous year.

The Training Quality Score consists of three components: the learning outcome right after the end of the measure, the transfer of learning 90 days later, and the willingness to recommend after 90 days. In the reporting year, this index increased from 83.7 to 85.2 out of a possible 100 points.

Porsche AG analyzes both key indicators and reports them to the Executive Directors of Human Resources and Development, as initiators, on a regular basis.

More information about employee development and socially ethical transformation is available in the → **non-financial statement**.

› STRATEGY FIELD DIVERSITY



At the Porsche AG Group, our focus is on people. Knowing that every employee applies their own unique skills to further the interests of the company, the Porsche AG Group is actively committed to diversity and inclusion in the workforce.

In its sustainability strategy, the Porsche AG Group attributes great importance to diversity and equal opportunity. Besides equal opportunities between the genders, the focus is on the diversity of the international workforce. The Porsche AG Group values openness towards people of different origins and sexual orientations, and encourages harmonious, productive cooperation between generations, regardless of whether or not people have a disability.

In the reporting year, the Porsche AG Group emphasized cooperation in mixed teams: in an environment characterized by diversity, the various strengths and skills of everyone involved should complement one another optimally, enabling every single person to tap their full potential.

DIVERSITY AND EQUAL OPPORTUNITY

The Porsche AG Group actively champions diversity and equal opportunities, and firmly believes that this also serves its interests as a company. Diversity of views leads to new ideas and drives innovation, which makes it a key success factor. Active diversity management creates a better understanding of the market and leads to greater employer attractiveness.

Inclusion of stakeholders and society
Porsche AG involves internal and external stakeholders in its activities relating to diversity and equal opportunities. It is for this reason that the company has internal committees, such as the Equal Opportunities working group and the Porsche Sustainability Council, and maintains a dialogue with representatives of subsidiaries, such as in the context of the International Diversity Community.

The Porsche AG Group promotes diversity and inclusion outside of the factory gates too. The Porsche AG Group supports social projects and finds voluntary placements for employees. Its voluntary engagement serves society and broadens people's horizons. The Porsche AG Group seeks a dialogue with non-governmental organizations, for example, for this very purpose.

Diversity as a corporate principle
Safeguarding and promoting diversity and equal opportunity are hugely important to the Porsche AG Group. The Porsche AG Group rejects all forms of discrimination. It wants to establish a tolerant, inclusive culture that promotes diversity of views and appreciates people's differences. All employees should be able to contribute their personalities and develop their personal potential. This results in a high level of productivity, competitiveness, innovative capacity, creativity, and efficiency.

At the same time, the Porsche AG Group wants to bolster its employees' sense of belonging and communal spirit. As an integral part of its corporate culture, diversity shapes the cultural self-image of the "Porsche family". It perceives employees' differences in terms of gender, nationality, ethnic background, religion, disability, age, sexual orientation and identity, and other protected characteristics as an advantage and a competitive factor for the Porsche AG Group.

Porsche AG has enshrined diversity as a corporate principle and signaled this to the general public: the Executive Board and Works Council signed a voluntary undertaking known as the "Charta der Vielfalt" (Diversity Charter) in 2019. In the reporting year, the Executive Board and top management renewed their commitment to these values by signing the Porsche Diversity 911: this display vehicle is decorated with lots of messages and facts relating to "Diversity@Porsche".

The Culture, Diversity, and HR Communication department has been tasked with implementing and safeguarding these values at Porsche AG on a long-term basis. It serves as a trailblazer and expert partner, and is part of the Employee Development and Corporate Culture division.

Equal opportunities and the promotion of diversity are enshrined in the Code of Conduct and the "Porsche Code" management mission statement.

Porsche AG has set itself the goal of further increasing diversity within the company by 2030. To this end, Porsche AG is promoting collaboration in mixed teams with a variety of different views. This is driven by a way of thinking that encourages diversity and an awareness of the positive effects and complexity of diversity.

As a criterion for diversity through mixed teams, Porsche AG has set itself the goal to reach a proportion of women of 20% on the first management level and 18% on the second management level by 2025, based on the gender quota required by law.

Protection against infringements
Porsche has a whistleblower system in place via which possible violations of equal opportunity and equal treatment can be reported. With this system, Porsche AG can take a standardized approach to investigating possible violations of the rules, taking into account data protection, labor law, and co-determination requirements. If violations are identified, action is taken accordingly.

Furthermore, Porsche AG has set up a company complaints desk known as "AGG" (the German abbreviation for the General Equal Treatment Act) to which employees can turn in potential cases of discrimination or to which they can submit a specific complaint.

Porsche AG was not aware of any instances of discrimination in 2022. There were six cases of sexual harassment, each of which resulted in disciplinary action in the form of a warning. No structural relationship was evident.

Gender pay gap analysis

Porsche AG takes diversity and equal opportunities very seriously and pays wages and salaries in line with uniform standards, regardless of gender, religion, origin, age, disability, or sexual orientation.

For employees covered by a collective bargaining agreement and management within and outside of the collective bargaining agreement, the remuneration policies and amounts are based on collective/company regulations, whereby the basic remuneration is calculated on the basis of described work tasks, with consideration for knowledge and abilities, problem-solving skills, potential influence, and fields of responsibility. The variable remuneration is performance-based as a rule. The amount of variable remuneration is calculated on the basis of general or individual performance criteria as well as selected KPIs, according to uniform benchmarks and standards. Collective and company regulations also provide for one-off payments. Market-specific particularities and benchmarks are also taken into account for the purposes of offering competitive remuneration.

The goal is to provide employees with attractive, competitive, and non-discriminatory remuneration while identifying and eliminating alleged injustices.

For data availability reasons, only data relating to Porsche AG will be used in subsequent evaluations. Of the 20,803 employees being taken into consideration in this way (excluding part-time retirees), 3,139 are women (15%) and 17,664 are men (85%).

Looking at the bigger picture, a comparison of the average remuneration of all women with the average remuneration of all men reveals a 5.5% difference in basic annual remuneration and a 0.4% difference in direct remuneration in the favor of women.

Comparison of remuneration between women and men at Porsche AG

Total in %

Evaluation date: Dec. 2022
Basic annual remuneration (based on monthly salary for Dec. 2022)
Direct remuneration (basic annual remuneration, variable remuneration, plus fixed and variable special payments)

In particular, this difference is due to the distribution of men and women across the various hierarchical levels, with 52% of all employed men being in the lower collectively agreed pay scales (including incentive wage earners), compared to just 24% for women. Consequently, the average remuneration for all men is lower than the average for all women.

With regard to non-union employees, there is a difference of –2.5% for the basic annual remuneration and of –1.8% for direct remuneration to the detriment of women.

This is because the proportion of non-union women is gradually declining as the pay scale rises.

With regard to employees covered by a collective agreement, there is a difference of 9.9% for the basic annual remuneration and of 5.0% for direct remuneration in favor of women.

Essentially, just like the overall evaluation, this effect is due to the distribution of men and women within the individual collectively agreed pay scales.

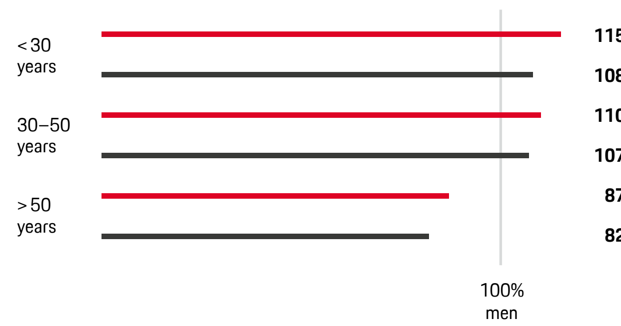
Spread per age category

	< 30		30–50		> 50		
	Absolute	Relative proportion (%)	Absolute	Relative proportion (%)	Absolute	Relative proportion (%)	Absolute total
Women	684	22	2,064	66	391	12	**3,139**
Men	3,094	18	11,847	67	2,723	15	**17,664**

Consideration of all Porsche AG employees in Germany (excluding part-time retirees), evaluation date: Dec. 2022

Consideration of all Porsche AG employees (excluding part-time retirees)

Remuneration of women compared to men, %



Evaluation date: Dec. 2022
Basic annual remuneration (based on monthly salary for Dec. 2022)
Direct remuneration (basic annual remuneration, variable remuneration, plus fixed and variable special payments)

Gender pay gap analysis by age categories

The total population at Porsche AG falls into the following age categories:

The age distribution across the total population shows that two-thirds of all men and women fall into the 30–50 years category. Additionally, there is a relatively high proportion of women in the < 30 years category (22%). There is a higher relative proportion of men in the > 50 years category (15%).

The remuneration assessment by age categories shows that women in the < 30 years and 30–50 years age categories earn more money on average. In the > 50 years category, the average remuneration of men is higher than for women.

The aforementioned distribution of men and women across the various salary groups is particularly evident in the < 30 years category, as the proportion of young men in lower-paying salary groups is even higher by comparison.

Overall, men earn more on average in the > 50 years age category, in a complete reversal of the effect. In this category, the proportion of men in higher-paying salary groups is significantly higher than for women. As such, the average remuneration for all men is higher.

Furthermore, the remuneration of the entire Porsche AG workforce is subjected to a differentiation analysis on a regular basis. Descriptive and econometric methods are used to identify potential needs for action.

More information about diversity and equal opportunity is available in the → **non-financial statement**.

For more details, please refer to the → **non-financial key figures**.

CORPORATE CO-DETERMINATION

Porsche AG's main site is in Germany, which means it is required by national law to engage in corporate co-determination. At the same time, it is an important pillar of the corporate culture. Porsche AG wants its employees to share in its success and to safeguard their jobs.

Corporate co-determination is based on a constructive, cooperative dialogue between the employer and employee representatives. The Porsche AG Group has a long tradition of open, trusting cooperation, and it always strives to balance both sides' interests fairly. This position has been codified in the Code of Conduct. The Code of Conduct has been implemented throughout the Porsche AG Group.

Porsche AG has been systematically meeting the obligations arising from corporate co-determination for decades and has positive experience in this area. For one, it is natural for employees and their legal representatives to be informed as soon as possible and in as much detail as possible about, and to be involved in, any significant changes regarding operational workflows or the organization of the company. This is done in compliance with national laws, applicable collective bargaining agreements, and works agreements. Porsche AG is also a member of the employers' association Südwestmetall and is therefore part of the social partnership actively practiced between the metal and electrical industry and the IG Metall trade union. As such, the collective wage agreement applies to Porsche AG employees.

Porsche Leipzig GmbH has been a member of the Saxony Employers' Association for the Metal and Electrical Industry (VSME) since January 1, 2019. Its employees are also subject to the transitional bargaining agreement agreed with IG Metall. Other companies, for example, are subject to company-level collective agreements and/or work with elected employee representatives. Consequently, the interests of more than 98% of all employees in the national Group companies in Germany are represented through collective bargaining agreements or elected works councils.

Additionally, the employees of Porsche AG, Porsche Leipzig GmbH, Porsche Deutschland GmbH, Porsche Engineering Group/Services GmbH, Porsche Financial Services GmbH, Porsche Lifestyle GmbH & Co. KG, Porsche Niederlassung Hamburg GmbH, Porsche Niederlassung Berlin Potsdam GmbH, Porsche Niederlassung Berlin GmbH, Porsche Niederlassung Stuttgart GmbH, Porsche Werkzeugbau GmbH, MHP GmbH, and Porsche Digital GmbH appointed representatives in accordance with the relevant election principles in the reporting year.

The Supervisory Board of Porsche AG has equal representation and is therefore able to represent the interests of each side.

Collective bargaining agreements apply at the Porsche AG Group in order to guarantee better working conditions for the parent company and numerous national subsidiaries. In the reporting year, for example, the core workforce of the majority of the national Group companies enjoyed employment protection governed by job security agreements. This protection also provides for taking on trainees and students on dual study programs. Rules on mobile working have also been put in place, and a common understanding of the internal transformation at Porsche AG has been established.

Besides collective agreements, co-determination is therefore a key driver of excellent work and helps enable employees to actively involve themselves in the Porsche AG Group.

Open communication channels

Porsche AG offers numerous ways of making suggestions, reporting problems, or registering complaints with committees and decision-making bodies. It is also possible to talk directly to individual members of the Works Council at any time. Alongside the Works Council at Porsche AG, there are, for example, interest groups for employees with severe disabilities and representation for young workers and trainees. Both of these bodies are closely integrated with the Works Council and involved in its decision-making processes. At all times, employees can view the current regulations in the conventional communication portals, such as the intranet at Porsche AG.

Furthermore, the Works Council provides employees at Porsche sites in Germany with comprehensive information on a regular basis at its workforce meetings, which also serve as an open platform for discussion. The coronavirus restrictions during the reporting year meant that works meetings could only take place on a limited basis. Nevertheless, communication with the workforce continued through the intranet, information videos, and email.

If employees have complaints or concerns, corresponding points of contact are available. If they have questions or doubts about the Code of Conduct or compliance in general, an employee's first point of contact is their line manager. A central compliance help desk is also available. All inquiries are treated as confidential in keeping with the data protection regulations. More information about the whistleblower system is available under → **"Compliance and integrity"**.

General information about complaints procedures is available under → **"Safeguarding of human rights and environmental protection in the supply chain"**.

Attractiveness as an employer: The Porsche AG Group always puts employees at the heart of its business decisions

Good corporate governance is reflected in the company's rules and culture. For example, it is a matter of the company's values, ethics, and perception of responsibility in the supply chain. However, it is also about creating a corporate culture that facilitates innovation.

INNOVATIONS

In Strategy 2030, the strategy field "Innovative capacity" falls under the cross-cutting strategy "High-performance organization". In doing so, the Porsche AG Group is enhancing the various innovation units' collaboration and focusing it on common content. This organizational structure also contributes to the efficient use of resources. The Porsche AG Group aims to become a technological leader in certain core areas by 2030.

In the reporting year, the strategic work of the Porsche AG Group was centered on five focal points:

1. Develop the Porsche innovation agenda
2. Strengthen cooperation with venture capital investors in the early stages of projects
3. Strengthen the network between innovation activities in the Chinese market and local activities
4. Intensify cooperation with strategic partners
5. Continue to increase the number of innovation projects relating to sustainability

With regard to the fifth focal point, the Porsche AG Group set up a special budget for sustainability projects in 2022.

People's expectations of the Porsche AG Group are rising constantly. In particular, new customer groups expect the Porsche AG Group to operate sustainably and provide a range of sustainable products. At the same time, future products must also live up to people's expectations regarding performance and quality.

At the Porsche AG Group, employees have the space they need to work creatively. This creates a fertile environment for innovation: 80 to 100 employees apply themselves every year either individually or in teams; their suggestions range from product improvements and production line changes to new, digital solutions. This enables Innovation Management to source and implement ideas from throughout the Porsche AG Group continuously.

An idea has to fulfill three criteria in order for the Porsche AG Group to consider it an innovation:

1. New and unique
2. Profitable
3. Relevant customer benefit

If this is the case and if the feedback given is positive, the project is directly initiated with next to no preliminary work. The person who came up with the idea on their own initiative generally assumes responsibility for project management. The Innovation Management department offers assistance with methodology, invests money if applicable and, if needed, contacts potential internal and external development partners. In this way, Innovation Management has the opportunity to evaluate innovative project ideas in a structured manner. In the event of success, they can be developed through to series production.

The Innovation Management department determines the success of its work with the aid of what's known as the transfer rate: the percentage of all projects that make it further, such as to series development. In the reporting year, the target transfer rate was 55%.

Organization

Organizationally, Innovation Management at Porsche AG is a cross-divisional team with one person in charge per department. The team pursues a defined innovation agenda and focuses its activities on the future topics of relevance to the Porsche AG Group in the areas of the customer, products, company, and sustainability. Innovation Management has its own innovation budget that it can use to fund innovative project proposals throughout the company. Other innovation units support projects in early phases, such as pre-development, or in subsidiaries such as Porsche Digital.

Examples of measures

In the context of innovation, the Porsche AG Group works exceptionally closely with start-ups and universities. Innovation Management has been supporting sustainable innovation projects since 2017, including through scouting formats with partners like STARTUP AUTOBAHN. In the reporting year, Innovation Management and STARTUP AUTOBAHN coordinated a deep-dive event whose theme was "Sustainability Meets Performance". This event gave innovative start-ups from around the world the opportunity to discuss topics such as sustainability in supply chains and digital business models with experts, in order to identify potential future collaborations. The Porsche AG Group has also been a partner to the CODE University of Applied Sciences in Berlin and the Leipzig Graduate School of Management since 2017. Partnerships like these serve to examine future topics with teams of students in a structured fashion with scientific methods. For example, a team from the Leipzig Graduate School of Management analyzed business models worldwide and derived potential market entry strategies for the Porsche AG Group in a project entitled "Data Driven Business meets Sustainability". The results of this work will be incorporated into the strategic activities of the Porsche AG Group.

The Porsche AG Group also makes direct investments in up-and-coming businesses or launches initiatives to accelerate the digitalization process and promote its own brand strategically. The ecosystem created in this way has included the company builder Forward31 since 2019. With the venture capital unit Porsche Ventures and Porsche Digital GmbH, the company is always scanning the market for promising start-ups. An annual budget of up to €75 million is available for investments in start-ups and venture capital companies.

The Porsche AG Group entered into a partnership with UP.Labs in the year under review. Based in Los Angeles, the American company promotes innovative start-ups in an international framework. For this purpose, it has developed a new type of venture platform to combine the strengths of both parties — the typical agility and innovation of a start-up fuse with the size and resources of established companies. What makes this partnership special is that, in direct cooperation with Porsche, UP.Labs will develop start-ups that are tailored to the Porsche AG Group. The Porsche AG Group will then be able to integrate them into its organization. Their shared goal is to establish six start-ups with new business models in various mobility segments between 2023 and 2025. The first start-ups are expected to be established in 2023.

Innovation plays a key role in the preliminary development stage at Porsche AG: this stage focuses on the cycle plan's target vehicles and their concrete requirements, as well as the brand identity focuses, performance, fast travel, the driver experience, design, quality, and sustainability.

Even in the early stages, the Porsche AG Group tries to ensure that its innovation projects are as likely as possible to succeed, which is why interdisciplinary teams of experts evaluate the projects on the basis of set criteria. The actual project work does not begin until a positive score is awarded.

More information about innovation is available in the → **non-financial statement**.

NEW MOBILITY CONCEPTS

To keep pace with the changing requirements, the Porsche AG Group pooled the responsibility for mobility services under the auspices of Porsche Financial Services GmbH. The mobility offerings are developed and scaled globally in close collaboration with Porsche AG, the importers, the subsidiaries of Porsche Financial Services GmbH, and other internal and external partners. The products offered are to be as efficient as possible and represent a premium user experience for customers. The development of digital solutions in close cooperation with Porsche Digital GmbH is therefore a high priority.

Agile, interdisciplinary teams develop concepts that are focused primarily on new customer requirements and implement these in a targeted manner. Success is made possible by the intensive collaboration of the company's different departments, an open information policy, early piloting in various markets, and prompt stakeholder involvement. Synergies within the Volkswagen Group are systematically exploited in the development and implementation of services.

Managing mobility at the sites

The expansion of a sustainable range of mobility options for the employees at Porsche sites is a priority. The aim of company mobility management is to make the employees' commutes and professional travel more environmentally friendly. Porsche AG has been taking a range of action for a number of years for this purpose. For instance, travelers on the S-Bahn light rail link between the company's Weilimdorf and Zuffenhausen sites in Stuttgart can present their Porsche works ID card in lieu of a travel ticket when on company business. Frequent shuttle buses run back and forth between the sites for all other work trips in the Stuttgart area in order to reduce the amount of individual traffic.

An additional cycling initiative was rolled out at the Stuttgart-Zuffenhausen site in the reporting year. In addition to the construction of a bicycle repair point, this initiative involves creating bicycle-friendly commuting routes in cooperation with the German Cycling Association. More information about the initiative can be found on the mobility dashboard. Finally, the initiative also features a centralized information page on the intranet.

Porsche AG is also planning to offer more alternative forms of mobility at its sites. For instance, Porsche AG wants to provide employees in Stuttgart-Zuffenhausen with a micromobility service featuring electric scooters and bikes for short-distance professional travel. A pilot project was launched in late 2022. Other new developments include the relaunch of a car-sharing and commuting app as well as the expansion of bike services, such as the development of bike service points.

As part of the expansion of sustainability and alternative forms of mobility, the Porsche AG Group is promoting the electrification of its motorized site traffic. The internal charging infrastructure is being extended and powered by certified electricity from renewable sources, and new electric vehicles are being added to the fleet of company and leased vehicles all the time. In addition to the infrastructure, other management measures and complementary services were realized in the year under review.

Porsche AG conducts employee surveys and traffic flow analyses to gauge the impact of the projects on the targets. The most recent employee survey took place in 2020. No further employee surveys have been conducted due to the Covid-19 pandemic. The last survey showed that the total volume of traffic is declining continuously. There has also been a positive change in the modal split, i.e., the distribution of traffic across a range of transport options. Specifically, commuting in motorized private vehicles has fallen by around 7% between 2015 and 2020, the years covered by the survey. In contrast, significantly more employees traveled by public transport and bicycle.

More information about new mobility concepts is available in the → **non-financial statement**.

STRATEGY FIELD SUPPLY CHAIN RESPONSIBILITY

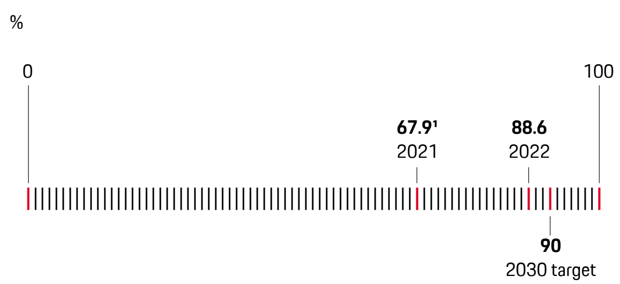
8 DECENT WORK AND ECONOMIC GROWTH

Porsche AG's corporate responsibility does not end at the factory gates — it extends across the entire value chain, which encompasses more than 1,400 direct suppliers of production materials and 5,400 direct suppliers of non-production materials.

As the product portfolio expands and technological diversity grows, so does the importance of the supply chain. Porsche AG is therefore systematically focusing its strategy on the management of its supplier relations in terms of sustainability aspects. Porsche AG wants to ensure that its direct suppliers practice ecologically sustainable procurement, adhere to human rights standards, implement social employment practices, and practice responsible resource management. One driving force for this is the industry dialogue on the German federal government's National Action Plan for Business and Human Rights (NAP), which addresses decent working conditions. Porsche AG is involved in this dialogue.

Specifically, by 2030, Porsche AG aims to comply with the strictest internal quality standards relating to sustainability with 90% of the production material it purchases from direct suppliers with a sustainability rating (S-rating). This means that direct suppliers of production materials are expected to achieve a positive S-rating in the highest category (A) by this point in time. (For details about the S-rating and its application, please refer to the → **non-financial statement**.) In the reporting year, the degree of fulfillment was already around 88.6%.

Degree of fulfillment of the highest quality standards based on purchasing volume of Porsche AG



[1] In deviation from the publication in the previous year, the S-rating for 2021 has been adjusted from 69.0% to 67.9%. The difference is due to changes in the procurement volume for 2021. (GRI 2-4)

Complaint management system

As described in the → **non-financial statement**, Porsche AG implemented a multi-stage complaint management system in 2022. It provides internal and external complainers with a confidential channel through which to report potential violations of human rights and/or environmental obligations. Porsche AG publishes the details about this complaint management system on the intranet and Internet. Porsche AG has a standardized process for handling complaints about potential breaches within its own organization and within its supply chain.

Sustainability requirements for the raw material mica

Porsche AG defined material-specific sustainability requirements for the raw material mica in 2022. The product requirements document sets out concrete transparency requirements and calls for the Global Workplace Standard for Mica Processors to be enshrined in each supply chain. Furthermore, separate due diligence measures concerning mica mining are implemented for high-risk countries — for example, supply chain inspectors are expected to monitor the processes on site as they happen. Starting in the reporting year, the product requirements document has been mandatory for all new contracts awarded to selected direct suppliers: all contracts awarded in connection with paint containing mica or mica plates are based on it.

For Porsche AG's engagement in the Responsible Mica Initiative, see → **non-financial statement**.

SAFEGUARDING OF HUMAN RIGHTS AND ENVIRONMENTAL PROTECTION IN THE SUPPLY CHAIN

The significance of the supply chain is growing constantly in the context of sustainability management. More and more new components and technologies are arriving, and the number of suppliers is rising. At the same time, as vehicles are increasingly electrified, the level of demand for high-risk raw materials — especially to build batteries — is also growing. The percentage of CO_2 emissions attributable to the supply chain will rise significantly. Overall, the importance of responsible, environmentally friendly raw material procurement methods that respect human rights is growing as a result.

Protection of human rights

As before, human rights are not respected in every region in the world. The United Nations has therefore called for immediate, effective action in order to bring an end to forced labor, modern slavery, human trafficking, and child labor.

Porsche AG rejects child labor, forced labor, and compulsory labor, as well as all forms of modern slavery and human trafficking, and takes consistent action to prevent such violations of human rights in its supply chains. The S-rating sets a clear priority in this context and is an important road map towards the UN goal: a rising proportion of direct suppliers of production material with a positive S-rating helps prevent modern slavery and child labor while bolstering decent, sustainable employment in the supply chain.

In 2022, preparations began to train security personnel in human rights policies and procedures. The measures are set to be implemented in subsequent years.

In the year under review, Porsche AG issued a declaration of its intent to observe and promote human rights, in which the Executive Board and Group Works Council commit to observe and promote human rights and safeguard good working conditions and fair trade. More information is available under "Safeguarding of human rights" in the → **non-financial statement**.

Demanding sustainability from suppliers

Trust-based cooperation between Porsche AG and its direct suppliers is based on shared values. The Code of Conduct for Business Partners translates these values into requirements. The Code of Conduct compels all parties to observe environmental, social, and human rights standards:

- The direct suppliers of Porsche AG are forbidden to knowingly engage in any form of forced labor or compulsory labor, as well as any form of modern slavery, human trafficking, or child labor. Moreover, employees may not be harassed or discriminated against, whether due to their ethnic background, religion, nationality, sexual orientation, age, gender, physical or mental limitations, or membership in a union.
- Porsche AG also expects all direct suppliers to follow the OECD Due Diligence Guidance for Responsible Supply Chains of Materials from Conflict-Affected and High-Risk Areas.

Application of the sustainability rating

The S-rating is applied to all direct suppliers of production materials and selected direct suppliers of non-production materials. Porsche AG employees who deal with these suppliers are required to undergo mandatory training in this context. A digital learning module for employees in other divisions is also available. For details about the content and procedure, see the → **non-financial statement**.

Responsible procurement of raw materials

Porsche AG endeavors to uphold human rights standards in the raw materials supply chain. Porsche AG and the Volkswagen Group have developed a responsible raw material procurement management system in line with the OECD guidance. During the reporting year, the Volkswagen Group conducted several projects in which raw materials were analyzed in turn. Porsche AG is working in close cooperation with selected direct suppliers to verify the materials leather and mica. This improves transparency in the raw material supply chains. This enables Porsche AG to detect human rights risks at an early stage and take action accordingly.

Porsche AG is a member of the Responsible Mica Initiative, where it is involved in several responsible functions and programs. Via the Volkswagen Group, Porsche AG is also represented in the World Economic Forum's Global Battery Alliance as well as the Initiative for Responsible Mining Assurance. For leather as a raw material, Porsche AG uses a product requirements document that requires the disclosure of the country of origin along with a specific sustainability certificate. Ever since the year under review, it has been mandatory for all newly awarded contracts to direct leather suppliers.

In the reporting year, Porsche AG summarized and published the most important findings and measures relating to responsible raw material supply chains in its Responsible Raw Materials Report. Since 2020, Porsche AG has been engaged in a pilot project together with a start-up to provide even greater transparency: it monitors freely available Internet sources and uses artificial intelligence to identify possible breaches by suppliers.

CO_2 emissions in the supply chain

Porsche AG has set itself an ambitious target — Porsche AG aims to be net carbon neutral across the entire value chain of its vehicles by 2030. The supply chains are currently responsible for around 20% of the CO_2 emissions that are relevant to the Decarbonization Index (DCI).

Porsche AG held numerous workshops with direct suppliers from relevant industries in the reporting year. Based on a hotspot analysis, they identified procurement volumes that had exceptionally high CO_2 emissions.

Of all the parts, high voltage battery cells are a key factor for CO_2 emissions in the supply chain for electric vehicles. Therefore, to reduce these emissions, measures have been defined which direct suppliers must now implement as requirements for all-electric series production car projects. In this context, the process of awarding contracts now encompasses requirements relating to the use of green electricity, CO_2-optimized primary materials, and recycled materials. This has been the case for all new contracts relating to production material for all-electric series production car projects from the reporting year.

Porsche AG holds strategic sustainability dialogues with selected direct suppliers, ensuring there is ongoing exchange regarding relevant topics. Together, they consider the opportunities and challenges and come up with ways to operate sustainably.

Certified environmental management system for direct suppliers

Porsche AG modified the environmental criteria of the S-rating in the reporting year: if a business partner employs more than 100 staff at its production sites, Porsche AG expects it to have in place an environmental management system certified under ISO 14001 or the European Union's EMAS Regulation.

More information about safeguarding human rights and environmental protection in the supply chain is available under → "Environmental standards in the supply chain" in the non-financial statement.

› STRATEGY FIELD GOVERNANCE AND TRANSPARENCY

The Porsche AG Group sees acting and doing business with integrity as an essential foundation for all business activities. In the strategy field of governance and transparency, Porsche AG is therefore working continuously to increase transparency and responsible corporate governance.

In the reporting year, Porsche AG further expanded the ESG management system that was introduced in 2021: the central compliance qualification concept has been harmonized and a mechanism for filing complaints relating to human rights has been introduced. A new "Tone from the Middle" policy has also been developed in order for managers to raise employee awareness.

In order to monitor the requirements of Germany's Supply Chain Due Diligence Act (LkSG), Porsche AG published the Group Business and Human Rights Guidelines in the reporting year. These Group guidelines establish an overarching framework for controlling the duties of care relating to human rights and the environment under the Supply Chain Due Diligence Act. The Group guidelines also provide for the formation of a Business and Human Rights Council, which will monitor compliance with these duties of care within Porsche AG in the future.

In the reporting year, the Supervisory Board of Porsche AG decided that sustainability targets should be a criterion in the remuneration system for the Executive Board from the 2023 financial year onwards. The Executive Board has made the same decision for the management of Porsche AG and selected national subsidiaries. For more information, see → "Remuneration report".

SUSTAINABILITY IN THE BUSINESS PROCESSES

The Porsche AG Group is distinguished by its excellent profitability. In the medium term, the Porsche AG Group is striving for a return on sales of 17%–19% on a Group level, although it is expected to rise to 20% in the long term. The company intends to ensure that it continues to meet its own profit targets in the future on the basis of continuous productivity and process improvements, as well as strict cost management — major investments in e-mobility and digitalization notwithstanding.

The management of the Porsche AG Group is focused on maintaining a flexible and scalable organizational and cost structure. The cost-effectiveness of strategic projects and plans in the product portfolio is therefore prioritized and safeguarded within defined budgets. The Porsche AG Group gauges and reports on the success of its measures on the basis of financial data, including the value creation calculation. More information about the value creation calculation is available under → "Key financial figures".

FISCAL TRANSPARENCY

In 2022, the Group-wide profit before tax under IFRS was €7,069.30 million.[1] The total tax expenditure of all fully consolidated Porsche AG Group companies was €2,112.36 million. This contained deferred taxes of €184.96 million, which were the tax expense or income resulting from deviations between the IFRS result and the taxable base. This is already covered in the current financial year, although it will not lead to the actual tax expense or income as well as tax payments or refunds until future years. The total tax rate in the Porsche AG Group was 29.88% in 2022.

The difference between the income tax expenditure of all fully consolidated Porsche AG Group companies and their income tax payments was largely due to differences in maturity dates: normally, the tax expense or income leads to tax payments or refunds in subsequent years, whereas the listed payments also encompass payments and refunds for previous years.

In 2022, Porsche AG and its consolidated companies in Germany were still part of the income tax group with Porsche Holding Stuttgart GmbH. Therefore, the income tax payments were payments to the controlling entity Porsche Holding Stuttgart GmbH on the basis of a stand-alone assessment of Porsche AG and its consolidated companies. However, the amount of the actual tax payment to the financial authorities depends on the taxable income of the controlling entity Porsche Holding Stuttgart GmbH.

In 2022, the tax payments by the fully consolidated Porsche AG Group companies in Germany amounted to €2,002 million, and contained €570 million in payments attributable to other periods for 2021. At €59 million, the tax payments of the fully consolidated companies of the Porsche AG Group in the USA include €101 million in refunds attributable to other periods, tax credits of €60 million, and changes in tax assets and tax liabilities that were recognized as cash items. For more information, please refer to → "Key financial figures".

The Porsche AG Group is focusing on sustainable financing

Business and the ability to compete are heavily dependent on the transition to carbon neutral and more closed-loop-oriented products and production forms. With the European Union's Sustainable Finance Strategy, capital will be directed into sustainable investments. The EU taxonomy defines verifiable criteria to make it possible to classify an activity as environmentally sustainable. Financial products that are used to pursue sustainable objectives form part of this development. (More information about the taxonomy and on taxonomy-related reporting by the Porsche AG Group is available under → "EU taxonomy" in the non-financial statement.)

In the automotive division of the Porsche AG Group, the proportion of sustainable finance was over 60% in the reporting year. This is to be increased to 100% by 2030.

Government grants

In the reporting year, government grants totaling €20 million (2021: €33 million, 2020: €38 million) were deducted from the acquisition costs of property, plant, and equipment. All the conditions associated with the grant are assumed to have been met. Performance-based government grants amounted to €41 million in 2022 (2021: €53 million, 2020: €72 million).

[1] Calculation of profit before tax under IFRS after consolidation per country: for the sake of simplicity, this report presents a percentage-based breakdown of the consolidation entries relative to the profit before tax under IFRS and consolidation entries.

TRANSPARENT CORPORATE GOVERNANCE

The Porsche AG Group is aware of the importance of its reputation to the success of its business. The Porsche AG Group regularly takes its stakeholders' interests into account when it makes relevant decisions. In particular, its stakeholders include customers, employees, investors, business partners, and non-governmental organizations. The Porsche AG Group sets great store by living up to the expectations of these stakeholders and society as a whole.

As the general public demands greater transparency, credible communication on ethical and responsible behavior is increasingly important. The significance of intensive communication with stakeholders is also rising: in a dynamic and increasingly complex environment, interactions between the Porsche AG Group and its stakeholders must be open and constructive. The Porsche AG Group wants to critically analyze social and ecological challenges, take the diversity of different viewpoints into account strategically, and discuss perspectives and priorities with stakeholders. A Group-wide policy has to ensure that internal and external communications are active, professional, transparent, consistent, and credible. Its purpose is to make sure that the Porsche AG Group represents its positions with one voice and consistent arguments.

Transparency and communication

A company cannot be credible or enjoy robust relationships with its stakeholders without clear communication and transparency. Substantial communication content is also crucial to success. Therefore, the Porsche AG Group prioritizes informing the general public and selected target groups about certain issues in an open, specific manner, such as: why is sustainability crucial to the Porsche AG Group? What ambitious targets have been agreed? Have these targets been achieved using the reported methods? Transparency and dialogue about these topics are integral aspects at the Porsche AG Group.

ESG management at the Porsche AG Group

The Porsche AG Group completed its IPO in the reporting year, which means that the expectations of the capital market have become more relevant. It is important to the Porsche AG Group to be seen as sustainable and valuable by analysts and other professional stakeholders. In particular, it aims to meet the sustainability expectations of investors and other market players who focus on environmental, social, and governance (ESG) aspects. ESG describes a series of sustainability-related requirements that the Porsche AG Group has to meet, and helps it categorize and evaluate its sustainability efforts more effectively. The Porsche AG Group wants to accomplish outstanding results here to impress its stakeholders.

To this end, it initiated a project to launch a software-based ESG management system in 2021, which continued in the reporting year. Adopting an integrated approach, it complements the strategy with additional key topics.

The ESG management system should make it easier for the Executive Board and the relevant departments to monitor and manage their ESG contributions, interpret results, and produce regular reports. In the year under review, work started on the construction of a centralized IT system for this purpose. The outcome of this system is pooled centrally within the Sustainability department.

Furthermore, the Porsche AG Group has determined performance indicators, which illustrate material non-financial ESG contributions and transparently demonstrate the Porsche business model's contribution to sustainable development. The Porsche AG Group aims to control and measure its ESG contributions strategically on the basis of these key indicators.

ESG ratings

The Porsche AG Group has itself rated by external organizations to this end and bases its improvement measures on the results of these ratings. Selected independent rating agencies analyze the sustainability efforts of the Porsche AG Group.

In its sustainability strategy, the Porsche AG Group aims to be rated "in best class" in independent sustainability ratings, which would make it one of the leading companies in the automotive industry. The Porsche AG Group considers this independent, external assessment to be an important tool and source of impetus: building on this, it can continuously improve its sustainability management. The Porsche AG Group has already received ESG ratings from third parties in the past: the Porsche AG Group considers the ESG rating of B- it received from ISS in October 2021 to be one of its most important achievements. The Porsche AG Group received one of the highest scores in the automotive industry. ↗ **https://www.issgovernance.com/esg/ratings**

COMPLIANCE AND INTEGRITY

Compliance at Porsche

The following disclosures about compliance at Porsche AG complement the disclosures in the non-financial statement. Compliance and integrity are addressed in the → **section entitled "Responsible corporate governance, compliance, and integrity"**.

At Porsche AG, the Code of Conduct sets out the most important principles and expectations of compliance in three different aspects: as a member of society, as a business partner, and in the workplace. Another code, the Code of Conduct for Business Partners, states that Porsche AG expects its business partners to adhere to the relevant laws, recognize basic ethical values, and act in a sustainable manner. Both of these codes explicitly bring the whistleblower system at Porsche AG to people's attention. Furthermore, the Executive Board has adopted the Compliance Management guidelines: these represent an undertaking by Porsche AG to ensure compliance with laws and guidelines.

Compliance organization and compliance measures

The compliance management system (CMS) at Porsche AG is a preventative framework for the totality of all principles, measures, and objective processes that serve to safeguard and implement compliance in six areas of compliance. It is intended to ensure that violations of the law and/or directives in these areas of compliance are prevented, or at least rendered significantly more difficult.

Employees can report potential breaches of the rules using an internal whistleblowing mechanism that has been set up and communicated. Outside the company, employees and external individuals can report breaches to two ombudsmen who are subject to professional duties of secrecy under German law. These internal and external points of contact for the whistleblower system can be contacted in a variety of ways at any time, even anonymously, free of charge. Porsche AG acts on incoming reports, taking into account data protection, labor law, and co-determination regulations. Whistleblowers need not fear any disciplinary measures or other repercussions from Porsche AG. Porsche AG reacts to identified violations in compliance with the data protection, labor law, and co-determination regulations. Regardless of the outcome of the investigation, suitable countermeasures are introduced on a case-by-case basis, and individual misconduct is punished on a case-by-case basis depending on the outcome of the investigation.

Overall, Porsche's whistleblower system was responsible for following up on 63 of 168 submitted reports. The plausibility check rated 34 of these 63 reports as plausible. Of the 34 plausible reports, 13 were categorized as potentially severe breaches of the rules, and investigated through Porsche's whistleblower system. The focal points of the potential misconduct were violations of the German Trade Secrets Act (GeschGehG) and offenses against property (such as fraud and embezzlement).

Eight cases concluded in the identification of a serious breach of the rules and resulted in sanctions. Four investigations ended without identifying a breach of the rules. One case was still open at the end of the reporting year.

The central Compliance department has been conducting compliance monitoring since 2021. Besides interviews with managers, it involves risk-oriented activities such as random inspections of transactions that are of relevance in terms of compliance. The results are compiled in a report that also describes appropriate action if there is an evident need for improvement.

Compliance communication at Porsche AG focused on intranet posts in the reporting year, addressing topics such as the updated Code of Conduct leaflet and International Anti-Corruption Day. The compliance officers also released various internal communications in the form of info sessions, posts in departmental groups, and messages to managers.

Compliance training

In cooperation with the HR department, the compliance officers provide compliance training at Porsche AG and selected subsidiaries. The basis is a subject-specific plan which uses risk analyses to identify the relevant target groups and key areas of content. There are mandatory training formats for managers, junior managers, and new employees. The compliance officers also provide organized training for specific departments and target groups, such as on legally mandatory or current topics, or on request.

In the reporting year, 5,817 employees at Porsche AG and its relevant German subsidiaries received compliance training at in-person and virtual events, and 57,337 participants received compliance training through digital training modules. The digital Code of Conduct training module was completed by 17,296 employees from Porsche AG and 7,458 employees from its relevant German subsidiaries. This training module covers the directive of the same name and provides information about the whistleblower system and the contact details of the compliance help desk. The training also covers the content of the "Avoidance of conflicts of interest and corruption" and "Human rights" guidelines. By the end of the reporting year, the rate of training in face-to-face and virtual events within the target group at Porsche AG and its relevant German subsidiaries was 93% on average for the defined areas of compliance. In 2022, Porsche AG piloted a digital training module on fraud prevention within Procurement.

Employees can find further information about compliance-related training and communications at Porsche AG on the intranet. Aside from the relevant Group and company guidelines, the intranet provides information on the compliance culture and organization, as well as details about points of contact and reporting channels. This is complemented by videos, flyers, note cards, and brochures.

Anchoring integrity organizationally

At the Porsche AG Group, the topic of integrity is based within a central management function. It is anchored within the Employee Development and Corporate Culture division of the Human Resources department. The purpose of integrity management is to anchor sustainability in the corporate culture on a long-term basis. It aims to enable managers and employees to act with responsibility, conviction, and steadfastness in keeping with ethical principles.

Aside from the principle of honesty, integrity, and ethical conduct, the Code of Conduct emphasizes the special example that managers and Executive Board members are expected to set. Furthermore, integrity is an integral part of the management mission statement, the Porsche Code, which makes it a high priority at work.

Integrity is even enshrined in internal processes and decisions, especially in onboarding, recruitment, development, remuneration, and disciplinary processes within Human Resources. The Group's HR Compliance guidelines set out the minimum standards. For instance, aspects of integrity are even discussed in the selection phase of the recruitment process. The development path to become a manager covered by a collective agreement, as well as the paths into and within management, all pay particular attention to the topic. Whenever proposals for decisions are submitted to the top boards of Porsche AG, the process involves an integrity assessment.

Integrity structure strengthening program

The Porsche AG Group has rolled out the topic of "Culture and Integrity" internationally as part of its Together4Integrity (T4I) program. Under the program, long-term measures have been drawn up to strengthen the integrity culture. The management teams of the 97 subsidiaries that are currently part of the T4I program, including Porsche AG, are responsible for local implementation in line with the schedule and milestone plan. The packages of measures and implementation times can vary depending on the local circumstances. However, the subsidiaries of the Porsche AG Group can base their local implementation on the centrally developed policies.

Within the Porsche AG Group, a central reporting system details the implementation of T4I measures by degrees of implementation. Besides the measures relating to "Culture and integrity", the system contains the minimum integrity standards from Porsche's Group HR Compliance guidelines. The T4I committees also report on its progress on a regular basis.

The importance of the topic is reflected in the half-yearly progress reports to the Compliance Council, the special-purpose reports to the Executive Board, and the Supervisory Board's annual integrity report. Reporting to the management and other relevant committees is an object of the T4I measures in connection with "Culture and integrity".

Raising awareness of integrity

Acting with integrity on a daily basis at work requires the ability to make decisions with integrity. Therefore, the training for newly recruited or promoted managers at Porsche AG and relevant national subsidiaries has been enhanced in the context of the new development path into management: it is based on a skill model that identifies and strengthens the skills needed for decisions to be made with integrity. In doing so, the training offers guidance and practical assistance with moral dilemmas.

The training has been part of integrity training courses for managers covered by collective agreements since the third quarter of 2022. Here, it makes an important contribution to the practical application of integrity in real-world scenarios.

New dialogue formats have also been developed especially for managers, in order to help them build a common understanding of integrity with their teams and promote integrity within the team. At Porsche AG, integrity is generally incorporated into training formats for new and existing employees on the basis of specific target groups.

Networks and tools

The interdisciplinary multiplier network covering the brand, culture, and integrity provides Porsche AG employees with a platform to share their experience, ideas, and presentations. It helps the ambassadors embed the topic of integrity within the departments. The intranet provides employees with packages of information about integrity. Intranet users can also access a series of internal podcasts about corporate culture, which also feature content relating to integrity.

Managers at Porsche AG have access to a tool kit in their own special integrity section. It features self-reflection tools, dialogue formats, and other information and ideas relating to integrity. This way, as role models, managers can hold their own workshops to hone their understanding of integrity and, working with their employees, define and implement measures designed to improve integrity. A workshop format, in which the team actively deals with everyday situations and decisions that require people to act with integrity, was added to the range of measures in the reporting year. As part of the transfer phase of the annual Leadership Lab for all disciplinary managers at Porsche AG, Porsche Logistik GmbH, and Porsche Dienstleistungs GmbH, they were given the opportunity to take part in integrity deep dives, such as on the topic of psychological security as a prerequisite of a "speak-up culture".

Integrity in employee surveys

The Porsche AG Group endeavors to enshrine integrity in day-to-day work and bring it to life everywhere and on all levels. Surveys help the Porsche AG Group understand where it currently is. For example, a poll on acting with integrity and lawful behavior within the corporate organization is part of the annual employee survey known as the mood barometer. The poll illustrates how the culture of integrity is developing and what additional measures can be derived. In the year under review, around 31,000 employees were surveyed in the Porsche AG Group.

The results of the mood barometer are then discussed within the organizational units. These compulsory discussions integrate into the team dialogue on the culture and values of the Porsche AG Group — an open discussion at eye level about cooperation within the organizational unit. The purpose of the format is for managers and employees to work together to draw up measures that will improve the way they work together as a team. The team dialogue is an object of the T4I measures.

If the mood barometer fails to meet a given integrity score, a special process within Porsche AG is activated to investigate the reasons for the score and introduce appropriate measures if necessary, with the involvement of HR and the relevant line manager.

The results of the annual employee survey on integrity within the Porsche AG Group show that the culture of integrity is highly advanced. The question about every individual's opportunity to behave with integrity scored in the highest category on the underlying five-point scale. The integrity question has consistently been in third place out of 24 questions in the mood barometer since 2019. Thus confirming the previous year's level.

DIGITALIZATION, DATA PROTECTION, AND CORPORATE DIGITAL RESPONSIBILITY

In the year under review, no complaints regarding data privacy incidents were lodged with Porsche AG either externally or by any authorities. Internally, however, incidents were identified and reported thanks to the internal control measures and vigilant employees. The rate of internal reports was higher than in previous years once again, due to factors including continuous awareness measures and employee training. None of the reported cases resulted in serious risks regarding the rights and freedoms of data subjects. In all of the justified cases, Porsche AG took steps to remedy the causes. Where prudent, additional steps were taken to prevent similar incidents from happening in the future. More information about Porsche AG's activities in connection with digitalization, data protection, and corporate digital responsibility is available in the non-financial statement. The topics can be found under → **"Digitalization and corporate responsibility"**.

CUSTOMER AND VEHICLE SAFETY

Porsche AG's response to vehicle safety extends far beyond merely meeting the legal requirements. The company's focus is always on providing the best possible protection for its customers on the road, with the safety of the vehicle's occupants being the top priority. In addition, making sure that other road users are also kept safe is another crucial aim. Information about the activities of Porsche AG in connection with customer and vehicle safety is presented in the → **non-financial statement**.

LONG-TERM CUSTOMER RELATIONS AND SATISFACTION

Porsche AG strives to excite its customers, not merely satisfy them, which is why this has been codified in the Porsche Strategy 2030. This requires close communication with customers throughout the product life cycle: as it continues to develop its products and services, Porsche AG wants to ensure that it always meets its customers' needs perfectly. More detailed information about long-term customer relations and satisfaction at Porsche AG is available in the → **non-financial statement**.

CORPORATE GOVERNANCE

Cayenne Turbo GT

 For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 428–432.

CORPORATE GOVERNANCE DECLARATION

PURSUANT TO SECTION 289F AND SECTION 315D HGB

The following chapter contains the content of the Group Corporate Governance Declaration required by sections 289f and 315d of the German Commercial Code (HGB) and the recommendations and principles of the German Corporate Governance Code.

THE GERMAN CORPORATE GOVERNANCE CODE — A BLUEPRINT FOR SUCCESSFUL CORPORATE GOVERNANCE

Corporate governance provides the regulatory framework for corporate management and supervision. This includes a company's organization and values, and the principles and guidelines for its business policy. The German Corporate Governance Code (the Code) contains principles, recommendations, and suggestions for corporate management and supervision. Its principles, recommendations, and suggestions were prepared by a dedicated government commission on the basis of the material provisions and nationally and internationally accepted standards of sound, responsible corporate governance. In the interests of best practice, the government commission regularly reviews the Code's relevance in light of current developments and updates it as necessary. The Executive Board and the Supervisory Board of Porsche AG base their work on the principles, recommendations, and suggestions of the Code. For us, good corporate governance is a prerequisite and reflection of responsible corporate governance. We consider this to be a key prerequisite for achieving a lasting increase in the company's value. It helps strengthen the trust of our shareholders, customers, employees, business partners, and investors in our work and enables us to meet the steadily increasing demand for information from national and international stakeholders. The Executive Board and Supervisory Board therefore aim to manage and monitor the company in line with nationally and internationally accepted standards in order to ensure sustainable value creation for the long term.

DECLARATION OF CONFORMITY

On December 5, 2022, the Management Board and the Supervisory Board of Dr. Ing. h.c. F. Porsche Aktiengesellschaft ("Company") declare pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz — AktG) that the recommendations of the German Corporate Governance Code of the "Government Commission on the German Corporate Governance Code," as amended on April 28, 2022 and published by the Federal Ministry of Justice in the official section of the Federal Gazette on June 27, 2022 ("Code"), have been complied with in the period since the first admission of the Company's preference shares to trading on an organized market on September 28, 2022 ("IPO") and will continue to comply with in the future, with the following exceptions:

1. Term of the first-time appointment of Management Board members (B.3 of the Code)

   Recommendation B.3 of the Code, according to which the first-time appointment of members of the Management Board should be for a maximum of three years, was not complied with. In deviation from this recommendation, the Supervisory Board resolved on December 1, 2022 to appoint Mr. Sajjad Khan as a member of the Management Board for the newly created Car IT division for a period of five years with effect from November 1, 2023. Mr. Khan is a proven expert in the development of intelligent software in vehicles. The Supervisory Board has come to the conclusion that it is in the interest of the Company to secure Mr. Khan's expertise in the long term. Against the background of Mr. Kahn's special qualifications and the Supervisory Board's ambition for personnel continuity in the establishment of a new and strategically important management division, the Supervisory Board has exceptionally decided in favor of a long-term initial appointment. In the future, the first-time appointment of Management Board members shall be made for a maximum of three years in accordance with the Rules of Procedure of the Supervisory Board and the recommendation of the Code.

2. Designation of specific objectives for the composition of the Supervisory Board and preparation of a profile of skills and expertise for the entire Board (C.1 sentences 1 to 3 of the Code)

   In its first meeting after the IPO, held on December 1, 2022, the Supervisory Board decided on specific objectives for its composition and a profile of skills and expertise for the entire board while taking the principle of diversity into account. The Supervisory Board's profile of skills and expertise also comprises expertise regarding sustainability issues relevant to the enterprise. For the period until December 1, 2022, recommendation C.1 sentence 1 — and subsequently also recommendations C.1 sentences 2 and 3 — of the Code were temporarily not complied with. The preparation of specific objectives for the composition of the Supervisory Board and an adequate profile of skills and expertise were not possible at an earlier point in time due to time constraints, as the Supervisory Board in its current composition has only existed since September 23, 2022 and it seemed appropriate to include the three newly elected Supervisory Board members in this process. As of December 1, 2022, the Company complies and will continue to comply with recommendations C.1 sentences 1 to 3 of the Code.

3. Age limit for Supervisory Board members (C.2 of the Code)

   According to recommendation C.2 of the Code, an age limit should be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement. This recommendation has not been and is not complied with. The Supervisory Board holds the view that the ability to monitor and advise the Management Board in the management of the business does not cease upon reaching a certain age.

4. Maximum limit of Supervisory Board mandates (C.5 of the Code)

   According to recommendation C.5 of the Code, members of the Management Board of a listed company shall not have, in aggregate, more than two Supervisory Board mandates in non-group listed companies or comparable functions and shall not accept the Chairmanship of a Supervisory Board in a non-group listed company. A deviation from this recommendation is declared with regard to one Supervisory Board member. The Supervisory Board member holds supervisory board mandates, each as chairman, in two listed companies, namely Volkswagen AG and Traton SE, as well as a supervisory board mandate in Bertelsmann SE & Co. KGaA and is also chairman of the management board of the listed company Porsche Automobil Holding SE. The Company, Volkswagen AG, and Traton SE do not form a group within the meaning of the German Stock Corporation Act with Porsche Automobil Holding SE. However, the Management Board and the Supervisory Board are convinced that the Supervisory Board member has sufficient time available to exercise his mandate at the Company.

5. Remuneration of the Management Board (G.1, G.2, G.3, G.6, G.7 sentence 1 and G.10 sentences 1 and 2 of the Code)

   During a transitional period lasting until the new Management Board remuneration system comes into effect and the service contracts of the members of the Management Board have been adjusted (see below under a)), until the publication of the first remuneration report in accordance with Section 162 AktG (see below under b)) and with regard to the granting of an IPO-Bonus to the members of the Management Board (see below under c)), various recommendations in Section G. of the Code will temporarily not be complied with.

   In detail:

   a) Temporary deviations until the validity of a new Management Board remuneration system and the adjustment of the Management Board service contracts (G.1, G.2 and G.10 sentences 1 and 2 of the Code)

      Until the IPO, the Company was not obliged to establish a remuneration system for the Management Board in accordance with Section 87a of the German Stock Corporation Act. The provisions in the existing Management Board service contracts do not fully comply with the recommendations in section G. of the Code. For this reason, the Supervisory Board resolved on September 14, 2022, with effect from January 1, 2023, a new Management Board remuneration system that complies with both the legal requirements and the recommendations of the Code. The new remuneration system is to be submitted to the Company's Annual General Meeting in 2023 for approval. Against this background, the following recommendations have not been and will not be temporarily complied with for the period from the IPO until the end of December 31, 2022:

      — Until the new remuneration system comes into effect, there is no systematic description of the declarations required under recommendation G.1 of the Code.
      — Furthermore, the determination of a specific target total remuneration in the sense of recommendation G.2 of the Code has not been provided for so far. On September 14, 2022, the Supervisory Board determined a specific target total remuneration for the Management Board members effective January 1, 2023.
      — The long-term variable remuneration amounts granted to the members of the Management Board in accordance with the remuneration system for the Management Board valid until December 31, 2022 are agreed in so-called performance share plans. In deviation from recommendation G.10 sentence 1 of the Code, these are based on the development of the preferred share issued by Volkswagen AG. In addition, the performance period for performance share plans commencing before January 1, 2023 is three years, in deviation from recommendation G.10 sentence 2 of the Code. New performance share plans commencing on or after January 1, 2023 are based on the development of the preference share issued by the Company, and the performance periods are then four years. Recommendations G.10 sentences 1 and 2 of the Code are thus complied with in respect of performance periods beginning in the future.

It is intended to conclude new service contracts between the Company and all Management Board members with effect from January 1, 2023 in each case, in which the remuneration will be determined in accordance with the new remuneration system and the recommendations in Section G. of the Code will be complied with in the future, unless a deviation is declared below under lit. c).

b) Peer Group Disclosure (G.3 of the Code)

In order to assess whether the specific total remuneration of Management Board members is in line with usual levels compared to other companies, in accordance with recommendation G.3 sentence 1, first half-sentence of the Code the Supervisory Board uses a peer group of other third-party entities. In deviation from recommendation G.3 sentence 1, second half-sentence of the Code, however, the composition of this peer group has not yet been disclosed. The Management Board and the Supervisory Board intend to disclose the composition of the peer group in the remuneration report pursuant to § 162 of the German Stock Corporation Act, in accordance with standard corporate practice. Such a remuneration report will be prepared for the first time for the financial year 2022, published in spring 2023 and submitted to the Annual General Meeting in 2023 for approval. Recommendation G.3 of the Code is therefore not complied with for this transitional period.

After this transitional period, that is, from the disclosure of the remuneration report for the financial year 2022, the company will fully comply with recommendation G.3 of the Code in the future.

c) IPO-Bonus (G.6, G.7 sentence 1 and G.10 sentence 2 of the Code)

On July 20, 2022, the Supervisory Board agreed with the members of the Management Board on the granting of a bonus ("IPO-Bonus") in the event of a successful IPO. The IPO-Bonus was granted in the form of virtual shares. These virtual shares will be converted into cash amounts in three tranches over periods of one, two, and three years, depending on the development of the stock market price of the preference share issued by the Company in the respective period, and these cash amounts will be paid to the Management Board members. With regard to the IPO-Bonus, the following recommendations are not fully complied with:

— According to recommendation G.6 of the Code, the share of variable remuneration achieved as a result of reaching long-term targets shall exceed the share from short-term targets. As a precautionary measure, the Supervisory Board assumes that the first two one-year and two-year tranches of the IPO-Bonus are to be allocated to the short-term variable remuneration and the last tranche of the IPO-Bonus to the long-term variable remuneration of the Management Board members. As a result, the target value of the short-term variable remuneration promised to the Management Board members for the financial year 2022 exceeds the target value of the long-term variable remuneration. Against this background, a deviation from recommendation G.6 of the Code is declared as a precautionary measure. Nevertheless, the remuneration of the Management Board overall continues to be oriented toward the Company's sustainable and long-term development. The payment of the IPO-Bonus in three tranches over one, two, and three years leads, in the view of the Supervisory Board, to a purposeful and appropriate incentive for the members of the Management Board, which is not limited to the preparation for the IPO, but also takes into account how successful the IPO over the long term is.
— The performance criteria for the IPO-Bonus were set before the time at which the members of the Management Board were to be induced by the IPO-Bonus to perform particularly well in the preparation for and after the IPO. However, as a precautionary measure, a deviation from recommendation G.7 sentence 1 of the Code is declared, as the performance criteria could not be determined before the beginning of the current financial year. This deviation is limited to the remuneration for the financial year 2022. In the future, that is, for the following years, this recommendation will be complied with.
— Finally, the members of the Management Board can dispose of the third tranche of the IPO-Bonus as part of the long-term variable remuneration after three years and not after four years as recommended in G.10 sentence 2 of the Code. The payment of the IPO-Bonus in three tranches over one, two, and three years leads, as described above, in the opinion of the Supervisory Board, to a purposeful and appropriate incentivization of the Management Board members.

The joint declaration of conformity by the Executive Board and Supervisory Board can also be found on the company's website at ↗ https://investorrelations.porsche.com/en/corporate-governance.

EXECUTIVE BOARD

The Porsche AG Executive Board has sole responsibility for managing the company in the company's best interests, in accordance with the Articles of Association and the rules of procedure for the Executive Board issued by the Supervisory Board. The business activities of the Executive Board are divided into the following seven divisions. In addition to the Chairman of the Executive Board, the other Board positions are: Procurement, Research and Development, Finance and IT, Human Resources and Social Affairs, Production and Logistics as well as Sales and Marketing. As of November 1, 2023, an additional Board position will be added: CAR-IT. Information on the composition of the Executive Board and additional information about the members of the Executive Board, including their CVs, can be found on Porsche AG's website at ↗ https://investorrelations.porsche.com/en/corporate-governance.

Working Procedures of the Executive Board

In accordance with Article 8 (1) of the Articles of Association, Porsche AG's Executive Board is composed of at least two people, with the precise number determined by the Supervisory Board. As of December 31, 2022, there were seven members of the Executive Board.

The Executive Board meets regularly. Meetings of the Executive Board are convened by the Chairman of the Executive Board. The Chairman is required to convene a meeting if requested by any member of the Executive Board. The Chairman of the Executive Board — or, if he is unable to do so, the Deputy Chairman — presides over the Executive Board meetings. In matters of material or fundamental importance as well as certain matters specifically listed in the Rules of Procedure for the Executive Board, the decisions are taken by the entire Executive Board. The Executive Board takes decisions only after prior debate, generally in meetings. It may also take decisions using the written voting procedure if none of the members of the Executive Board request without undue delay that an Executive Board meeting be held. Resolutions of the Executive Board are adopted by a simple majority of votes cast by its members, unless the law or the Rules of Procedure for the Executive Board stipulate a unanimous decision. In the event of a tie, the Chairman of the Executive Board casts the deciding vote. Each Executive Board member manages his Board position independently, without prejudice to the collective responsibility of the Executive Board. All Executive Board members must inform each other of major events and measures within their Board position. The Porsche AG Group companies are managed solely by their respective management. The management of each individual company takes into account not only the interests of their own company but also the interests of the group in accordance with the framework laid down by law. Executive Board committees exist on the following topics: products, investments, digitalization as well as product quality and customer satisfaction. Alongside the responsible members of the Executive Board, the relevant central departments and the relevant functions of the divisions are represented on the committees.

Cooperation with the Supervisory Board

The Executive Board and the Supervisory Board cooperate closely for the good of the company. The Chairman of the Executive Board coordinates the cooperation with the Supervisory Board and its members. He is responsible for ensuring that the Supervisory Board is informed in a timely, conscientious, and comprehensive manner. In addition, he is responsible for ensuring the basis for the prosperous development of the company through a constant exchange with the Chairman of the Supervisory Board and through ongoing consultation with him.

The Executive Board reports to the Supervisory Board at least once a year on the intended business policy and other fundamental questions relating to business planning (particularly with regard to financial planning, investment planning and human resources planning) as well as the profitability of the company. The Executive Board also regularly informs the Supervisory Board about the progress of business, particularly sales revenue and the position of the company. Transactions that could be significant for the company's profitability or liquidity must be reported to the Supervisory Board by the Executive Board as promptly as possible, giving the Supervisory Board the opportunity to issue a statement on the transaction before it takes place. The Chairman of the Executive Board must also immediately inform the Chairman of the Supervisory Board about other important matters.

With the exception of the immediate reports by the Chairman of the Executive Board to the Chairman of the Supervisory Board on matters of particular importance, the Executive Board reports to the Supervisory Board in text form as a rule.

Key decisions by the Executive Board, such as the annual planning round, a major realignment of the company's business activities, significant financial transactions, larger acquisitions, and financial measures as well as the establishment, relocation, and dissolution of branches and certain production sites, are subject to the approval of the Supervisory Board.

Diversity Concept and Succession Planning for the Executive Board

The Supervisory Board is mindful of diversity in the composition of the Executive Board. The Supervisory Board understands diversity, as an assessment criterion, to mean in particular different yet complementary specialist profiles and professional and general experience, also in the international domain, with all genders being appropriately represented. The Supervisory Board also takes the following aspects into account in this regard, in particular:

— Members of the Executive Board should have many years of management experience.
— Members of the Executive Board should — if possible — have experience based on different training and professional backgrounds.
— The Executive Board as a whole should have technical expertise, especially knowledge of and experience in the manufacture and sale of vehicles and engines of any kind as well as other technical products, and experience in the international domain.
— The Executive Board as a whole should have many years of experience in research and development, production, sales, finance, and human resources management, as well as law and compliance.
— At least one Executive Board position should be held by a woman.
— The Executive Board should also have a sufficient mix of ages.

The aim of the diversity concept is for the Executive Board members to embody a range of expertise and perspectives. This diversity promotes a good understanding of Porsche AG's organizational and business affairs. Particularly, it enables the members of the Executive Board to be open to innovative ideas and to avoid groupthink. In this way, it contributes to the successful management of the company. In deciding who should be appointed to a specific Executive Board position, the Supervisory Board takes into account the interests of the company and all the circumstances of the specific case. In taking this decision and in long-term succession planning, the Supervisory Board orients itself on the diversity concept. The Supervisory Board is of the view that the diversity concept is reflected by the current composition of the Executive Board. The members of the Executive Board have many years of professional experience, also in an international context, and cover a broad spectrum of educational and professional backgrounds. The Executive Board as a whole has outstanding technical knowledge and many years of collective experience in research and development, production, sales, finance, and human resources management, as well as law and compliance. In addition, the Executive Board has a sufficient mix of ages that corresponds to the requirements set by the Supervisory Board; the gender balance also meets the requirements set by the Supervisory Board up to now and the legal requirements. Long-term succession planning within the meaning of Recommendation B.2 of the Code is achieved through regular discussions between the Chairman of the Executive Board and the Chairman of the Supervisory Board as well as regular discussions in the Executive Committee. The contract terms for existing Executive Board members are discussed, along with potential extensions and potential successors. In particular, the discussions look at what knowledge, experience, and professional and personal competencies should be represented on the Executive Board with regard to the corporate strategy and current challenges, and to what extent the current composition of the Executive Board already reflects this. Long-term succession planning is based on the corporate strategy and corporate culture and takes into account the diversity concept determined by the Supervisory Board. As a rule, members of the Executive Board should be appointed for a term of office ending no later than their 65th birthday; the Supervisory Board can vote to deviate from this in justified cases.

SUPERVISORY BOARD

The Supervisory Board fulfills the tasks imposed on it in accordance with the requirements stipulated by law, the Articles of Association, and the Rules of Procedure for the Supervisory Board. It works on the basis of the recommendations and suggestions of the Code. It advises and monitors the Executive Board with regard to the management of the company and, through the requirement for the Supervisory Board to provide consent, is directly involved in decisions of fundamental importance to the company.

Information on the composition of the Supervisory Board and the Supervisory Board committees and their chairmen as well as on the terms of office of the individual Supervisory Board members can be found under the headings "Our Supervisory Board" and "Committees of the Supervisory Board of Porsche AG" on the company's website at ↗ https://investorrelations.porsche.com/en/corporate-governance. Further information on the work of the Supervisory Board can be found in the Report of the Supervisory Board in the → "To our shareholders" chapter of the Annual and Sustainability Report 2022, which is available on the company's website at ↗ https://investorrelations.porsche.com/en/financial-figures.

Overview

The Supervisory Board of Porsche AG consists of 20 members, half of whom are shareholder representatives elected by the Annual General Meeting. The other half of the Supervisory Board consists of employee representatives elected by the employees in accordance with the German Co-determination Act (MitbestG). A total of seven of these employee representatives are Company employees elected by the workforce; the other three employee representatives are trade union representatives elected by the workforce.

The Chairman of the Supervisory Board is generally a shareholder representative, and the Deputy Chairman is generally an employee representative. Both are elected by the other members of the Supervisory Board.

A dedicated office of the Supervisory Board Chairman is equipped with corresponding personnel resources in order to help the Chairman of the Supervisory Board perform his duties and to manage the business of the Supervisory Board.

The Supervisory Board appoints the Executive Board members and, on the basis of the Executive Committee's recommendations, decides on a clear and comprehensible system of remuneration for the Executive Board members. It presents this system to the Annual General Meeting as a resolution for approval every time there is a material change, but at least once every four years.

Each member of the Supervisory Board is obliged to act in the company's best interests and discloses any conflicts of interest to the Chairman of the Supervisory Board without delay. In its report to the Annual General Meeting, the Supervisory Board informs the Annual General Meeting of any conflicts of interest among Supervisory Board members that have arisen and how these were dealt with.

Supervisory Board members should not hold board or advisory positions at major competitors of the company and should not be in a personal relationship involving a major competitor.

Members of the Supervisory Board receive appropriate support from the company upon induction as well as with respect to education and training. Education and training measures are outlined in the Report of the Supervisory Board.

Working Procedures of the Supervisory Board

As a rule, the Supervisory Board adopts its resolutions in (in-person) meetings. It must hold at least two meetings in both the first and second halves of the calendar year. The number of meetings held in fiscal year 2022 and their main topics can be found in the Report of the Supervisory Board. Due to restrictions on account of the coronavirus pandemic, Supervisory Board members that were unable to physically attend meetings were given the possibility to take part in the meetings virtually. One meeting was also held as a pure video conference.

The Chairman of the Supervisory Board coordinates the work within the Supervisory Board and presides over the Supervisory Board meetings. He represents the Supervisory Board externally and in dealings with the Executive Board. The Executive Board generally attends the Supervisory Board meetings, unless the Supervisory Board has resolved otherwise in a specific case. The Supervisory Board also meets regularly without the Executive Board. In the event the auditor is called as an expert to the meeting, the Executive Board does not participate in the meeting for the duration of the auditor's presence unless the Supervisory Board deems their participation to be necessary. The Chairman of the Supervisory Board convenes and presides over the Supervisory Board meetings. If he is unable to do so, the Deputy Chairman performs these tasks.

The Supervisory Board is quorate if all members of the Supervisory Board have been duly invited and at least half of its total members of which it has to be composed participate in the adoption of the resolution. The Chairman determines the order of the agenda items and the voting procedure. Resolutions may also be passed outside of meetings in writing or using electronic media (that is, by fax, email or another standard form of telecommunications as well as any combination of these), provided that the Chairman announces this within a reasonable period of time and no Supervisory Board member objects to this procedure within that reasonable period of time. Absent Supervisory Board members or those not participating in the conference call or those participating remotely may also participate in the resolution of the Supervisory Board by submitting their vote in writing through another Supervisory Board member. They may also submit their vote orally, by telephone, in writing, or by electronic media prior to the meeting, during the meeting, or — at the discretion of the Chairman — within a reasonable period after the meeting to be determined by the Chairman of the Supervisory Board.

Supervisory Board resolutions are adopted by a simple majority of votes cast, unless otherwise provided by law. If a vote results in a tie, the Chairman of the Supervisory Board has the casting vote pursuant to section 29 (2) and section 31 (4) MitbestG; any member of the Supervisory Board can demand that the vote be repeated in accordance with these provisions. However, the casting vote is never granted to the Deputy Chairman of the Supervisory Board. The Supervisory Board meetings as well as the resolutions adopted in these meetings must be recorded in minutes which must be signed by the Chairman. The minutes must state the place and date of the meeting, the participants, the items on the agenda, the essential contents of the discussions, and the resolutions of the Supervisory Board. Resolutions made outside of meetings must be recorded in the minutes by the Chairman in writing and sent to all members of the Supervisory Board without delay.

Supervisory Board Committees

The Supervisory Board can form committees from among its members and, to the extent legally permissible, also delegate decision-making powers to these committees. Each committee established by the Supervisory Board must include at least one shareholder representative of Porsche Automobil Holding SE. Committees adopting resolutions are only quorate if half of the members — however, at least three members and all four members in the Mediation Committee — participate in the adoption of the resolution. Otherwise, the provisions of the Articles of Association and the Rules of Procedure for the Supervisory Board as a whole apply mutatis mutandis for the convening, meetings and the adoption of resolutions by the committees. The committee chairmen regularly report on the discussions and resolutions of their respective committees to the Supervisory Board.

In order to discharge the duties entrusted to it, the Supervisory Board has currently established five committees: the Executive Committee, the Nomination Committee, the Mediation Committee established in accordance with section 27 (3) MitbestG, a Related Party Committee and the Audit Committee.

The Executive Committee is currently made up of three shareholder representatives and three employee representatives. The Chairman of the Executive Committee is Dr. Wolfgang Porsche. The Nomination Committee is made up of the Chairman of the Supervisory Board and two additional shareholder representatives. The Mediation Committee comprises the Chairman of the Supervisory Board, the Deputy Chairman as well as one member each to be elected by the Supervisory Board members representing the employees and by the Supervisory Board members representing the shareholders. The Supervisory Board set up the Related Party Committee in order to deal with related party transactions. This committee is made up of three shareholder representatives and two employee representatives. The Audit Committee comprises six members: three from the ranks of shareholders and three from the ranks of employees. The expertise in the areas of accounting and auditing is ensured to a high degree by the Chairman of the Audit Committee Dr. Christian Dahlheim and its members Ms. Micaela Le Divelec Lemmi and Dr. Oliver Porsche.

More information about the members and their relevant experience and expertise is available at ↗ https://investorrelations.porsche.com/en/corporate-governance/.

The duties generally transferred to the respective committees by the Supervisory Board are described below. This does not rule out the possibility that the Supervisory Board may — if legally permissible — transfer additional duties to the committees on a case-by-case basis.

The Executive Committee coordinates the work in the Supervisory Board and, at its meetings, diligently prepares the resolutions of the Supervisory Board, discusses the composition of the Executive Board, and takes decisions on matters such as contractual issues concerning the Executive Board other than remuneration and consent to ancillary activities by members of the Executive Board. The Executive Committee supports and advises the Chairman of the Supervisory Board. It works with the Chairman of the Executive Board to ensure long-term succession planning for the Executive Board, taking diversity into account. For this purpose, the Executive Committee and the Chairman of the Supervisory Board have prepared a succession matrix.

The Nomination Committee proposes suitable candidates for the Supervisory Board to recommend to the Annual General Meeting for election. It develops and regularly reviews the requirement profiles for the shareholder representatives on the Supervisory Board and observes suitable personalities. Together with the Chairman of the Supervisory Board, it is primarily involved in developing a profile of requirements for at least two shareholder representatives that should be independent of a controlling shareholder.

The Mediation Committee has the task of submitting proposals to the Supervisory Board for an appointment or revocation of appointment of Executive Board members if in a first vote the Supervisory Board fails to reach a majority for the measure concerned.

Among other things, the Audit Committee discusses the auditing of accounting, including the annual and consolidated financial statements, as well as monitoring of the financial reporting process and the audit. It also discusses compliance, the effectiveness of the risk management system, internal control system, and internal audit system. In addition, the Audit Committee discusses interim financial information with the Executive Board.

A more detailed description of the duties and responsibilities of the individual committees can be found in the Rules of Procedure for the Supervisory Board, which are available on the company's website at ↗ **https://investorrelations.porsche.com/en/corporate-governance**. An overview of the members of the Supervisory Board committees is in the Report of the Supervisory Board as well as on the company's website at ↗ **https://investorrelations.porsche.com/en/corporate-governance.**

Concrete Objectives for the Composition of the Supervisory Board, Diversity Concept, and Skill Set for the Full Board

In view of the company's specific situation, its purpose, its size, and the extent of its international activities, the Supervisory Board of Porsche AG strives to achieve a composition that takes the company's ownership structure and the following aspects into account:

General requirements:

- Each member of the Supervisory Board must meet the requirements provided by law and the Articles of Association for membership in the Supervisory Board (see in particular sections 100 (1) to (4), 105 AktG).
- At least one member of the Supervisory Board must have specialist knowledge in the area of accounting and at least one other member of the Supervisory Board must have specialist knowledge in the area of auditing; the members as a whole must be familiar with the sector in which the company operates (section 100 (5) AktG).
- The Supervisory Board must be made up of at least 30% women and at least 30% men. The minimum participation of the genders must be fulfilled by the Supervisory Board as a whole. If, prior to the election, the side of the shareholder representatives or the side of the employee representatives raises an objection with the Chairman of the Supervisory Board, based on a resolution adopted by a majority, against the fulfillment of the minimum participation of the genders by the Supervisory Board as a whole, the minimum participation of the genders for that election will have to be fulfilled separately by the side of the shareholder representatives and by the side of the employee representatives (section 96 (2) sentences 1 to 3 AktG).

The Supervisory Board has set the following concrete objectives for its composition:

- Each member of the Supervisory Board must be reliable and have the knowledge and skills required to properly perform the duties assigned to them.
- At least two shareholder representatives should, in the opinion of the shareholder representatives, be considered independent of the company and its Executive Board and independent of a controlling shareholder within the meaning of recommendation C.6 of the Code.
- No more than two former members of the Executive Board should be members of the Supervisory Board.
- Supervisory Board members should not hold board or advisory positions at major competitors of the company and should not be in a personal relationship involving a major competitor.
- All members of the Supervisory Board must ensure that they have sufficient time available to discharge their duties.
- The diversity concept described below should be implemented.

With regard to its composition, the Supervisory Board strives for sufficient diversity in terms of personality, internationality, professional background, skills, and experience as well as age and takes the following diversity criteria into account for its composition:

- At least two members of the Supervisory Board should have international experience, either because of their origin or an educational or professional activity abroad over several years.
- A range of age groups should be represented on the Supervisory Board. At least 12 members of the Supervisory Board should have not reached their 65th birthday at the time of their election.
- The members of the Supervisory Board should complement each other in terms of their cultural origin, professional experience, and skills, so that the Supervisory Board can draw upon as broad a range of different experiences and specialist skills as possible.

In addition, the Supervisory Board has decided on the following skill set for the full Board. The Supervisory Board as a whole must collectively have the knowledge, skills, and professional expertise required to properly perform its supervisory function and assess and monitor the business conducted by the company. For this, the members of the Supervisory Board must collectively be familiar with the sector in which the company operates. The key skills and requirements of the Supervisory Board as a whole include, in particular:

- Knowledge of and skills and professional experience in the manufacture and sale of all types of vehicles and engines or other technical products.
- Knowledge of and skills and professional experience in the automotive industry and its transformation — especially with view to the topics of electromobility and mobility services — the business model and the market, as well as product expertise.
- Knowledge of and skills and professional experience in the field of research and development, particularly of technologies with relevance for the company.
- Knowledge of and skills and professional experience in leadership positions and supervisory bodies of companies, including holding companies and start-ups, or large organizations.
- Knowledge of and skills and professional experience in the areas of governance, law, or compliance.
- Knowledge of and skills and professional experience in the areas of finance, accounting, and auditing, primarily knowledge of and experience in the application of accounting principles and internal control and risk management systems and in sustainability reporting as well as the audit and review of sustainability reporting (financial experts).
- Knowledge of and skills and professional experience in the capital markets as well as knowledge of and skills and professional experience in the areas of controlling, risk management, and internal control system.
- Knowledge of and skills and professional experience in the area of human resources (particularly the search for and selection of members of the Executive Board, and the

Skills and Expertise Supervisory Board

	Dr. Wolfgang Porsche	Dr. Arno Antlitz	Dr. Christian Dahlheim	Melissa Di Donato Roos	Micaela le Divelec Lemmi	Dr. Hans Michel Piëch	Dr. Ferdinand Oliver Porsche	Hans Dieter Pötsch	Dr. Hans Peter Schützinger	Hauke Stars	Jordana Vogiatzi	Harald Buck	Akan Isik	Nora Leser	Knut Lofski	Vera Schalwig	Stefan Schaumburg	Carsten Schumacher	Wolfgang von Dühren	Ibrahim Aslan
Manufacture and sale	■	■	■			■	■	■	■	■		■	■		■	■		■	■	■
Automotive sector and transformation	■	■	■			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Research and development				■			■			■								■		
Management	■	■	■	■	■	■	■	■	■	■	■	■				■	■	■	■	
Governance/legal/compliance	■	■	■	■	■	■	■	■			■					■				
Finance, accounting/auditing		■	■	■	■		■	■	■			■		■				■		
Capital market, controlling, and risk management	■	■	■	■	■	■	■	■		■								■		
Personnel expertise and remuneration	■	■		■		■		■	■		■	■				■	■	■		
Co-determination	■	■	■	■		■	■	■		■	■	■	■	■	■	■	■	■	■	■
Sustainability	■	■		■	■			■	■					■						
Digital		■	■	■	■				■	■			■							
Luxury goods sector	■	■			■	■	■									■			■	

The qualification matrix is based on the Supervisory Board's own assessment. "Excellent knowledge" resulting from qualifications, knowledge, experience, or advanced training is designated as such. The categories in the left column of the qualification matrix summarize the key skills, expertise, and requirements that are enumerated individually in the profile of skills shown above and below for the entire Supervisory Board.

succession process) and knowledge of incentive and remuneration systems for the Executive Board.
- Knowledge of and skills and professional experience in the areas of co-determination, employee matters, and the working environment in the company.
- Knowledge of and skills and professional experience in the areas of the environment, society, and sustainable corporate governance including the risks descendant from these areas (Environmental, Social, Governance: ESG), in particular, expertise in the sustainability questions that are particularly relevant to the company, for example with regard to resources, supply chains, energy supply, corporate social responsibility, sustainable technologies, and related business models.
- Knowledge of and skills and professional experience in the area of digital transformation.
- Knowledge of and skills and professional experience in the luxury goods industry.

The qualifications of the Supervisory Board members were captured in a self-assessment, which shows that the key skills and requirements are fulfilled by the Board as a whole.

Numerous members of the Supervisory Board also embody the criterion of internationality to a particularly high degree; various nationalities are represented on the Supervisory Board and numerous members have international professional experience. Several members of the Supervisory Board contribute to the Board's diversity to a particularly high degree, especially Ms. Micaela Le Divelec Lemmi, Ms. Melissa Di Donato Roos, and Ms. Jordana Vogiatzi. The Supervisory Board also comprises members of various age groups.

The shareholder representatives on the Supervisory Board are of the opinion that four shareholder representatives are currently independent within the meaning of recommendation C.6 of the Code. These are Ms. Micaela Le Divelec Lemmi, Ms. Melissa Di Donato Roos, Dr. Christian Dahlheim, and Dr. Hans Peter Schützinger.

Members of the Supervisory Board Dr. Hans Michel Piëch, Dr. Ferdinand Oliver Porsche, Dr. Wolfgang Porsche, and Hans Dieter Pötsch have all belonged to the Supervisory Board for more than 12 years and thus fulfill one of the indicators set out in recommendation C.7 of the Code for lack of independence from the company and the Executive Board. Taking all the circumstances of the specific case into account, the shareholder side still considers these members of the Supervisory Board to be independent of the company and the Executive Board. The work of the Supervisory Board and its committees shows that Dr. Hans Michel Piëch, Dr. Ferdinand Oliver Porsche, Dr. Wolfgang Porsche, and Mr. Hans Dieter Pötsch continue to unreservedly possess the required critical distance from the company and its Executive Board to allow them to appropriately monitor and assist the Executive Board in managing the company.

Self-Assessment of the Supervisory Board

The Supervisory Board regularly assesses how effectively the Board and its committees are performing their tasks (self-assessment). In addition to the quality criteria to be determined by the Supervisory Board, the subject of the self-assessment mainly covers the procedures in the Supervisory Board and the flow of information between the committees and the plenum as well as the timely provision of sufficient information to the Supervisory Board. The Supervisory Board did not perform a self-assessment in fiscal year 2022. The Supervisory Board intends to carry out a self-assessment in fiscal year 2023.

LEGISLATION ON THE EQUAL PARTICIPATION OF WOMEN AND MEN IN MANAGEMENT POSITIONS

When putting the Supervisory Board of Porsche AG together, the minimum quota requirement introduced with the German Act on the Equal Participation of Women and Men in Management Positions in the Private Economy and the Public Sector (FüPoG) was observed, according to which the supervisory board of listed and parity co-determined companies must be made up of at least 30% women and at least 30% men. This quota is fulfilled by the Supervisory Board as a whole (overall fulfillment). A total of six women (30%) belong to the company's Supervisory Board, three of whom are shareholder representatives and three of whom are employee representatives. In addition, a total of 14 men (70%) belong to the Supervisory Board, seven of whom are shareholder representatives and seven of whom are employee representatives. The legal requirement to set a target for the proportion of women on the Supervisory Board does not apply due to the validity of the statutory minimum proportion requirement on the Supervisory Board.

According to the German Act to Supplement and Amend the Regulations for the Equal Participation of Women and Men in Management Positions in the Private Economy and the Public Sector (FüPoG II), Porsche AG is also subject to the minimum participation requirement of section 76 (3a) AktG, under which the members of the executive board of the company must include at least one woman and at least one man. When putting the Executive Board of Porsche AG together, this was observed. Ms. Barbara Frenkel has already been a member of the company's Executive Board since June 2021. The statutory requirement to set a target for the proportion of women on the executive board does not apply due to the legal validity of the participation requirement.

In addition, the executive board of a listed or co-determined company has to determine targets for the percentage of women in management positions at the two levels directly below the executive board. If the share of women is below 30% when the executive board sets the target, the targets may no longer be lower than the share already achieved. At the same time as setting the targets, deadlines for their achievement within five years also have to be determined.

By resolution dated November 2021, the Executive Board of Porsche AG set itself the targets of 20% women in the first level of management and 18% women in the second level of management by the end of 2025.

REMUNERATION REPORT AND REMUNERATION SYSTEM FOR THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The Remuneration Report for the last fiscal year and the auditor's report pursuant to section 162 AktG can be found in the Annual and Sustainability Report for fiscal year 2022, which is available on the company's website at ↗ **https://investorrelations.porsche.com/en/financial-figures.** The Remuneration Report is also available at: ↗ **https://investorrelations.porsche.com/en/corporate-governance.** Furthermore, the Remuneration Report contains detailed explanations about the remuneration system and the individual remuneration of the members of the Executive Board and Supervisory Board. The remuneration system for the Executive Board can also be viewed separately at the following link: ↗ **https://investorrelations.porsche.com/en/corporate-governance.**

For the first time, the remuneration system for the Executive Board and the Supervisory Board remuneration are to be submitted to the company's Annual General Meeting 2023 for approval pursuant to section 120a (1) AktG and for resolution pursuant to section 113 (3) AktG. Additional information on remuneration can be found in the notes to the Porsche AG Group consolidated financial statements for 2022 and in the notes to the Porsche AG financial statements for 2022.

RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

Compliance and Risk Management

To ensure the Porsche AG Group's lasting success, the company uses forward-looking risk management and a uniform group-wide framework. This includes:

- **Compliance:** Compliance at Porsche is adherence to statutory provisions, internal company policies and Porsche's Code of Conduct which are publicly accessible at the following link. ↗ **https://www.porsche.com/international/aboutporsche/overview/compliance/overview/**
- **Whistleblower system:** Adherence to statutory requirements, internal company policies, and the Code of Conduct has utmost priority at Porsche. In order to counter potential risks of compliance breaches at an early stage, the company set up a whistleblower system, where any violations against the rules by the Porsche group can be reported. Incoming reports are treated independently and confidentially in Porsche's whistleblower system.
- **Business and human rights:** Porsche is committed to respecting human rights, and in particular promoting good working conditions and fair trade. The company has formulated clear rules about this — both in terms of its own operating activities and its global supply chains. Porsche bases its entrepreneurial actions on the ten principles of the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights. The contents of these, which draw largely from the Universal Declaration of Human Rights and the ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work, can be found on the respective websites of the United Nations and the ILO.
- **Risk management and internal control system:** The Porsche AG Group has established a comprehensive risk management system (RMS) and internal control systems (ICS), to guarantee group-wide standards for dealing with risks in a responsible and transparent way. The RMS aims to recognize risks affecting the achievement of strategic and operative objectives, the adherence to statutory and internal requirements, and developments jeopardizing the company's ability to continue as a going concern at an early stage and to address these appropriately. The ICS enables the appropriate management of operational risks. The organizational set-up of the ICS is based on the internationally recognized COSO Internal Control — Integrated Framework. Risks are assessed for relevance based on the COSO criteria of compliance, anti-fraud, reporting, and operative, available on COSO's website.

Voluntary Commitments and Principles

The Porsche AG Group has made a commitment to sustainable, transparent, and responsible corporate governance.

The company coordinates its sustainability activities across the entire group and has put in place a forward-looking risk management system and a clear framework for dealing with environmental issues, for employee responsibility and for social commitment in a future-oriented manner. Voluntary commitments and principles that apply across the group are the basis and backbone of our sustainability management. These documents are publicly accessible in the Porsche Newsroom in the "Sustainability" section at the following link: ↗ **https://www.newsroom.porsche.com/en/nachhaltigkeit.html.**

MEMBERS OF THE EXECUTIVE BOARD

Members of the Executive Board	Membership on supervisory boards and other control bodies
Dr. Oliver Blume (*1968) Chairman (since 2015) Chairman of the Board of Management of Volkswagen AG Beginning of membership of the Executive Board: 2013 Nationality: German	**Membership of statutory supervisory boards in Germany** CARIAD SE, Wolfsburg (Chairman)[1] **Comparable appointments in Germany and abroad** Bugatti Rimac d.o.o., Sveta Nedelja (Deputy Chairman) (until December 8, 2022)[1] Porsche Consulting GmbH, Bietigheim-Bissingen (until August 31, 2022)[2] Porsche Deutschland GmbH, Bietigheim-Bissingen (until August 31, 2022)[2] Porsche Digital GmbH, Ludwigsburg (until August 31, 2022)[2] P3X GmbH & Co. KG, Munich (March 1, 2022 to August 31, 2022)[2] Porsche eBike Performance GmbH (formerly Fazua GmbH), Ottobrunn (June 1, 2022 to September 12, 2022)[2] Porsche Enterprises Inc., Atlanta (until August 31, 2022)[2] Seat S.A., Matorell (until September 15, 2022)[1]
Lutz Meschke (*1966) Deputy Chairman (since 2015) Finance and IT Beginning of membership of the Executive Board: 2009 Nationality: German	**Membership of statutory supervisory boards in Germany** Porsche Leipzig GmbH, Leipzig[2] PTV Planung Transport Verkehr GmbH (formerly PTV Planung Transport Verkehr AG), Karlsruhe (Chairman) (until February 20, 2022)[1] Volkswagen Bank GmbH, Braunschweig (until March 5, 2022)[1] **Comparable appointments in Germany and abroad** Bugatti Rimac d.o.o., Sveta Nedelja (until December 8, 2022)[1] European Transport Solutions S.à r.l., Luxembourg (since February 1, 2022)[1] MHP Management und IT-Beratung GmbH, Ludwigsburg (Chairman)[2] Porsche Consulting GmbH, Bietigheim-Bissingen (Chairman since September 1, 2022)[2] Porsche Deutschland GmbH, Bietigheim-Bissingen[2] Porsche Digital GmbH, Ludwigsburg (Chairman)[2] Porsche eBike Performance GmbH (formerly Fazua GmbH), Ottobrunn (Chairman) (since June 1, 2022)[2] Porsche Engineering Group GmbH, Weissach[2] Porsche Engineering Services GmbH, Bietigheim-Bissingen[2] Porsche Enterprises Inc., Atlanta[2] Porsche Financial Services GmbH, Bietigheim-Bissingen (Chairman)[2] Porsche Lifestyle GmbH & Co. KG, Ludwigsburg (Chairman)[2] Porsche Werkzeugbau GmbH, Schwarzenberg[2] P3X GmbH & Co. KG, Munich (since March 1, 2022)[2] Rimac Group d.o.o., Sveta Nedelja (since September 9, 2022)[1]

[1] Appointment outside the group
[2] Appointment within the group

Members of the Executive Board	Membership on supervisory boards and other control bodies
Barbara Frenkel (*1963) Procurement Beginning of membership of the Executive Board: 2021 Nationality: German	**Comparable appointments in Germany and abroad** Porsche Deutschland GmbH, Bietigheim-Bissingen (since September 1, 2022)[2]
Andreas Haffner (*1965) Human Resources and Social Affairs Beginning of membership of the Executive Board: 2015 Nationality: German	**Membership of statutory supervisory boards in Germany** Porsche Leipzig GmbH, Leipzig[2] **Comparable appointments in Germany and abroad** Porsche Dienstleistungs GmbH, Stuttgart (Chairman)[2] Porsche Werkzeugbau GmbH, Schwarzenberg[2] Porsche Consulting GmbH, Bietigheim-Bissingen[2] MHP Management und IT-Beratung GmbH, Ludwigsburg[2]
Detlev von Platen (*1964) Sales and Marketing Beginning of membership of the Executive Board: 2015 Nationality: German, French, USA	**Membership of statutory supervisory boards in Germany** Porsche Leipzig GmbH, Leipzig[2] **Comparable appointments in Germany and abroad** Porsche Deutschland GmbH, Bietigheim-Bissingen (Chairman)[2] Porsche Financial Services GmbH, Bietigheim-Bissingen[2] Porsche Logistik GmbH, Stuttgart[2] Porsche Digital GmbH, Ludwigsburg[2] Porsche Lifestyle GmbH & Co. KG, Ludwigsburg[2] P3X GmbH & Co. KG, Munich (Chairman) (since March 1, 2022)[2] Porsche Enterprises Inc., Atlanta[2]
Albrecht Reimold (*1961) Production and Logistics Beginning of membership of the Executive Board: 2016 Nationality: German	**Membership of statutory supervisory boards in Germany** Porsche Leipzig GmbH, Leipzig (Chairman)[2] **Comparable appointments in Germany and abroad** KS HUAYU AluTech GmbH, Neckarsulm[1] Volkswagen Osnabrück GmbH, Osnabrück[1] Porsche Werkzeugbau GmbH, Schwarzenberg (Chairman)[2] Porsche Logistik GmbH, Stuttgart (Chairman)[2] FlexFactory GmbH, Munich[1] Smart Press Shop GmbH & Co. KG, Halle[1]
Dr. Michael Steiner (*1964) Research and Development Beginning of membership of the Executive Board: 2016 Nationality: German	**Membership of statutory supervisory boards in Germany** CARIAD SE, Wolfsburg (since September 1, 2022)[1] **Comparable appointments in Germany and abroad** Porsche Digital GmbH, Ludwigsburg[2] Porsche Engineering Group GmbH, Weissach (Chairman)[2] Porsche Engineering Services GmbH, Bietigheim-Bissingen (Chairman)[2] Porsche E-Bike Performance GmbH (formerly Fazua GmbH), Ottobrunn (since June 1, 2022)[2] Cellforce Group GmbH, Tübingen[2] Group14 Technologies, Inc., Woodinville (since October 5, 2022)[1] HIF Global LLC, Delaware (since April 27, 2022)[1]

[1] Appointment outside the group
[2] Appointment within the group

MEMBERS OF THE SUPERVISORY BOARD AND COMPOSITION OF THE COMMITTEES

Members of the Supervisory Board	Membership on supervisory boards and other control bodies
Dr. Wolfgang Porsche (*1943) Chairman Business administration graduate Member since: 2009 Nationality: Austrian	**Membership of statutory supervisory boards in Germany** Porsche Automobil Holding SE, Stuttgart (Chairman)[1, 3] Volkswagen AG, Wolfsburg[1, 3] Audi AG, Ingolstadt[1] **Comparable appointments in Germany and abroad** Porsche Holding Gesellschaft m.b.H., Salzburg[1] Porsche Holding Stuttgart GmbH, Stuttgart (Chairman) (until September 15, 2022)[1] Porsche GmbH, Grünwald[1] Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)[1] Schmittenhöhebahn AG, Zell am See[1]
Jordana Vogiatzi (*1976) Deputy Chairman (since September 23, 2022) Managing Director of Members and Finance of IG Metall Stuttgart Member since: 2014 Nationality: German	**Comparable appointments in Germany and abroad** Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1]
Werner Weresch (*1961) Chairman of the works council Zuffenhausen/Ludwigsburg/Sachsenheim Chairman of Porsche general and group works council Deputy Chairman (until September 23, 2022) Member since: 2014, until September 30, 2022 Nationality: German	**Membership of statutory supervisory boards in Germany (as of September 30, 2022)** Volkswagen AG, Wolfsburg[1, 3] **Comparable appointments in Germany and abroad** Porsche Holding Stuttgart GmbH, Stuttgart (Deputy Chairman) (until September 15, 2022)[1]
Dr. Arno Antlitz (*1970) Member of the Board of Management of Volkswagen AG for Finance and Operations Member since: 2021 Nationality: German	**Membership of statutory supervisory boards in Germany** Volkswagen Financial Services AG, Braunschweig (Chairman)[1] PowerCo SE, Salzgitter[1] **Comparable appointments in Germany and abroad** Volkswagen Group of America, Inc., Herndon (Chairman)[1] Volkswagen (China) Investment Co., Ltd., Beijing[1] Porsche Austria Gesellschaft m.b.H., Salzburg[1] Porsche Holding Gesellschaft m.b.H., Salzburg[1] Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1]
Ibrahim Aslan (*1973) Member of the works council Zuffenhausen/Ludwigsburg/Sachsenheim; head of representatives body Member since: December 6, 2022 Nationality: German	

[1] Appointment outside the group
[2] Appointment within the group
[3] Listed company

Members of the Supervisory Board	Membership on supervisory boards and other control bodies
Harald Buck (*1962) Chairman of the works council Zuffenhausen/Ludwigsburg/Sachsenheim Chairman of Porsche general and group works council Member since: 2019 Nationality: German	**Comparable appointments in Germany and abroad** Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1] Volkswagen AG, Wolfsburg[1, 3]
Dr. Christian Dahlheim (*1968) Chairman of the Board of Volkswagen Financial Services AG Member since: 2020 Nationality: German	**Membership of statutory supervisory boards in Germany** Volkswagen Bank GmbH, Braunschweig[1] Volkswagen Versicherung AG, Braunschweig[1] **Comparable appointments in Germany and abroad** Porsche Bank AG, Salzburg[1] Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1] Volkswagen Finance (China) Co., Ltd., Beijing[1] VW New Mobility Services Investment Co., Ltd., Shanghai[1] VDF Faktoring A.S., Istanbul (Chairman)[1] VDF Filo Kiralama A.S., Istanbul (Chairman)[1] VDF Sigorta Aracilik Hizmetleri A.S., Istanbul (Chairman)[1] VDF Servis ve Ticaret A.S., Istanbul (Chairman)[1] Volkswagen Dogus Finansman A.S., Istanbul (Chairman)[1] Volkswagen Semler Finans Danmark A/S, Brøndby (Chairman)[1] Volkswagen Participações Ltda., São Paulo (Chairman)[1]
Micaela le Divelec Lemmi (*1968) Member of the Supervisory Board at De Longhi Group Member of the Supervisory Board at Aeroporti di Roma S.p.A. Member since: September 23, 2022 Nationality: Italian	**Comparable appointments in Germany and abroad** Pitti Immagine S.r.l., Florence[1] De Longhi S.p.A., Treviso[1, 3] Aeroporti di Roma S.p.A., Rome[1]
Melissa Di Donato Roos (*1972) Chief Executive Officer SUSE Software Member since: September 23, 2022 Nationality: USA	**Comparable appointments in Germany and abroad** Independent, nonexecutive member of the Board of Directors of JPMorgan Chase[1, 3]
Wolfgang von Dühren (*1962) Head of International VIP & Special Sales Porsche AG Member since: 2014 Nationality: German	
Akan Isik (*1971) Works council Zuffenhausen; Member of Porsche general and group works council Member since: 2019 Nationality: German	**Comparable appointments in Germany and abroad** Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1]
Nora Leser (*1981) Trade union secretary of IG Metall — Stuttgart office Member since: 2021 Nationality: German	**Comparable appointments in Germany and abroad** Thales Deutschland GmbH, Ditzingen[1]
Knut Lofski (*1963) Chairman of the works council Porsche Leipzig; Member of Porsche group works council Member since: 2019 Nationality: German	**Membership of statutory supervisory boards in Germany** Porsche Leipzig GmbH, Leipzig (Deputy Chairman)[2] **Comparable appointments in Germany and abroad** Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1]

[1] Appointment outside the group
[2] Appointment within the group
[3] Listed company

Members of the Supervisory Board	Membership on supervisory boards and other control bodies
Dr. Hans Michel Piëch (*1942) Attorney at law Member since: 2009 Nationality: Austrian	**Membership of statutory supervisory boards in Germany** AUDI AG, Ingolstadt[1] Volkswagen AG, Wolfsburg[1,3] Porsche Automobil Holding SE, Stuttgart (Deputy Chairman)[1,3] **Comparable appointments in Germany and abroad** Porsche Holding Gesellschaft m.b.H., Salzburg[1] Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022) Volksoper Wien GmbH, Vienna (until June 21, 2022)[1] Schmittenhöhebahn AG, Zell am See[1]
Hans-Peter Porsche (*1940) Engineer Member since: 2010, until September 23, 2022 Nationality: Austrian	**Comparable appointments in Germany and abroad (as of September 23, 2022)** FAP Beteiligungen AG; Salzburg (Chairman)[1] Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Deputy Chairman)[1] Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1]
Dr. Ferdinand Oliver Porsche (*1961) Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft Member since: 2010 Nationality: Austrian	**Membership of statutory supervisory boards in Germany** Porsche Automobil Holding SE, Stuttgart[1,3] AUDI AG, Ingolstadt[1] Volkswagen AG, Wolfsburg[1,3] **Comparable appointments in Germany and abroad** Porsche Holding Gesellschaft m.b.H., Salzburg[1] Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1] Porsche Lifestyle GmbH & Co. KG, Ludwigsburg[1]
Hans Dieter Pötsch (*1951) Chairman of the Board of Management of Porsche Automobil Holding SE Chairman of the Supervisory Board of Volkswagen AG Member since: 2010 Nationality: Austrian	**Membership of statutory supervisory boards in Germany** AUDI AG, Ingolstadt [1] Volkswagen AG, Wolfsburg (Chairman)[1,3] Bertelsmann Management SE, Gütersloh[1] Bertelsmann SE & Co. KGaA, Gütersloh[1] TRATON SE, Munich (Chairman)[1,3] Wolfsburg AG, Wolfsburg[1] **Comparable appointments in Germany and abroad** Autostadt GmbH, Wolfsburg[1] Porsche Austria Gesellschaft m.b.H., Salzburg (Chairman)[1] Porsche Holding Gesellschaft m.b.H., Salzburg (Chairman)[1] Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1] Porsche Retail GmbH, Salzburg (Chairman)[1] VfL Wolfsburg-Fußball GmbH, Wolfsburg (Deputy Chairman)[1]
Vera Schalwig (*1979) Head of Human Resources Zuffenhausen Member since: 2021 Nationality: German	
Stefan Schaumburg (*1961) Trade Union Secretary/Head of the Functional Area of Collective Bargaining at the Board of Management of IG Metall Member since: 2021 Nationality: German	**Membership of statutory supervisory boards in Germany** Jenoptik AG, Jena[1,3] **Comparable appointments in Germany and abroad** Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1]
Thomas Schmall-von Westerholt (*1964) Member of the Board of Management of Volkswagen AG for Technology Member since: 2021, until September 23, 2022 Nationality: German	**Membership of statutory supervisory boards in Germany (as of September 23, 2022)** PowerCo SE, Salzgitter (Chairman)[1] Wolfsburg AG, Wolfsburg[1] **Comparable appointments in Germany and abroad (as of September 23, 2022)** Volkswagen Group Services GmbH, Wolfsburg[1] Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1] SEAT, S.A., Martorell (Chairman)[1] Brose Sitech sp. z o.o., Polkowice[1]

[1] Appointment outside the group
[2] Appointment within the group
[3] Listed company

Members of the Supervisory Board	Membership on supervisory boards and other control bodies
Carsten Schumacher (*1987) Chairman of the works council Weissach; Member of Porsche general and group works council Member since: 2019 Nationality: German	**Membership of statutory supervisory boards in Germany** CARIAD SE, Wolfsburg[1] **Comparable appointments in Germany and abroad** Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1]
Dr. Hans Peter Schützinger (*1960) Spokesperson for the management of Porsche Holding GmbH Member since: 2016 Nationality: Austrian	**Membership of statutory supervisory boards in Germany** Volkswagen Financial Services AG, Braunschweig[1] **Comparable appointments in Germany and abroad** Porsche Holding Stuttgart GmbH, Stuttgart (until September 15, 2022)[1] Porsche Hungaria Kereskedelmi Kft., Budapest[1] Volkswagen Financné služby Slovensko s.r.o., Bratislava[1] Porsche Versicherungs AG, Salzburg[1] Porsche Bank AG, Salzburg[1] Gletscherbahnen Kaprun AG, Kaprun[1] Schmittenhöhebahn AG, Zell am See[1]
Hauke Stars (*1967) Member of the Board of Management of Volkswagen AG for IT Member since: September 23, 2022 Nationality: German	**Membership of statutory supervisory boards in Germany** AUDI AG, Ingolstadt[1] CARIAD SE, Wolfsburg[1] RWE AG, Essen[1,3] PowerCo SE, Salzgitter [1] **Comparable appointments in Germany and abroad** Kühne + Nagel International AG, Schindellegi[1]
Hiltrud Dorothea Werner (*1966) Member of the Board of Management of Volkswagen AG responsible for integrity and legal affairs (until January 31, 2022) Member since: 2019, until January 31, 2022 Nationality: German	**Membership of statutory supervisory boards in Germany (as of January 31, 2022)** AUDI AG, Ingolstadt[1] CARIAD SE, Wolfsburg[1] MAN Energy Solutions SE, Augsburg[1] Mitteldeutsche Flughafen AG, Leipzig (Chairman)[1] **Comparable appointments in Germany and abroad (as of January 31, 2022)** Porsche Holding Stuttgart GmbH, Stuttgart[1]

[1] Appointment outside the group
[2] Appointment within the group
[3] Listed company

COMMITTEES OF THE SUPERVISORY BOARD OF PORSCHE AG AS OF DECEMBER 31, 2022

Members of the Executive Committee
Dr. Wolfgang Porsche (Chairman)
Dr. Arno Antlitz
Hauke Stars
Jordana Vogiatzi
Harald Buck
Carsten Schumacher

Members of the Audit Committee
Dr. Christian Dahlheim (Chairman)
Micaela le Divelec Lemmi
Dr. Ferdinand Oliver Porsche
Carsten Schumacher
Nora Leser
Harald Buck

Members of the mediation committee pursuant to section 27 (3) of the Mitbestimmungsgesetz (German Co-determination Act)
Dr. Wolfgang Porsche (Chairman)
Hauke Stars
Jordana Vogiatzi
Harald Buck

Members of the Nomination Committee
Dr. Wolfgang Porsche (Chairman)
Dr. Arno Antlitz
Hauke Stars

Members of the Related Party Committee
Dr. Hans Michel Piëch
Micaela le Divelec Lemmi
Hauke Stars
Wolfgang von Dühren
Akan Isik

REMUNERATION REPORT 2022

Due to the initial public offering of Dr. Ing. h.c. F. Porsche Aktiengesellschaft (Porsche AG) on September 29, 2022, the Executive Board and Supervisory Board of Porsche AG are required, for the first time for fiscal year 2022, to prepare a clear and comprehensible remuneration report in accordance with section 162 of the German Stock Corporation Act (AktG) as amended by the German Act Implementing the Second Shareholder Rights Directive (ARUG II). In this report, the Executive Board and Supervisory Board explain the main features of the remuneration system for the members of the Executive Board and Supervisory Board. The remuneration report also contains an individualized breakdown of the remuneration components provided to current and former members of the Executive Board and Supervisory Board.

A. REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

Fiscal year 2022 was a challenging year for Porsche AG. Even though the effects of the COVID-19 pandemic eased, the Russia-Ukraine conflict caused a great deal of uncertainty, leading to rising commodity and energy prices in particular. There were also repeated disruptions to global supply chains. Despite these challenges, Porsche AG successfully closed 2022 and increased the operating profit of the Porsche AG Group by €1,456 million to €6,770 million. On initial listing, Porsche AG's IPO was the largest ever seen in Europe in terms of its market capitalization of around €78 billion. Executive Board remuneration also benefited from these positive developments.

I. Principles of Executive Board remuneration

Following completion of the IPO on September 29, 2022, Porsche AG is required, among other things, to develop for the first time a remuneration system for the Executive Board according to the regulations of section 87a AktG and taking into account the regulatory requirements of the German Corporate Governance Code (the Code). The Supervisory Board adopted a new remuneration system for the Executive Board (the new Executive Board remuneration system) on September 14, 2022 with effect from January 1, 2023. The new Executive Board remuneration system implements the requirements of AktG as amended by ARUG II and takes into account the recommendations of the Code in the version dated April 28, 2022 (which entered into force on June 27, 2022). The new Executive Board remuneration system will be submitted to the Annual General Meeting in 2023 for approval.

Porsche AG already had a remuneration system for the members of the Executive Board prior to the IPO (the former Executive Board remuneration system). Under the former remuneration system, members of the Executive Board of Porsche AG were paid according to a uniform remuneration structure comprising a fixed salary, short-term and long-term variable remuneration components, and fringe benefits. The Supervisory Board decided to settle the remuneration of the Executive Board in accordance with the contractual arrangements applicable under the former Executive Board remuneration system for a transitional period up until December 31, 2022. The former Executive Board remuneration system permissibly did not correspond to all of the current statutory and regulatory requirements for listed stock corporations. In particular, there was previously no maximum remuneration within the meaning of section 87a (1) sentence 2 no. 1 AktG. Furthermore, the members of the Executive Board were entitled to long-term variable share-based remuneration after only three years.

Since January 1, 2023, the remuneration of the Executive Board has complied fully with the requirements of the new Executive Board remuneration system. Porsche AG was assisted by independent remuneration and legal consultants during the development of the new Executive Board remuneration system. The level of the Executive Board remuneration should be appropriate and attractive in the context of the company's national and international peer group. Criteria include the tasks of the individual Executive Board member, their personal performance, the economic situation, and the performance of and outlook for the company, as well as how customary the remuneration is when measured against the peer group. In this context, comparative studies on remuneration are conducted on a regular basis.

This chapter first provides an overview of the former Executive Board remuneration system applicable in fiscal year 2022 before going into the components of the remuneration in fiscal year 2022.

II. Overview of the remuneration components of the former Executive Board remuneration system

The table below provides an overview of the components of the former Executive Board remuneration system applicable for fiscal year 2022. The table also outlines the composition of the individual remuneration components and explains their targets and how the remuneration will promote Porsche AG's long-term performance. More information on the specific remuneration components can also be found in section A.III.

Remuneration component	Measurement base/parameters		Target
Fixed remuneration components			
Base salary	— Twelve equal installments payable at month end — 2022: Chairman of the Executive Board: €0[1]; Deputy Chairman of the Executive Board: €660,000; Executive Board member: €598,840 — Annual one-off payment to the Deputy Chairman of the Executive Board: €1,000,000		The basic remuneration and fringe benefits are intended to reflect the tasks and responsibility of the Executive Board members, provide a basic income, and prevent them from taking inappropriate risks.
Fringe benefits	Fringe benefits, including: — A vehicle with a fuel/charging card, also for private use; Porsche AG pays the tax due on the benefit in kind — Right to two leased vehicles — Benefit in kind subject to lump-sum taxation — Allowance for health and long-term care insurance — Preventive medical check-ups — Insurance (accident, travel luggage)		
Occupational retirement provision	— Retirement and surviving dependents' benefits based on final salary — Usually when the members reach the age of 65		The occupational retirement provision is intended to provide Executive Board members with an adequate pension when they retire.
Variable remuneration components			
Annual bonus/short-term incentive (STI)	Plan type:	Target bonus	The annual bonus is designed to motivate Executive Board members to pursue ambitious targets. The financial performance targets support the strategic target of achieving competitive profitability.
	Target amount for 2022:	Chairman of the Executive Board: €0[1]; Deputy Chairman of the Executive Board: €435,000; Executive Board member: €630,000	
	Performance criteria:	— Return on investment (ROI) of the Volkswagen Group, Automotive Division (25%) — Operating return on sales (ROS) of the Volkswagen Group (25%) — Return on investment (ROI) of the Porsche automotive segment (25%) — Operating return on sales (ROS) of the Porsche automotive segment (25%)	
	Assessment period:	Fiscal year in question	
	Payment:	— In cash in the month following approval of the consolidated financial statements of Volkswagen AG and Porsche AG for the fiscal year in question — Pro rata reduction if the service contract starts or ends during the year	

[1] Dr. Oliver Blume received his remuneration exclusively from Volkswagen AG until the end of fiscal year 2022. Dr. Blume received no separate remuneration from Porsche AG.

Remuneration component	Measurement base/parameters		Target
Long-term incentive (LTI)	Plan type:	Virtual performance share plan	The long-term incentive serves to align the remuneration of the Executive Board members with the Volkswagen Group's long-term performance. The financial performance target EPS (earnings per share) in conjunction with share price performance and the dividends paid, measured over three years, ensures the long-term effect of the behavioral incentives, and supports the strategic target of achieving competitive profitability.
	Target amount for 2022–2024:	Chairman of the Executive Board: €0[1]; Deputy Chairman of the Executive Board: €653,400; Executive Board member: €945,000	
	Contract start/end during the fiscal year when shares are granted	Pro rata reduction of the target amount if the service contract starts or ends during the year	
	Performance period:	Measured forward over three years	
	Performance criterion:	EPS of Volkswagen AG (100%)	
	Cap:	200% of the target amount	
	Payment:	In cash in the month following approval of the consolidated financial statements of Volkswagen AG for the last fiscal year of the performance period	
	Bad leaver regulation	Forfeiture of all outstanding tranches without replacement or compensation in the event of the Executive Board member being responsible for termination for good cause pursuant to section 626 of the German Civil Code (BGB), revocation of appointment because of gross breach of duty, or breach of a non-compete covenant	
Guaranteed amounts	Features:	Guaranteed amounts staggered for fiscal years 2020 (100%), 2021 (90%), and 2022 (80%) for Executive Board members already appointed on or before January 1, 2020	Bridge the payout gap
	Basis of assessment:	Individual direct remuneration paid out in 2019	
	Payment:	In the respective year following the fiscal year subject to the guarantee	
	Offsetting against payment amount from the LTI	At the end of the respective performance period of the fiscal year subject to the guarantee	

[1] Dr. Oliver Blume received his remuneration exclusively from Volkswagen AG until the end of fiscal year 2022. Dr. Blume received no separate remuneration from Porsche AG.

Remuneration component	Measurement base/parameters		Target
Other benefits			
IPO bonus	Plan type:	Virtual share plan	The aim of the IPO bonus is to promote the commitment of the Executive Board members in preparing the IPO and, by its design as a three-year share plan, also take into account the long-term success of the IPO.
	Term:	One, two, and three years after the IPO (three sub-tranches)	
	Grant amount:	Dependent on market capitalization of Porsche AG at IPO	
	Threshold:	Not granted if market capitalization is below threshold value	
	Cap:	Maximum of 150% of the grant amount; minimum of 70% of the grant amount	
	Performance criteria:	— Market capitalization of Porsche AG — Share price performance of the Porsche preferred share including dividends	
	Payment:	— Each sub-tranche at the end of the month following the first, second, and third anniversaries of the IPO — If the service relationship is terminated during the performance period, payment not until the regular date	
	Exit:	Forfeiture of all outstanding sub-tranches without replacement or compensation in the event of the Executive Board member being responsible for termination for good cause pursuant to section 626 BGB or revocation of appointment because of gross breach of duty pursuant to section 84 (4) AktG	
Benefits agreed with new Executive Board members for a defined period of time or for the entire term of their service contracts	— Payments to compensate for forfeited variable remuneration or other financial disadvantages, if any — Benefits in connection with a significant relocation, if any		(Compensation) payments are designed to attract qualified candidates.
Post-contractual non-competition covenant	— Payment of non-competition payment of 1/12 of the remuneration paid in the last contractual year net of the pension — No non-competition payments if taking up work at Volkswagen AG and/or in the Volkswagen Group		Non-competition payments are made as compensation for observing the post-contractual non-compete covenant.
Penalty and clawback	— Option for the Supervisory Board to reduce the annual bonus and LTI by up to 100% in the event of relevant misconduct during the respective relevant assessment period or to request repayment if such remuneration has already been paid out — A clawback is not permissible if more than three years have elapsed since the variable remuneration component was paid		Intended to encourage lawful and ethical behavior among Executive Board members.

Following approval by the Annual General Meeting in fiscal year 2023, Porsche AG will publish the new Executive Board remuneration system on the website with a download option. Under the provisions of the new remuneration system for the members of the Executive Board, there is a cap on the remuneration of the individual Executive Board members (maximum remuneration). Variable remuneration is exclusively based on the targets of Porsche AG in order to align Executive Board remuneration with the long-term and sustainable development of Porsche AG. Guaranteed amounts are no longer granted. In addition to operating and strategic objectives of Porsche AG, short-term variable remuneration is also influenced by ESG (environmental, social, and governance) goals. From January 1, 2023, share-based long-term variable remuneration has a term of four years. Long-term variable remuneration is based on the share price performance and earnings per share (EPS) of the Porsche preferred share (German securities identification number PAG911).

III. Remuneration of the Executive Board members serving in fiscal year 2022

1. EXECUTIVE BOARD MEMBERS IN FISCAL YEAR 2022

The members of the Porsche AG Executive Board in fiscal year 2022 were as follows:

- Dr. Oliver Blume has been a member of the Executive Board since January 1, 2013 and Chairman of the Executive Board since October 1, 2015. Additionally, he has been a member of the Board of Management of Volkswagen AG since April 13, 2018 and the Chairman of the Board of Management since September 1, 2022. Until December 31, 2022, Dr. Blume did not receive any remuneration within the meaning of section 162 (1) No. 1 AktG from Porsche AG, only from Volkswagen AG. Therefore, the remuneration from Porsche AG for Dr. Blume presented in this remuneration report is €0. Starting January 1, 2023, Dr. Blume will receive remuneration from Volkswagen AG and Porsche AG. The remuneration from Volkswagen AG and Porsche AG will be calculated and paid out pro rata based on the scope of Dr. Blume's work. The Volkswagen AG remuneration will not be counted toward the Porsche AG remuneration.
- Lutz Meschke has been a member of the Executive Board since November 6, 2009 and Deputy Chairman of the Executive Board since October 1, 2015. He has also been a member of the Executive Board of Porsche Automobil Holding SE since July 2020 and receives remuneration from Porsche SE for this role that is not counted toward the remuneration from Porsche AG.
- Barbara Frenkel has been a member of the Executive Board since August 19, 2021.
- Andreas Haffner has been a member of the Executive Board since October 1, 2015.
- Detlev von Platen has been a member of the Executive Board since November 1, 2015.
- Albrecht Reimold has been a member of the Executive Board since February 1, 2016.
- Dr. Michael Steiner has been a member of the Executive Board since May 3, 2016.

The Executive Board of Porsche AG has members who hold mandates on other executive boards in addition to Porsche AG. Some of the Executive Board members receive separate remuneration for these mandates. For their work on the Executive Board, its members do not receive additional remuneration for discharging other mandates on management bodies, supervisory boards, or similar, especially in other companies of the Volkswagen Group. If such remuneration is nevertheless granted, it is counted toward the remuneration for their work as a member of the Executive Board of Porsche AG and reduces it accordingly — with the exception of the remuneration received by Dr. Blume and Dr. Steiner from Volkswagen AG and Mr. Meschke from Porsche Automobil Holding SE.

2. REMUNERATION GRANTED AND OWED IN FISCAL YEAR 2022

In accordance with section 162 (1) sentence 1 AktG, the remuneration report must report on the remuneration granted and owed to each individual member of the Executive Board in the last fiscal year. These terms are understood as follows:

- The term "granted" (gewährt) refers to the actual receipt (Zufluss) of the remuneration component.
- The term "owed" (geschuldet) refers to all legally existing liabilities for remuneration components that are due but have not yet been fulfilled.

This understanding differs from the terms "benefits granted" and "benefits received" used in the version of the Code dated February 7, 2017 (2017 version of the Code). As per the 2017 version of the Code, "benefits granted" included, regardless of when they were to be paid out, all remuneration components that had been agreed at least in principle for a member of the Executive Board in the fiscal year and for which the amount could be estimated. With the introduction of section 162 AktG, it is no longer possible to maintain the distinction between "granted" and "received" as previously understood. Instead, the meaning of the term "granted" in section 162 AktG corresponds to the previous understanding of "received."

2.1 Overview in the tables

The following tables show the remuneration actually received by members of the Executive Board in fiscal year 2022. The remuneration reported as granted in fiscal year 2022 thus consists of the base salary paid out in fiscal year 2022, the fringe benefits, and the annual bonus paid in the month following the approval of the consolidated financial statements of Porsche AG and Volkswagen AG for fiscal year 2022 for which the related service has been fully performed. The guaranteed amounts for fiscal year 2021 were also paid out in 2022. Since Porsche AG only implemented a three-year, forward-looking LTI (performance period 2020–2022) as of January 1, 2020, no LTI was paid out in fiscal year 2022. The payment amount under the first forward-looking performance share plan for the performance period 2020–2022 will be presented in the remuneration report 2023. As Porsche AG was not in default on the payment of remuneration components, no remuneration owed is reported in the tables.

The relative shares shown in the tables relate to the remuneration components granted and owed in the respective fiscal year in accordance with section 162 (1) sentence 1 AktG. They thus include all benefits actually received in the respective fiscal year, regardless of the fiscal year for which the Executive Board members received them.

Pension expense is reported as service cost within the meaning of IAS 19. The service cost in accordance with IAS 19 does not constitute remuneration granted or owed within the meaning of section 162 (1) sentence 1 AktG as it is not actually received by the Executive Board member in the reporting year. Other benefits such as surviving dependents' pensions and the use of company cars are also factored in.

The service contracts of the Executive Board members contain penalty and clawback rules. Porsche AG did not make use of these rules in fiscal year 2022.

Further details on the tables are presented below the individual tables.

Dr. Oliver Blume[1], Chairman of the Executive Board

	2022	
	€	%
Fixed remuneration		
Annual base salary	0	
Fringe benefits	0	
Total fixed remuneration	**0**	
Variable remuneration		
Short-term variable remuneration (STI) 2022	0	
Multiyear variable remuneration/long-term incentive (LTI)		
Guaranteed LTI 2021–2023	0	
Total variable remuneration	**0**	
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**0**	
Pension expenses	6,017	–
Total remuneration including pension expenses	**6,017**	**–**

[1] Dr. Oliver Blume received his remuneration exclusively from Volkswagen AG until the end of fiscal year 2022. Dr. Blume received no separate remuneration from Porsche AG. The remuneration received by Dr. Blume from Volkswagen AG in fiscal year 2022 is presented in the remuneration report 2022 of Volkswagen AG. From fiscal year 2023 onward, Dr. Blume will receive remuneration from Porsche AG, which Porsche AG will report on.

Lutz Meschke[1], Deputy Chairman of the Executive Board; Finance and IT

	2022 €	2022 %
Fixed remuneration		
Annual base salary	1,660,000	49.2
Fringe benefits	75,633	2.2
Total fixed remuneration	**1,735,633**	**51.5**
Variable remuneration		
Short-term variable remuneration (STI) 2022	723,096	21.4
Multiyear variable remuneration/long-term incentive (LTI)		
Guaranteed LTI 2021–2023	913,560	27.1
Total variable remuneration	**1,636,656**	**48.5**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**3,372,289**	**100.0**
Pension expenses	267,690	–
Total remuneration including pension expenses	**3,639,979**	**–**

[1] Mr. Meschke also receives remuneration from Porsche SE. This remuneration is not counted toward the remuneration from Porsche AG. The remuneration received by Mr. Meschke in fiscal year 2022 from Porsche SE is presented in the remuneration report 2022 of Porsche SE.

Barbara Frenkel, Member of the Executive Board; Procurement

	2022 €	2022 %
Fixed remuneration		
Annual base salary	598,840	35.7
Fringe benefits	31,900	1.9
Total fixed remuneration	**630,740**	**37.6**
Variable remuneration		
Short-term variable remuneration (STI) 2022	1,045,800	62.4
Multiyear variable remuneration/long-term incentive (LTI)		
Guaranteed LTI 2021–2023	0	0.0
Total variable remuneration	**1,045,800**	**62.4**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**1,676,540**	**100.0**
Pension expenses	212,641	–
Total remuneration including pension expenses	**1,889,181**	**–**

Andreas Haffner, Member of the Executive Board; Human Resources and Social Affairs

	2022 €	2022 %
Fixed remuneration		
Annual base salary	598,840	21.5
Fringe benefits	55,615	2.0
Total fixed remuneration	**654,455**	**23.5**
Variable remuneration		
Short-term variable remuneration (STI) 2022	1,045,800	37.5
Multiyear variable remuneration/long-term incentive (LTI)		
Guaranteed LTI 2021–2023	1,089,840	39.1
Total variable remuneration	**2,135,640**	**76.5**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**2,790,095**	**100.0**
Pension expenses	194,583	–
Total remuneration including pension expenses	**2,984,678**	**–**

Detlev von Platen, Member of the Executive Board; Sales and Marketing

	2022 €	2022 %
Fixed remuneration		
Annual base salary	598,840	21.5
Fringe benefits	54,590	2.0
Total fixed remuneration	**653,430**	**23.4**
Variable remuneration		
Short-term variable remuneration (STI) 2022	1,045,800	37.5
Multiyear variable remuneration/long-term incentive (LTI)		
Guaranteed LTI 2021–2023	1,089,840	39.1
Total variable remuneration	**2,135,640**	**76.6**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**2,789,070**	**100.0**
Pension expenses	163,344	–
Total remuneration including pension expenses	**2,952,414**	**–**

Albrecht Reimold, Member of the Executive Board; Production and Logistics

	2022	
	€	%
Fixed remuneration		
Annual base salary	598,840	21.5
Fringe benefits	44,833	1.6
Total fixed remuneration	**643,673**	**23.2**
Variable remuneration		
Short-term variable remuneration (STI) 2022	1,045,800	37.6
Multiyear variable remuneration/long-term incentive (LTI)		
Guaranteed LTI 2021–2023	1,089,840	39.2
Total variable remuneration	**2,135,640**	**76.8**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**2,779,313**	**100.0**
Pension expenses	138,502	–
Total remuneration including pension expenses	**2,917,815**	**–**

Dr. Michael Steiner, Member of the Executive Board; Research and Development

	2022	
	€	%
Fixed remuneration		
Annual base salary	598,840	21.5
Fringe benefits	45,185	1.6
Total fixed remuneration	**644,025**	**23.2**
Variable remuneration		
Short-term variable remuneration (STI) 2022	1,045,800	37.6
Multiyear variable remuneration/long-term incentive (LTI)		
Guaranteed LTI 2021–2023	1,089,840	39.2
Total variable remuneration	**2,135,640**	**76.8**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**2,779,665**	**100.0**
Pension expenses	200,773	–
Total remuneration including pension expenses	**2,980,438**	**–**

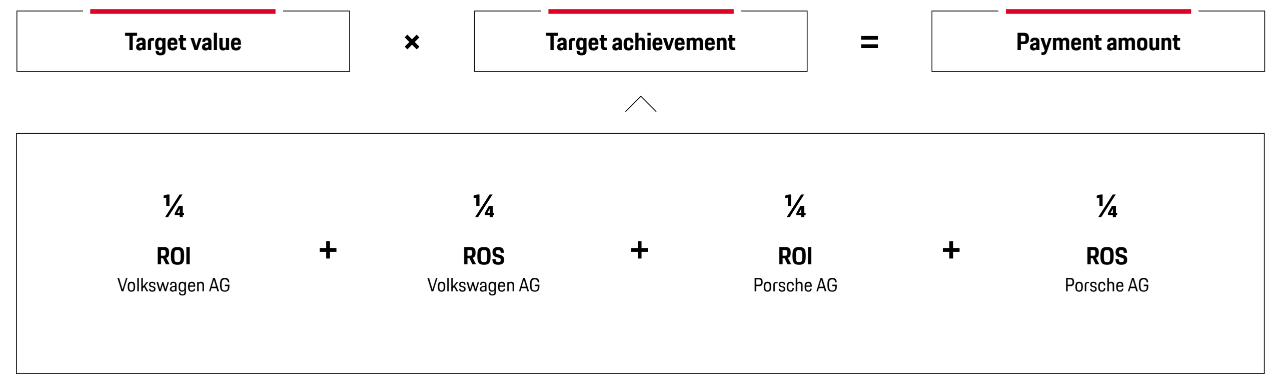
2.2 Explanations

2.2.1 Additional contractual agreements with the Executive Board members

Mr. Meschke receives an annual one-off payment of €1,000,000 gross per fiscal year for his key role as Deputy Chairman of the Executive Board. The one-off payment was granted for the last time in fiscal year 2022. Under the new remuneration system, Mr. Meschke's key role will be reflected in his target direct remuneration from January 1, 2023 onward.

2.2.2 Performance criteria for variable remuneration

a) Performance criteria for the annual bonus



The annual bonus is a short-term variable remuneration component based on target achievement during the fiscal year. It is aligned with the financial targets of Porsche AG (brand targets) as well as Volkswagen AG (group targets). The Supervisory Board of Porsche AG sets the target values for each fiscal year. After the end of the fiscal year, the target achievement for each brand and group target is reviewed and the payment amount determined. The payment amount is calculated by adding up the weighted target achievement levels and multiplying the sum by the target amount. The resulting amount is paid out to the Executive Board members, subject to malus provisions.

aa) Brand targets

The following overviews show the threshold values, target values and upper reference values set by the Supervisory Board for fiscal year 2022 for the operating return on sales of the Porsche AG automotive segment (ROS Porsche AG) and the return on investment of the Porsche AG automotive segment (ROI Porsche AG), along with the actual figures and target achievement levels in percent in fiscal year 2022.

%	2022
ROS Porsche automotive segment	
Upper reference value	15.0
Target value 100%	11.3
Threshold value	7.5
Actual	18.6
Target achievement (in %)	**199**
ROI Porsche automotive segment	
Upper reference value	19.4
Target value 100%	12.9
Threshold value	6.5
Actual	24.9
Target achievement (in %)	**192**
Total target achievement	**195**

bb) Group targets
The following overviews show the threshold values, target values, and upper reference values set by the Supervisory Board for fiscal year 2022 for the operating return on sales of Volkswagen AG (ROS VW AG) and the return on investment of Volkswagen AG (ROI VW AG), along with the actual figures and target achievement levels in percent in fiscal year 2022.

%	2022
ROS VW AG	
Upper reference value	8.0
Target value 100%	6.0
Threshold value	4.0
Actual	7.9
Target achievement (in %)	**148**
ROI VW AG	
Upper reference value	14.3
Target value 100%	9.5
Threshold value	4.8
Actual	12.0
Target achievement (in %)	**126**
Total target achievement	**137**

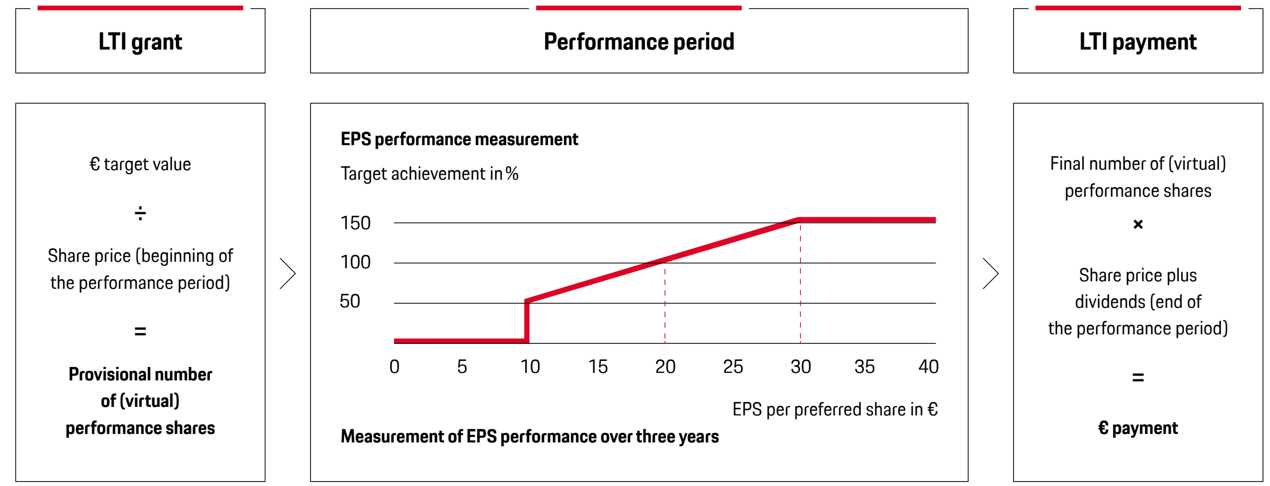
b) Guaranteed amounts
The Executive Board members receive long-term variable remuneration. Up to (and including) fiscal year 2019, the long-term variable remuneration comprised a backward-looking corporate bonus and a backward-looking long-term incentive. The former Executive Board remuneration system applied to the members of Porsche AG's Executive Board from fiscal year 2020. The former Executive Board remuneration system is consistent with the remuneration system in place in the Volkswagen Group for all Board of Management/Executive Board members of subsidiaries and executives.

Due to the change from backward-looking to forward-looking long-term variable remuneration, there was a temporary payout gap for the Executive Board members already appointed on or before January 1, 2020 for the first two fiscal years after the change, that is, fiscal years 2021 and 2022. Thus Porsche AG guaranteed certain amounts for the Executive Board members during the transitional period. This applies to the active Executive Board members Mr. Meschke, Mr. Haffner, Mr. von Platen, Mr. Reimold, and Dr. Steiner.

In fiscal year 2022, the guaranteed amounts for fiscal year 2021 shown in the tables were paid out. The guaranteed amounts paid out in 2022 were 90% of the individual target direct remuneration for 2019, comprising the annual base salary, the personal performance-based bonus, the corporate bonus, and the LTI for 2019, less the annual base salary and annual bonus for 2021.

The guaranteed amounts paid out in fiscal year 2022 for fiscal year 2021 will be netted with the payment amount from the performance share plan 2021–2023 at the end of the performance period 2021–2023. If the payment amount for the performance share plan 2021–2023 exceeds the guaranteed amount for fiscal year 2021 paid out in 2022, the excess amount is paid out. If the payment amount from the performance share plan is lower than the compensation payment for the guaranteed amount, the difference is not reclaimed. Any payment from the performance share plan 2021–2023 at the beginning of 2024 exceeding the compensation payment for the guaranteed amounts will be reported in the remuneration report 2024.

c) Outlook: Performance criteria for the already allocated LTIs 2020–2022, 2021– 2023, and 2022–2024



aa) Information on the performance share plan
The former Executive Board remuneration system provided for share-based long-term variable remuneration for the Executive Board members in the form of a forward-looking performance share plan with a term of three years. The LTI is based on the share price performance and EPS of the Volkswagen AG preferred share (German securities identification number: 766403) during the three-year term. The Executive Board members are allocated a certain number of performance shares at the beginning of the three-year performance period, depending on the respective target value. After the performance period has ended, the final number of performance shares is determined on the basis of the average EPS target achievement of the Volkswagen preferred share during the performance period. The final number of performance shares is multiplied by the sum of the Volkswagen preferred share price on each of the last 30 trading days prior to the end of the performance period, rounded in line with common business practice to two decimal places, and the dividends paid per Volkswagen preferred share in the performance period.

The Executive Board members were allocated performance shares under the former Executive Board remuneration system for the last time for fiscal year 2022. From fiscal year 2023, the LTI will be based on the performance and EPS of the Porsche preferred share. For this purpose, Executive Board members will be allocated virtual performance shares starting in fiscal year 2023. The payment amount from the performance share plan after the end of a four-year performance period is based on the EPS of the Porsche preferred share during the performance period and share price performance including dividends of the Porsche preferred share.

The LTIs 2020–2022, 2021–2023, and 2022–2024 will be presented in detail in the respective remuneration reports, since this remuneration component is not remuneration granted and owed in fiscal year 2022.

The following table provides an outlook on the performance criteria for the already allocated LTIs 2020–2022, 2021–2023, and 2022–2024.

bb) Information on the performance shares

	Performance period 2020–2022	Performance period 2021–2023	Performance period 2022–2024
	Number of virtual shares allocated at the date of allocation	Number of virtual shares allocated at the date of allocation	Number of virtual shares allocated at the date of allocation
Dr. Oliver Blume	0	0	0
Barbara Frenkel	0	1,866	5,377
Andreas Haffner	4,240	5,045	5,377
Lutz Meschke	3,682	4,381	3,718
Detlev von Platen	4,240	5,045	5,377
Albrecht Reimold	4,240	5,045	5,377
Dr. Michael Steiner	4,420	5,045	5,377
Total	**20,642**	**26,427**	**30,603**

cc) EPS performance
The following overviews show the minimum values, target values and maximum values set by the Supervisory Board at the beginning of the performance periods 2020–2022, 2021–2023, and 2022–2024 along with the actual figures and target achievement levels attained in percent for the individual years of the assessment period up to and including 2022. The performance share plans for the performance periods 2020–2022, 2021–2023, and 2022–2024 were not due in fiscal year 2022 and have not yet been paid out; they therefore do not constitute remuneration granted or owed in fiscal year 2022.

Performance period 2020–2022

EPS Volkswagen preferred share

€	2022	2021	2020
Maximum value	30.00	30.00	30.00
Target value 100%	20.00	20.00	20.00
Minimum value	10.00	10.00	10.00
Actual	29.69	29.65	16.66
Target achievement (%)	148	148	83

Performance period 2021–2023

EPS Volkswagen preferred share

€	2022	2021
Maximum value	30.00	30.00
Target value 100%	20.00	20.00
Minimum value	10.00	10.00
Actual	29.69	29.65
Target achievement (%)	148	148

Performance period 2022–2024

EPS Volkswagen preferred share

€	2022
Maximum value	30.00
Target value 100%	20.00
Minimum value	10.00
Actual	29.69
Target achievement (%)	148

dd) Reference prices/dividend equivalent
The relevant reference prices and dividend equivalents for the performance periods of the already allocated performance share plans 2020–2022, 2021–2023, and 2022–2024 can be found in the following overview. The prices of the Volkswagen preferred share are used for the performance share plans for 2020–2022, 2021–2023, and 2022–2024.

€	2020–2022	2021–2023	2022–2024
Initial reference price	177.44	149.14	175.75
Closing reference price[1]	131.74	■	■
Dividend equivalent			
2020	4.86		
2021	4.86	4.86	
2022	7.56	7.56	7.56

[1] Determined at the end of the performance period.

d) Outlook: IPO bonus
aa) Information on the IPO bonus
Porsche AG concluded an agreement with the Executive Board members on a bonus for a successful IPO of Porsche AG in the form of a virtual share plan with a three-year term starting from the IPO date. The aim of this IPO bonus is to provide appropriate incentives for the Executive Board members in preparing the IPO and take into account the long-term success of the IPO. The IPO bonus is based on market capitalization, the share price performance of the Porsche preferred share as well as the dividends paid during the performance period.

The Executive Board members were allocated virtual shares on the IPO date. The number of allocated virtual shares was determined according to the grant amount calculated using the (theoretical) market capitalization based on the placement price of the Porsche preferred share. For this purpose, Porsche AG defined a threshold value, a target value, and maximum value for market capitalization. The number of virtual shares to be allocated was calculated by dividing the grant amount by the closing price of the Porsche preferred share in the XETRA trading system of Deutsche Börse AG on the first day of trading (allocation price). The number of virtual shares calculated in this manner was rounded in line with common business practice to the next whole number divisible by three and the rounded number of virtual shares was divided into three equal sub-tranches with a term of one, two, and three years from the IPO date. The term of the first sub-tranche will end on the first anniversary of the IPO, the second sub-tranche on the second anniversary, and the third sub-tranche on the third anniversary.

After the end of the respective term, the payment amount from the sub-tranche is determined by multiplying the number of virtual shares of the respective sub-tranche by the sum of the arithmetic mean of the closing prices of the Porsche preferred share on each of the last 30 trading days prior to the end of term of the respective sub-tranche (closing price) and the dividends paid out during the term of the respective sub-tranche.

The payment amount of the IPO bonus is subject to a cap and a floor for each sub-tranche. If the closing price plus the dividends paid out during the term of the respective sub-tranche falls short of the allocation price by more than 30%, the Executive Board member will receive a minimum payment for the relevant sub-tranche of 70% of one third of the grant amount. The maximum payment amount for each sub-tranche is 150% of one third of the grant amount. The total payment amount of the IPO bonus is thus subject to a cap.

The sub-tranches of the IPO bonus will be presented in detail in the remuneration report for the relevant year, since this remuneration component is not remuneration granted and owed in fiscal year 2022.

bb) Information on the virtual shares of the IPO bonus

	Sub-tranche 1 From IPO date to first anniversary	Sub-tranche 2 From IPO date to second anniversary	Sub-tranche 3 From IPO date to third anniversary
	Number of performance shares allocated at the date of allocation	Number of performance shares allocated at the date of allocation	Number of performance shares allocated at the date of allocation
Dr. Oliver Blume	6,430	6,430	6,430
Barbara Frenkel	3,675	3,675	3,675
Andreas Haffner	3,675	3,675	3,675
Lutz Meschke	3,675	3,675	3,675
Detlev von Platen	3,675	3,675	3,675
Albrecht Reimold	3,675	3,675	3,675
Dr. Michael Steiner	3,675	3,675	3,675
Total	**28,480**	**28,480**	**28,480**

2.2.3 Conformity with the remuneration system
Prior to the IPO of Porsche AG, no remuneration system within the meaning of section 87a AktG applied for the Executive Board members. Porsche AG still applied the former remuneration system for the transitional period from the IPO on September 29, 2022 until December 31, 2022.

Porsche AG did not depart from the provisions of the former Executive Board remuneration system in fiscal year 2022. An adjustment in the monthly base salary starting September 1, 2022 and in the target values for variable remuneration effective retroactively from January 1, 2022 was agreed on with the Executive Board members. An independent remuneration consultant confirmed that the target total remuneration and its components is commensurate with the duties of the Executive Board members and the economic situation of Porsche AG and is consistent with market rates.

2.2.4 Maximum remuneration
Under the former Executive Board remuneration system, remuneration is permissibly not capped. Since there was no maximum remuneration within the meaning of section 87a (1) No. 1 AktG in fiscal year 2022, it is not necessary to report on compliance with the maximum remuneration within the meaning of section 162 (1) No. 7 AktG. From fiscal year 2023, the new Executive Board remuneration system provides for maximum remuneration within the meaning of section 87a (1) sentence 2 No. 1 AktG for each Executive Board member, as a result of which total remuneration is capped.

2.2.5 Benefits and benefit commitments in connection with termination
a) Benefits and benefit commitments to Executive Board members for early termination
The service contracts of all Executive Board members provide for termination periods in the event that an appointment as member of the Executive Board is revoked, the member resigns, or the appointment is terminated by mutual agreement. In the event that the appointment is revoked without there being good cause within the meaning of section 626 (1) BGB, the service contracts generally end after a period of 12 months ending at month end, unless the regular term of the service contract ends prior to this date. The same applies to resignation without good cause within the meaning of section 626 (1) BGB as well as to termination of the appointment by mutual agreement. Other remuneration is counted toward benefits during the termination period.

In the event of the appointment being revoked without there being good cause within the meaning of section 626 (1) BGB, the Executive Board members receive a severance payment equal to the gross remuneration for the remaining term of the service contract, capped at the gross annual income for two years. The annual income used as a basis for calculating the severance payment is generally the prior-year fixed component plus the variable remuneration components set for the prior year. If the severance payment cannot be calculated based on prior-year amounts, for example, because the service contract was terminated in the first year of appointment, the calculation may be based on the expected total remuneration for the current fiscal year.

The severance payment will be paid in equal monthly gross installments from the time of the termination of the service contract. Contractual remuneration paid by Porsche AG for the period from the termination of the appointment until the end of the service contract will be offset against the severance payment. Should Executive Board members take up other work after the termination of their appointment, the amount of the severance payment will be reduced by the amount of the income earned from that work. The severance payment is not made if Executive Board members continue to be employed by Porsche AG or another Volkswagen Group entity under an employment or service contract.

The severance provisions also apply in the event of termination by mutual agreement without good cause within the meaning of section 626 (1) BGB. In the event of resignation, Executive Board members are not entitled to any severance payments.

The members of the Executive Board are also entitled to retirement, invalidity, and surviving dependents' benefits (more details on these benefits in the next section) in the event of early termination of their service, even if a pensionable event does not occur. The minimum capital for benefits is maintained after being reduced pro rata in accordance with sections 2 (1) and 2a (1) of the German Law for the Improvement of Company Pension Plans (BetrAVG).

The new remuneration system also contains termination and severance provisions that are substantially equivalent to the provisions previously agreed on with the Executive Board members. Under the new remuneration system, from January 1, 2023, only the monthly fixed salary for the past year and the annual bonus paid out for the past fiscal year will be relevant for the calculation of the severance payment. Additionally, LTI tranches will continue to be allocated during the term of the severance payment installments and to be settled and paid out in accordance with the contractual provisions.

b) Benefit commitments to Executive Board members for regular termination of service
Porsche AG grants the Executive Board members retirement, disability and surviving dependents' benefits. The agreed retirement benefits for the Executive Board members Mr. Meschke, Mr. Haffner, Mr. von Platen, Mr. Reimold, Dr. Steiner, and Ms. Frenkel are paid when they reach the age of 65, unless they make use of the option of early retirement at the age of 63 with a deduction of 0.5 percentage points for each month of early retirement.

On retirement, the Executive Board members receive a pension equal to up to 40% of the agreed fixed annual salary, provided it is not expressly denoted as not pensionable. A specific percentage for calculating the pension (basic amount) was agreed with the respective Executive Board member at the beginning of their service on the Executive Board. The basic amount increases by a fixed percentage with each full year of service and is capped at 40% of the agreed fixed annual salary. The pension is paid out in twelve equal installments at each month end.

If an Executive Board member dies after retirement, the Executive Board member's surviving spouse and dependent children entitled to an orphan's pension receive the pension as joint and several creditors for the month of death and the following six months. If an Executive Board member dies during their term of service, the surviving spouse, or in the event of the latter's death, the dependents receive the monthly salary payments of the Executive Board member including pro rata variable remuneration for the month of death and the following six calendar months. After this transitional period, regardless of the time of death of the Executive Board member, the surviving spouse receives a pension payment amounting to 60% of the pension the Executive Board member was entitled to at the time of their death. Surviving dependent children entitled to an orphan's pension receive child benefits equal to 10% of the pension payment that the Executive Board member was entitled to at the time of their death. The child benefits are increased to 20% of the pension if there is no obligation to pay a surviving dependents' pension to the spouse.

Additionally, Executive Board members can participate in a deferred compensation program to set aside a company pension. Porsche AG pays interest of 3% to 6% p.a. on this deferred compensation.

Mr. Meschke, Mr. Haffner, and Mr. Reimold have a direct insurance policy within the meaning of section 40b EStG, with an annual premium of €1,743 paid by Porsche AG for the duration of their service. Dr. Blume had a pension commitment from Porsche AG that was frozen on his appointment to the Board of Management of Volkswagen AG as of April 13, 2018. With respect to this pension commitment, Dr. Blume is treated as if he left Porsche AG on April 12, 2018. He acquired a vested benefit that will not increase and will not be adjusted.

The following overview presents the project pension obligations for the individual Executive Board members at their present value as of December 31, 2022 as well as the amount of expenses or provisions recognized for pensions in accordance with IFRS in fiscal year 2022. Other benefits such as surviving dependents' pensions and the use of company cars are also factored into the measurement of pension obligations.

€	Projected pension obligations funded by the employer according to IAS 19[1]	Pension expenses in fiscal year 2022
Dr. Oliver Blume	3,198,448	6,017
Lutz Meschke	3,217,309	267,690
Barbara Frenkel	3,020,447	212,641
Andreas Haffner	3,020,521	194,583
Detlev von Platen	3,472,225	163,344
Albrecht Reimold	3,452,389	138,502
Dr. Michael Steiner	3,201,365	200,773
Total	**22,582,704**	**1,183,550**

[1] Additionally, the company has obligations to Executive Board members from the deferred compensation program.

The commitments detailed in this section were not changed in fiscal year 2022.

From January 1, 2023, the Executive Board members were granted new pension commitments under the new Executive Board remuneration system. Porsche AG implemented a new capital-market-oriented pension system. In fiscal year 2023, the pensions for the Executive Board members were transitioned to the new pension system. The pension benefits earned under the former pension system will be maintained. From January 1, 2023, Dr. Blume received a new, capital-market-oriented pension commitment from Porsche AG. His earlier pension commitment remains frozen.

2.2.6 No malus/clawback claims in fiscal year 2022

The prerequisites for a clawback claim affecting variable remuneration components did not apply in fiscal year 2022. Porsche AG therefore did not seek to claw back any variable remuneration components from individual Executive Board members.

IV. Remuneration of former Executive Board members

In accordance with section 162 (1) sentence 1 AktG, the remuneration granted and owed to former members of the Executive Board of Porsche AG must also be reported.

1. REMUNERATION GRANTED AND OWED IN FISCAL YEAR 2022 (INDIVIDUALIZED)

Under section 162 (5) sentence 2 AktG, the obligation to report individually on the remuneration granted and owed to former Executive Board members also extends to remuneration granted and owed in the ten years after their most recent term of office on the Executive Board or Supervisory Board at Porsche AG.

The following tables show the remuneration granted and owed in fiscal year 2022 to the individual former members of the Executive Board who left after fiscal year 2012.

Uwe-Karsten Städter[1]
Former member of the Executive Board; Procurement
Exit date: August 18, 2021

	2022	
	€	%
Fixed remuneration		
Pension payments	154,080	17.9
Fringe benefits	32,097	3.7
Variable remuneration		
Guaranteed LTI 2021–2023	675,477	78.4
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**861,654**	**100.0**

[1] Mr. Städter left the company on August 18, 2021 and, in fiscal year 2022, received a pro rata guaranteed amount for fiscal year 2021 in line with the presentation in section A.III.2.2.2.b).

Wolfgang Hatz
Former member of the Executive Board; Research and Development
Exit date: May 3, 2016

	2022	
	€	%
Fixed remuneration		
Pension payments	0	0.0
Fringe benefits	28,306	100.0
Variable remuneration		
Guaranteed LTI 2021–2023	0	0.0
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**28,306**	**100.0**

2. TOTAL REMUNERATION GRANTED TO EXECUTIVE BOARD MEMBERS WHO LEFT BEFORE THE BEGINNING OF FISCAL YEAR 2013

The remuneration granted and owed in 2022 to former Executive Board members who left their office as an Executive Board or Supervisory Board member before the beginning of 2013 and who were granted and owed remuneration in fiscal year 2022, more than ten years after their exit from Porsche AG, need not be reported separately pursuant to section 162 (5) sentence 2 AktG. A total of €2,151,440 was granted to such former Executive Board members and their surviving dependents in fiscal year 2022.[1]

V. Comparative presentation

The following table shows a comparison of the year-on-year percentage change in the remuneration of the Executive Board members with the earnings performance of Porsche AG and with the average remuneration of employees on a full-time-equivalent basis. The remuneration of the Executive Board members shown is the remuneration granted and owed as presented in this report.

Earnings performance is determined on the basis of the following earnings indicators: Porsche AG's net income or loss for the year (HGB) before profit transfer, the EBITDA margin of the automotive segment, and the operating return on sales of the Porsche AG Group.

For the comparison with the growth in average employee remuneration, the average employee remuneration is calculated by adjusting the personnel expenses of Porsche AG reported in the notes to the annual financial statements of Porsche AG for the remuneration of the members of the Executive Board. These adjusted personnel expenses are divided by the average number of full-time-equivalent employees of Porsche AG in fiscal year 2022, excluding the members of the Executive Board (employees of Porsche AG).

	Annual change
%	2022 compared with 2021
Executive Board remuneration[1]	
Active Executive Board members	
Dr. Oliver Blume	–
Lutz Meschke	–5.2
Barbara Frenkel	243.5
Andreas Haffner	2.8
Detlev von Platen	2.8
Albrecht Reimold	2.1
Dr. Michael Steiner	1.1
Former Executive Board members	
Uwe-Karsten Städter	–63.6
Wolfgang Hatz	19.6
Earnings performance	
Operating return on sales of the Porsche AG Group (ROS)	12.5
EBITDA margin of the automotive segment	2.9
Net income or loss for the year of Porsche AG (HGB) before profit transfer	114.2
Employee remuneration	
Average employee remuneration of PAG	9.1

[1] Remuneration "granted and owed" within the meaning of section 162 (1) sentence 1 AktG. The transitional provision of section 26j (2) sentence 2 of the Introductory Law of the German Stock Corporation Act (EGAktG) was applied.

The Supervisory Board regularly reviews and, if necessary, adjusts the level of the total remuneration, maximum remuneration, and the individual targets. In preparation for the IPO of Porsche AG, the Supervisory Board performed, among other things, a vertical comparison with the remuneration and employment terms of Porsche AG's employees and a horizontal comparison with the market and competitive environment of Porsche AG. From fiscal year 2023, the Supervisory Board will use a peer group of other companies (peer group supplemented by the DAX) to assess how customary the Executive Board members' specific target total remuneration is when measured against other businesses. The peer group is regularly reviewed and adjusted, and currently comprises the following companies: LVMH Moët Hennessy — Louis Vuitton SE, General Motors Company (GMC), Samsung Electronics Co., Tesla Inc., Ltd., Mitsubishi Motors Corporation, BMW AG, Mercedes Benz AG, Volvo AB, Kering S.A., Ferrari N.V., Nissan Motor Corporation, Jaguar Land Rover Ltd., Hermès International SCA, and SAP SE.

B. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

I. Principles of Supervisory Board remuneration

Until August 14, 2022, the remuneration of the members of the Supervisory Board was governed by article 13 of the Articles of Association of Porsche AG dated December 5, 2012.

The Annual General Meeting of Porsche AG revised the Articles of Association on August 1, 2022. The revision of the Articles of Association was entered in the commercial register and thus took effect on August 15, 2022. The revision of the Articles of Association took account of the new ARUG II requirements and the Code's recommendations and suggestions for Supervisory Board remuneration. The Code includes the suggestion that Supervisory Board remuneration should be fixed remuneration. The Supervisory Board remuneration of Porsche AG contained a variable remuneration component until August 14, 2022. Since August 15, 2022, the Supervisory Board remuneration has only comprised fixed remuneration components (cf. article 19 of the Articles of Association as amended effective August 15, 2022, unchanged from article 18 of the Articles of Association as amended effective September 16, 2022). An independent remuneration consultant confirmed that the Supervisory Board remuneration is commensurate with the duties of the Supervisory Board members and the situation of Porsche AG and is consistent with market rates.

II. Overview of remuneration

The remuneration for the members of the Supervisory Board in accordance with the Articles of Association of Porsche AG as amended effective December 5, 2012, which applied to Supervisory Board remuneration up to and including August 14, 2022, comprised fixed annual remuneration, attendance fees, and variable performance-based remuneration.

The fixed annual remuneration amounted to €50,000 for the Chairman of the Supervisory Board, €37,500 for the Deputy Chairman, and €25,000 for each other member of the Supervisory Board. Supervisory Board members receive €3,000 as an attendance fee for each meeting of the Supervisory Board or its committees. The Supervisory Board members have not received additional fixed annual remuneration for their work on committees to date.

In addition, the Supervisory Board members received variable, performance-based remuneration with the following components:

For every €1 million of Porsche AG's earnings before tax (EBT) in the past fiscal year in excess of €300 million, the Chairman of the Supervisory Board received €20, the Deputy Chairman received €15 and the other Supervisory Board members received €10.

For every €1 million of Porsche AG's mean earnings before tax (EBT) for the three fiscal years preceding the past fiscal year in excess of €300 million, the Chairman of the Supervisory Board received €20, the Deputy Chairman received €15 and the other Supervisory Board members received €10.

Supervisory Board members who receive remuneration for work on another body (Executive Board, Supervisory Board or management) of an affiliated company of Porsche AG within the meaning of section 15 et seq. AktG did not receive any additional remuneration for their work as a member of the Supervisory Board of Porsche AG, in accordance with the Articles of Association of Porsche AG as amended effective December 5, 2012. These Supervisory Board members only received the attendance fees and the reimbursement of their expenses.

Since August 15, 2022, the Supervisory Board members have received fixed annual remuneration of €260,000 (Chairman), €195,000 (Deputy Chairman), and €130,000 (other members). They additionally receive attendance fees at a flat rate of €9,000 per year for their attendance of Supervisory Board and committee meetings. For memberships of committees, additional remuneration of €100,000 (Committee Chairman) or €50,000 (other members) is paid provided the committee met at least once that year for the performance of its duties. Memberships of more than two committees are not remunerated separately. Memberships of the Nomination Committee are not taken into account.

Supervisory Board members who belonged to the Supervisory Board or one of its committees for only part of the fiscal year receive remuneration on a pro rata temporis basis (fixed remuneration, additional remuneration, and attendance fees).

Retired members of the Supervisory Board no longer receive remuneration from Porsche AG for the period after the end of their service.

In fiscal year 2022, the Supervisory Board remuneration for the period up to and including August 14, 2022 was determined pro rata according to the Articles of Association as amended effective December 5, 2012 and for the period after August 15, 2022 according to the Articles of Association as amended effective August 15, 2022.

III. Other remuneration

Porsche AG reimburses Supervisory Board members for the expenses they incur in the course of their work.

In accordance with article 18 (7) of the Articles of Association, as amended effective September 16, 2022 (equivalent to article 19 (7) of the Articles of Association as amended effective August 15, 2022), the members of the Supervisory Board were also covered by directors and officers (D&O) insurance for an appropriate amount taken out by Porsche AG in their interest.

IV. Remuneration granted and owed to Supervisory Board members active in fiscal year 2022

The following table shows the active members of the Supervisory Board of Porsche AG in fiscal year 2022 and the remuneration individually granted and owed to each of the Supervisory Board members in fiscal year 2022. This is based on the same understanding of the term "granted and owed" as explained for the Executive Board members. The remuneration reported in the table therefore reflects the amounts actually received in fiscal year 2022, that is, the remuneration paid to the Supervisory Board members for their work on the Supervisory Board for fiscal year 2022, regardless of the date of actual payment.

Supervisory Board member	Fixed remuneration €	Fixed remuneration %	Work in committees €	Work in committees %	Meeting attendance fees €	Meeting attendance fees %	Variable remuneration (performance-based) €	Variable remuneration (performance-based) %	Total remuneration €	Total remuneration %	Remuneration for serving on the boards of other group companies €
Dr. Wolfgang Porsche (Chairman)	99,014	60.8	27,397	16.8	36,427	22.4	0	0.0	162,838	100.0	–
Jordana Vogiatzi (Deputy Chairman since September 23, 2022)	82,616	44.6	19,041	10.3	36,427	19.7	47,126	25.4	185,211	100.0	–
Werner Weresch (until September 30, 2022, thereof Deputy Chairman until September 23, 2022)	23,863	41.1	0	0.0	34,159	58.9	0	0.0	58,022	100.0	–
Dr. Arno Antlitz[1]	0		0		0		0		0		–
Ibrahim Aslan (since December 6, 2022)	9,260	93.5	0	0.0	641	6.5	0	0.0	9,901	100.0	–
Harald Buck	64,986	36.9	27,397	15.6	36,427	20.7	47,126	26.8	175,937	100.0	–
Dr. Christian Dahlheim	0	0.0	28,356	100.0	0	0.0	0	0.0	28,356	100.0	–
Micaela le Di Divelec Lemmi (since September 23, 2022)	35,616	68.8	13,699	26.5	2,466	4.8	0	0.0	51,781	100.0	–
Melissa Di Donato (since September 23, 2022)	35,616	93.5	0	0.0	2,466	6.5	0	0.0	38,082	100.0	–
Wolfgang von Dühren	64,986	48.7	0	0.0	21,427	16.0	47,126	35.3	133,539	100.0	–
Akan Isik	64,986	48.7	0	0.0	21,427	16.0	47,126	35.3	133,539	100.0	–
Nora Leser	64,986	45.1	13,699	9.5	18,427	12.8	47,125	32.7	144,238	100.0	–
Knut Lofski[2]	64,986	48.7	0	0.0	21,427	16.0	47,126	35.3	133,539	100.0	0
Dr. Hans Michel Piëch	49,507	57.6	0	0.0	36,427	42.4	0	0.0	85,934	100.0	–
Hans-Peter Porsche (until September 23, 2022)	0	0.0	0	0.0	6,000	100.0	0	0.0	6,000	100.0	–
Dr. Ferdinand Oliver Porsche	49,507	58.5	13,699	16.2	21,427	25.3	0	0.0	84,633	100.0	–
Hans Dieter Pötsch	49,507	93.5	0	0.0	3,427	6.5	0	0.0	52,934	100.0	–
Vera Schalwig	64,986	48.7	0	0.0	21,427	16.0	47,124	35.3	133,538	100.0	–
Stefan Schaumburg	64,986	49.8	0	0.0	18,427	14.1	47,125	36.1	130,539	100.0	–
Thomas Schmall-von Westerholt[1] (until September 23, 2022)	0		0		0		0		0		–
Carsten Schumacher	64,986	36.9	27,397	15.6	36,427	20.7	47,126	26.8	175,937	100.0	–
Dr. Hans Peter Schützinger	49,507	93.5	0	0.0	3,427	6.5	0	0.0	52,934	100.0	–
Hauke Stars[1] (since September 23, 2022)	0		0		0		0		0		–
Hiltrud Dorothea Werner[1] (until January 31, 2022)	0		0		0		0		0		–
Total	**1,003,904**	**50.8**	**170,685**	**8.6**	**378,715**	**19.2**	**424,130**	**21.4**	**1,977,434**	**100.0**	**–**

[1] These Supervisory Board members waived remuneration in full for fiscal year 2022.

[2] Knut Lofski is also a member of the Supervisory Board of Porsche Leipzig GmbH. He waived the remuneration for this mandate in full.

V. Comparative presentation

The following table shows a comparison of the year-on-year percentage change in the remuneration of the Supervisory Board members with the earnings performance of Porsche AG and with the average remuneration of employees on a full-time-equivalent basis.

Earnings performance is determined on the basis of the following earnings indicators: Porsche AG's net income or loss for the year (HGB) before profit transfer, the EBITDA margin of the automotive segment, and the operating return on sales of the Porsche AG Group.

The comparative figure for the growth in average employee remuneration is the amount used for the comparative presentation for the Executive Board members in section A.V.

%	Annual change 2022 compared with 2021
Supervisory Board remuneration[1]	
Active Supervisory Board members	
Dr. Wolfgang Porsche (Chairman)	287.7
Jordana Vogiatzi (Deputy Chairman since September 23, 2022)	53.2
Werner Weresch (until September 30, 2022; thereof Deputy Chairman until September 23, 2022)	1.8
Dr. Arno Antlitz	–
Ibrahim Aslan (since December 6, 2022)	–
Harald Buck	45.6
Dr. Christian Dahlheim	–
Micaela Le Divelec Lemmi (since September 23, 2022)	–
Melissa Di Donato (since September 23, 2022)	–
Wolfgang von Dühren	37.9
Akan Isik	37.9
Nora Leser	75.9
Knut Lofski	37.9
Dr. Hans Michel Piëch	104.6
Hans-Peter Porsche (until September 23, 2022)	–50.0
Dr. Ferdinand Oliver Porsche	464.2
Hans Dieter Pötsch	–
Vera Schalwig	387.5
Stefan Schaumburg	59.7
Thomas Schmall-von Westerholt (until September 23, 2022)	–
Carsten Schumacher	38.7
Dr. Hans Peter Schützinger	–
Hauke Stars (since September 23, 2022)	–
Hiltrud Dorothea Werner (until January 31, 2022)	–
Earnings performance	
Operating return on sales of the Porsche AG Group (ROS)	12.5
EBITDA margin of the automotive segment	2.9
Net income or loss for the year of Porsche AG (HGB) before profit transfer	114.2
Average employee remuneration of PAG	9.1

[1] The transitional provision of section 26j (2) sentence 2 EGAktG was applied.

For the Executive Board:

February 28, 2023

Dr. Oliver Blume
Chairman of the Executive Board

Lutz Meschke
Deputy Chairman of the Executive Board

For the Supervisory Board:

February 28, 2023

Dr. Wolfgang Porsche
Chairman of the Supervisory Board

COMBINED MANAGEMENT REPORT WITH NON-FINANCIAL STATEMENT

356 SL

FUNDAMENTAL INFORMATION ABOUT THE GROUP

BUSINESS MODEL

→ GRI 2-1

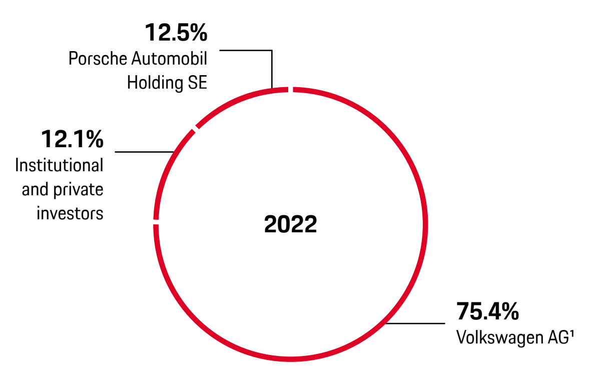
Purpose of the company

"In the beginning, I looked around but could not find the car I'd dreamt of. So, I decided to build it myself." These famous words from Ferry Porsche describe the aspiration of the Porsche AG Group. Its business purpose is to manufacture and sell luxury sports cars and engines of all kinds as well as other parts and components for these and other technical products. In addition, the purpose of the company includes performing development work and design engineering, including vehicle and engine construction; consulting and development in the field of data processing as well as the production and distribution of data-processing products; sale of merchandise and commercial exploitation of brand rights, including those containing the word "Porsche". Also included are all other activities that are technically or economically related, including the commercial exploitation of intellectual property rights. Financial services are another business purpose and include finance and mobility services for customers and dealers.

Shareholder composition

Dr. Ing. h.c. F. Porsche Aktiengesellschaft ("Porsche AG") is the parent company of the Porsche AG Group (Porsche AG and its fully consolidated subsidiaries).

Shareholder composition as of December 31, 2022 (as percentage of share capital)



[1] Volkswagen AG indirectly holds its shares via Porsche Holding Stuttgart GmbH

The preferred shares issued by Porsche AG have been admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) since September 28, 2022; the first trading day was September 29, 2022. On December 19, 2022, the preferred shares of Porsche AG were included in the German Stock Index (DAX). The profit and loss transfer agreement in place between Porsche AG and Porsche Holding Stuttgart GmbH as well as the domination agreement in place between these two companies ended pursuant to section 307 of the German Stock Corporation Act (AktG) as of the end of the fiscal year on December 31, 2022.

Porsche AG's subscribed capital of €911 million is made up of 50% ordinary shares and 50% non-voting preferred shares. Ordinary and preferred shares are no-par-value bearer shares. The holders of non-voting preferred shares receive from the annual distributable profit an additional dividend of €0.01 per preferred share above the dividend allocable to the ordinary share. The 455,500,000 ordinary shares and 455,500,000 non-voting preferred shares each represent 50% of the company's share capital. Volkswagen AG indirectly holds, via Porsche Holding Stuttgart GmbH, 75.0% of the ordinary shares minus one ordinary share. Porsche Automobil Holding SE directly holds 25.0% of the ordinary shares plus one ordinary share and thus around 12.5% in Porsche AG's total share capital. Of the non-voting preferred shares, around 75.8% is indirectly held by Volkswagen AG via Porsche Holding Stuttgart GmbH and around 24.2% is in free float (as of December 31, 2022).

Operational structure, production, development and sales

The Porsche AG Group consists of the automotive and financial services segments.

The activities of the automotive segment cover the vehicles business field as well as the other business fields services and design. The vehicles business field includes the production, development and sale of vehicles as well as related services.

The activities of the financial services segment comprise customer and dealer financing, the leasing business as well as mobility services and other finance-related services.

PRODUCTION

Alongside the headquarters, the production facilities for the Taycan, 911 and 718 model series as well as customer sports vehicles from Porsche Motorsport are located in Stuttgart-Zuffenhausen. The Porsche AG Group also maintains production facilities in Leipzig, where the Macan and Panamera model series are produced. The Cayenne model series is produced at the Volkswagen Group's multi-brand site in Bratislava, Slovakia. Furthermore, some models of the Cayenne series that are intended for the market in Malaysia are assembled at a third-party assembly facility in Kulim District, Kedah, Malaysia.

DEVELOPMENT

Weissach is home to the Porsche Research and Development Center, where Porsche vehicles are developed from first sketch to series production.

SALES

The sales network comprises over 900 sales partners in more than 120 markets worldwide. Within this sales network, all major importers (18 legally independent entities) and dealer locations (18 legally independent entities) are part of the Porsche AG Group. All brick-and-mortar retail formats follow the "Destination Porsche" retail concept that is being rolled out worldwide since the end of 2020. It has already been implemented in 40 Porsche centers and more than 600 others are to follow by the end of the decade.

In October 2019, the Porsche AG Group started its indirect online distribution via its digital platform and sales partners. The vehicle search can now be accessed in over 100 markets around the globe. Porsche dealers use this platform to offer their immediately available new and used vehicles online. This includes basic models as well as rarer variants.

FINANCIAL SERVICES

The financial services segment includes the leasing business, dealer and customer financing, service and insurance brokerage business as well as mobility services for vehicles of the Porsche brand. Within selected markets, the segment's services are also offered for other brands of the Volkswagen Group, in particular the Bentley and Lamborghini brands. The segment includes the products and services of Porsche financial services companies, which, depending on the market, are provided by the company itself or in cooperation with local partners.

STRATEGIC DIRECTION OF THE PORSCHE AG GROUP

Porsche AG aims to further expand its strong position as a profitable manufacturer of exclusive sports cars, in particular by systematically implementing Strategy 2030 of the Porsche AG Group. This consists of the cross-cutting strategies Customer, Products, Sustainability, Digitalization, Organization and Transformation. Two Executive Board members are responsible for each cross-cutting strategy. The cross-cutting strategies form the center of the Porsche strategy and feed into the Porsche AG Group's corporate goals. Cross-functional teams implement the cross-cutting strategies and the strategic topics allocated to them.

The "Customer" cross-cutting strategy

The "Customer" cross-cutting strategy focuses on the relationship with our customers. The clear aim is to excite customers when purchasing and using their vehicle. This excitement is systematically measured and managed.

As a modern luxury brand, Porsche intends to expand its customer base internationally by addressing new target groups as well as further increasing loyalty among its existing customers. Omni-channel sales and the development of the Porsche community are designed to grant customers access to the brand online and in the physical world.

The "Products" cross-cutting strategy

In this regard, electromobility is at the heart of the Porsche's product strategy. In 2025, the Porsche AG Group aims for more than half of all new vehicles delivered to be electrified, and for more than 80% of vehicles delivered in 2030 to be fully electric. The joint use of platforms and modules within the group allows for synergies primarily in the development and procurement of the new family of electric vehicles.

In the transition, Porsche AG offers its customers three drive systems: fully electric models, plug-in hybrids and pure internal combustion engines. Porsche AG is also investing in the creation of synthetic fuels, so-called e-fuels, with a focus on reducing the CO_2 emissions of its fleet.

The "Sustainability" cross-cutting strategy

The Porsche AG Group aims to help shape the sustainable future of mobility. This includes both products that are developed taking into account sustainability aspects as well as its self-image as a modern employer open to society and reliable economic partner.

The "Sustainability" cross-cutting strategy therefore pursues a holistic approach covering everything from environmental and social aspects to responsible corporate governance. Decarbonization and maintaining a circular economy along the entire value chain are key. The Porsche AG Group promotes diversity of views and focuses on making a commitment to society. It also promotes sustainability in the supply chain as well as transparent and responsible corporate governance.

The "Digitalization" cross-cutting strategy

The "Digitalization" cross-cutting strategy focuses on the efficient use of the company's own competencies as well as collaboration within the Volkswagen AG group and with external partners. Shortening the time to market for new products, an open-platform strategy and the use of artificial intelligence and data-driven optimizations should make a major contribution to the success of the business.

The "Organization" cross-cutting strategy

The "Organization" cross-cutting strategy addresses the organizational alignment and optimization of the vertical integration of the Porsche AG Group with regard to future requirements. Processes should be made as effective and as efficient as possible. At the same time, the Porsche AG Group is also defining strategic value creation fields which will be developed internally or by external suppliers in the future. This is also closely related to decisions on strategic partnerships as a supplement to traditional supplier relationships. New structures and concepts are being worked on for this purpose.

The "Transformation" cross-cutting strategy

The focus of the "Transformation" cross-cutting strategy is on people. They are to be provided with new ways and methods of working. Leadership has an important part to play when it comes to getting employees on board: They should be notified about changes promptly and be involved in processes so that all employees can drive change together. Long-term thinking and business-minded actions are supported here. Porsche AG's position as a top employee with high levels of employee satisfaction also plays an important role.

These strategies are setting the course, along which the Porsche AG Group wants to expand its position for current and future generations. The focus here is on the four stakeholder groups: Customers, society, employees and investors. From the perspective of the Porsche AG Group, the unwavering focus on the needs of these groups will ensure sustainable growth.

MANAGEMENT AND KEY PERFORMANCE INDICATORS

Management and key figures

Based on the group strategy, Strategy 2030, this chapters describes how the Porsche AG Group is managed and which key figures are primarily used. The operating performance and the success of the Porsche AG Group are reflected in both the financial and non-financial key figures that are an integral part of the internal management system. Companies that are subject to the provisions of German Accounting Standard (GAS) 20 must define for their external reporting the most important financial key performance indicators used in their internal management system (most important performance indicators). Below, this report describes the management process for the Porsche AG Group and then elaborates on the most important indicators defined by GAS 20 that the Porsche AG Group uses in their internal management system.

Management process at the Porsche AG Group

At the Porsche AG Group, a continuous and close linking of the group strategy with the strategic and operative planning ensures comprehensive transparency when it comes to the financial assessment and evaluation of decisions on which direction to take. As a key management element of the Porsche AG Group, the multi-year operational plan, which is prepared once a year and generally for a period of five years, is derived from a strategic plan for the next ten years and approved by the Executive Board and the Supervisory Board. The multi-year operational plan serves to assess prerequisites for realizing the strategic projects as well as formulating and safeguarding regarding the group's targets both technically and financially. It is on this basis that all corporate areas are coordinated regarding the cross-cutting strategies, functions/processes, products and markets.

For the future orientation of the Porsche AG Group, the individual planning content is determined depending on the corresponding maturities:

— the cycle plan/product strategy and thus the product range as the long-term strategic determinant of the vehicle business and other mobility-related services,
— long-term sales planning that shows market and segment developments and is used to determine the delivery volume for the Porsche AG Group and
— capacity and utilization planning for the individual factories.

The aligned results of the upstream planning processes flow into the financial planning as a last step in the multi-year operational planning. For this purpose, the financial planning of the Porsche AG Group including the segments and business fields consists of the income statement, the financial and balance sheet planning, the profitability and liquidity planning as well as the investments as a prerequisite for the future product alternatives and alternative courses of action. The multi-year operational planning is then used to derive the binding targets for the first planning year, details of which are then finalized down to the level of the subsidiaries and operational cost centers in the budget planning for the individual months.

During the year, the budget is reviewed each month to determine the degree of target achievement. In this regard, target/actual and prior-year comparisons, variance analyses and – if required – action plans are key instruments for corporate management to ensure that the budgeted targets are reached. For the current fiscal year, monthly rolling forecasts are performed for the next three months and for the year as a whole and are backed up as standard by two detailed forecasts during the year. The current opportunities and risks are also taken into account when preparing the forecast. Adjusting ongoing activities as needed is at the core of management that is undertaken during the year. Moreover, each current forecast provides the starting point for the upcoming multi-year operational plan/the budget planning for the following fiscal year.

Most important performance indicators

Derived from the strategy and the underlying strategic objectives, the Porsche AG Group is managed on the basis of the most important performance indicators described below:

— Sales revenue (€ million)
— Return on sales (%)
— Automotive net cash flow margin (%)
— Automotive EBITDA margin (%)
— Automotive BEV share (%)

SALES REVENUE

The sales revenue of the Porsche AG Group primarily consists of automotive sales and reflects the group's market success. Alongside the automotive segment, the financial services segment also contributes to the development of sales revenue. This segment includes the leasing business, dealer and customer financing, service and insurance brokerage business as well as additional mobility services for vehicles of the Porsche brand.

RETURN ON SALES

The return on sales (RoS) of the Porsche AG Group is defined as the ratio of group operating profit to group sales revenue. The Executive Board of Porsche AG uses return on sales to measure the operating profitability of the Porsche AG Group.

AUTOMOTIVE NET CASH FLOW MARGIN

Automotive net cash flow margin is defined as the ratio of cash flows from operating activities of the automotive segment less cash flows from investing activities of current operations of the automotive segment to sales revenue of the automotive segment.

The investing activities of current operations exclude the changes in investments in securities, loans and time deposits of the automotive segment.

AUTOMOTIVE EBITDA MARGIN

Automotive EBITDA is defined as automotive operating profit (EBIT) plus depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs and other intangible assets, each in the automotive segment. Automotive EBITDA margin is defined as the ratio of automotive EBITDA to automotive sales revenue. The Porsche AG Group believes that the Automotive EBITDA margin is a meaningful financial indicator to evaluate the operating performance of the Porsche AG Group over time. The Porsche AG Group recognizes that these financial indicators are also used by analysts, rating agencies and investors when assessing the operational performance of other companies. The Porsche AG Group believes the presentation of the Automotive EBITDA margin provides useful information on how the automotive segment has developed in its markets and enhances the ability of the stakeholder groups to compare its profitability over time.

BEV SHARE

The BEV share is defined as the proportion of purely battery-powered electric vehicles (BEV) in relation to deliveries, i.e., the total number of vehicles delivered to end customers. The driver for the automotive BEV share is the sale of fully electric vehicles.

Other relevant performance indicators

For the fiscal year 2022, the following other performance indicators were defined that are used for corporate management purposes:

— Deliveries (units)
— Automotive net liquidity (€ million)
— Automotive research and development costs (€ million)
— Automotive capital expenditure (€ million)
— Automotive return on sales (%)
— Financial services return on sales (%)
— Automotive return on investment (%)

CORPORATE GOVERNANCE DECLARATION

The content of the Group Corporate Governance Declaration required by sections 289f and 315d of the German Commercial Code (HGB) is contained in the → Corporate Governance – Corporate Governance Declaration section as well as online at ↗ http://investorrelations.porsche.com/en/corporate-governance/

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Development of global economy

The Russia-Ukraine conflict resulted in increased uncertainty with regard to the further development of the global economy. Large sections of the community of Western states imposed extensive trade embargoes on Russia, excluded Russia from the international financial market and agreed on further sanctions. The resulting higher commodity prices and supply shortages caused inflation to rise.

Over the course of the year, many countries lifted most of the strict measures they had put in place to protect the population from the SARS-CoV-2 coronavirus, invoking the progress of the vaccination campaign. However, the new Omicron variant together with its sub-variants caused infection rates to soar again. Although most cases were milder, sickness rates were high. In China particularly, local infection outbreaks led to tight restrictions over the course of the year under the zero-Covid strategy being pursued there. These resulted in economic restrictions, disrupting international supply chains. The abandonment of this strategy caused infections to rise in China as of year-end.

After global economic output had collapsed in 2020 and began to recover again in 2021 as a result of base and catch-up effects, the global economy recorded positive growth of 3.0% overall in 2022 (2021: 6.0%). Although the advanced economic and emerging markets recovered, their growth was slower than in the prior year.

On the one hand, the development of individual countries depended on how the Covid-19 pandemic took hold there and what measures they took to contain the virus. The other decisive factor was how hard the conflict in Ukraine hit the national economies. Due to rising inflation worldwide, many countries made their monetary policies increasingly restrictive. In the reporting year, many central banks increased the key interest rate and reduced their bond purchases. The economic outlook worsened, leading to high losses on major stock markets. The average prices for energy and many commodities increased significantly, and there were major shortages of intermediates and commodities. Global goods trade increased in the reporting year.

GERMANY

The German economy grew by 1.9% (2021: 2.6%) in the reporting year, slower than in the prior year. The German labor market recovered over the course of the year, and the unemployment rate and number of employees on government subsidized short-time work decreased. At the same time, monthly inflation rates were extremely high. Consumer confidence, on the other hand, was at its lowest.

EUROPE

In 2022, the Western European economy grew by 3.5% (2021: 5.6%). This was due, among other factors, to the increasing resistance of the population to the coronavirus and the associated easing of measures to contain it. However, soaring inflation rates caused economic momentum to flag. This also had a negative impact on consumer mood in almost all Northern and Southern European countries.

In the Central and Eastern European advanced economies, real gross domestic product (GDP) recorded weak growth in absolute terms of 0.6% (2021: 6.4%). Economic output in Central Europe thus grew at a somewhat slower pace at 4.4% (2021: 7.8%). In Eastern Europe, by contrast, economic growth was down significantly at -4.1% (2021: 4.8%) on account of the war in Russia-Ukraine conflict. Sanctions imposed on Russia by western countries weighed heavily on this region significantly from March 2022 onwards. From the second quarter, economic growth in Russia was therefore down, averaging -3.1% (2021: 4.7%) over the year. Inflation increased significantly across Central and Eastern Europe.

NORTH AMERICA EXCL. MEXICO

In the USA, GDP increased by 2.0% (2021: 5.9%) in the reporting year. Here too, the US Federal Reserve continued with its restrictive monetary policy throughout the entire year as a result of rising inflation and the strained labor market, raising the key interest rate a total of six times in 2022. The unemployment rate, however, decreased compared to the high rate from the prior year. In Canada, economic output grew by 3.5% (2021: 5.0%).

CHINA INCL. HONG KONG

China felt the negative effects of the Covid-19 pandemic at an earlier stage than other countries. However, over the further course of the pandemic it benefited from a relatively low level of new infections due to its strict zero-Covid strategy. In the reporting year, this strategy resulted in local lockdowns in connection with the spread of the Omicron variant. The abandonment of this strategy caused infections to rise in China as of year-end. Chinese GDP increased by a mere 2.8% (2021: 8.4%) in 2022.

MARKET DEVELOPMENT FOR THE AUTOMOTIVE SEGMENT

In the fiscal year 2022, the global volume of the passenger cars market was in line with the prior year at 69.6 million vehicles. However, the growth rates and contractions of the individual markets varied greatly depending on the extent to which they were affected by the shortages and disruptions in the global supply chains, the conflict between Russia and Ukraine and the course of the Covid-19 pandemic. Supply shortages for semiconductors and other intermediates had already occurred in the second half of 2021; the resulting supply bottlenecks also continued into 2022.

The markets of the regions China incl. Hong Kong as well as Germany remained stable in the past fiscal year. By contrast, sales were down in all other regions: very sharply in Central and Eastern Europe and noticeably in North America.

Sector-specific environment

In addition to fiscal policy measures, the sector-specific environment was primarily influenced by shortages and disruptions in global supply chains, the coronavirus pandemic as well as the impact of the Russia-Ukraine conflict, which largely contributed to the uneven development of sales in the markets in the past fiscal year. The fiscal policy measures included tax cuts and increases, incentive programs and buyer's premiums as well as import tariffs. Non-tariff barriers to protect the respective domestic automotive industry also made it more difficult to exchange vehicles, parts and components. Sanctions were imposed as a result of the conflict in Ukraine, which restricted the production and sale of vehicles in particular in Russia..

Germany

In Germany, the number of new registrations of passenger cars remained stable in 2022 and, at 2.7 million units, was up only 1.1% on the already weak numbers from 2021. This is attributable to shortages and disruptions in the global supply chains, which noticeably restricted vehicle availability. Proving particularly restrictive were the delays due to parts bottlenecks that resulted in production cuts and downtime.

Europe without Germany

In Western Europe (excluding Germany), the number of new registrations for passenger cars saw a moderate decrease overall by 6.1% to 7.6 million vehicles in 2022, compared to the weak prior-year level. In all other major markets for passenger cars, development was negative in 2022: year-on-year decreases were recorded in France, (down 7.7%), the UK (down 2.0%) and Italy (down 9.8%).

In Central and Eastern Europe, the passenger car market volume decreased very sharply by 37.2% to 1.8 million vehicles, following the slight recovery seen in the prior year. Sales numbers also decreased in the individual markets. This was particularly noticeable on the Russian passenger car market, which more than halved in the reporting year (down 60.9%). In Central Europe, the decrease in new registrations was lower.

North America excl. Mexico

Sales figures for passenger vehicles decreased in the region North America excl. Mexico in the fiscal year 2022. 15.4 million units is a decrease of 8.2% compared to the prior year. In the USA, the volume stood at 13.9 million units, a decrease of 8.0%. In Canada, sales figures decreased to 1.5 million vehicles (down 9.7%).

China incl. Hong Kong

In the region China incl. Hong Kong, the number of new registrations of passenger cars increased by 1.6% to 21.0 million units in 2022. Despite the shortage of semiconductors and local lockdowns caused by the Covid-19 pandemic, demand for passenger vehicles on the Chinese market continued to increase.

MARKET DEVELOPMENT FOR THE FINANCIAL SERVICES SEGMENT

There continued to be strong demand for the products and services of this segment in 2022. As of December 31, 2022, the ratio of leased or financed new vehicles to the total number of deliveries in the markets of the financial services segment (penetration rate) stood at 40.8%, a decrease compared to the prior year (2021: 43.0%). While lease penetration in the USA decreased on account of the high prices for used vehicles, demand for financial services products in the other regions remained on a par with the prior year or increased slightly.

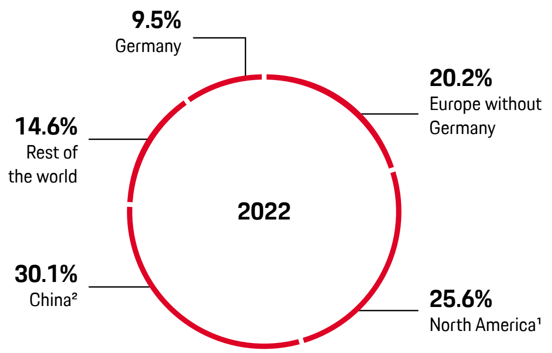
The Porsche AG Group was able to increase the overall number of contracts for financing and leasing in all regions. By the end of 2022, the number of contracts had increased to 331 thousand, exceeding the prior-year level by 7.2%.

DELIVERIES

The Porsche AG Group proved robust in the fiscal year 2022 and achieved a slight increase in deliveries[1]. Overall, the sports car manufacturer delivered 309,884 vehicles over the past 12 months, up 2.6% on 2021 despite numerous global crises.

In the sales region of Europe without Germany, the Porsche AG Group delivered 62,685 vehicles in the past year. This is 7.0% more than in the prior year. In the domestic market of Germany, 29,512 customers received their vehicle – an increase of 3.3%. In North America, the Porsche AG Group delivered 79,260 vehicles, which was on a par with the prior year. A strong result – especially in light of the logistical and technical supply restrictions, particularly at the beginning of the past year. In China, which remains the largest individual market, 93,286 vehicles were handed over to customers (down 2.5%). The moderate decrease here is primarily attributable to the impact of the coronavirus pandemic. Waves of infections, coronavirus lockdowns as well as logistical challenges all had an impact on deliveries.

Deliveries by region



¹ North America excl. Mexico
² China incl. Hong Kong

The sales region rest of the world continued to show highly positive development with growth in deliveries of 13.0%. 45,141 customers there received their vehicles in 2022.

Again in 2022, the models with the greatest demand were the SUVs, with 95,604 customers receiving a Porsche Cayenne. This was followed by the Macan with 86,724 units delivered. The Porsche 911 also remained extremely popular with 40,410 deliveries (up 5.1%). The sports car limousine Panamera was delivered to 34,142 customers (up 13.0%). 18,203 units of the 718 Boxster and 718 Cayman models were delivered to Porsche customers.

Demand for the all-electric Taycan remained consistently high. In 2022, the Porsche AG Group recorded 34,801 deliveries worldwide (down 15.7%). This decrease was due to supply chain constraints and a limited availability of parts. Both hit the electric sports car particularly hard.

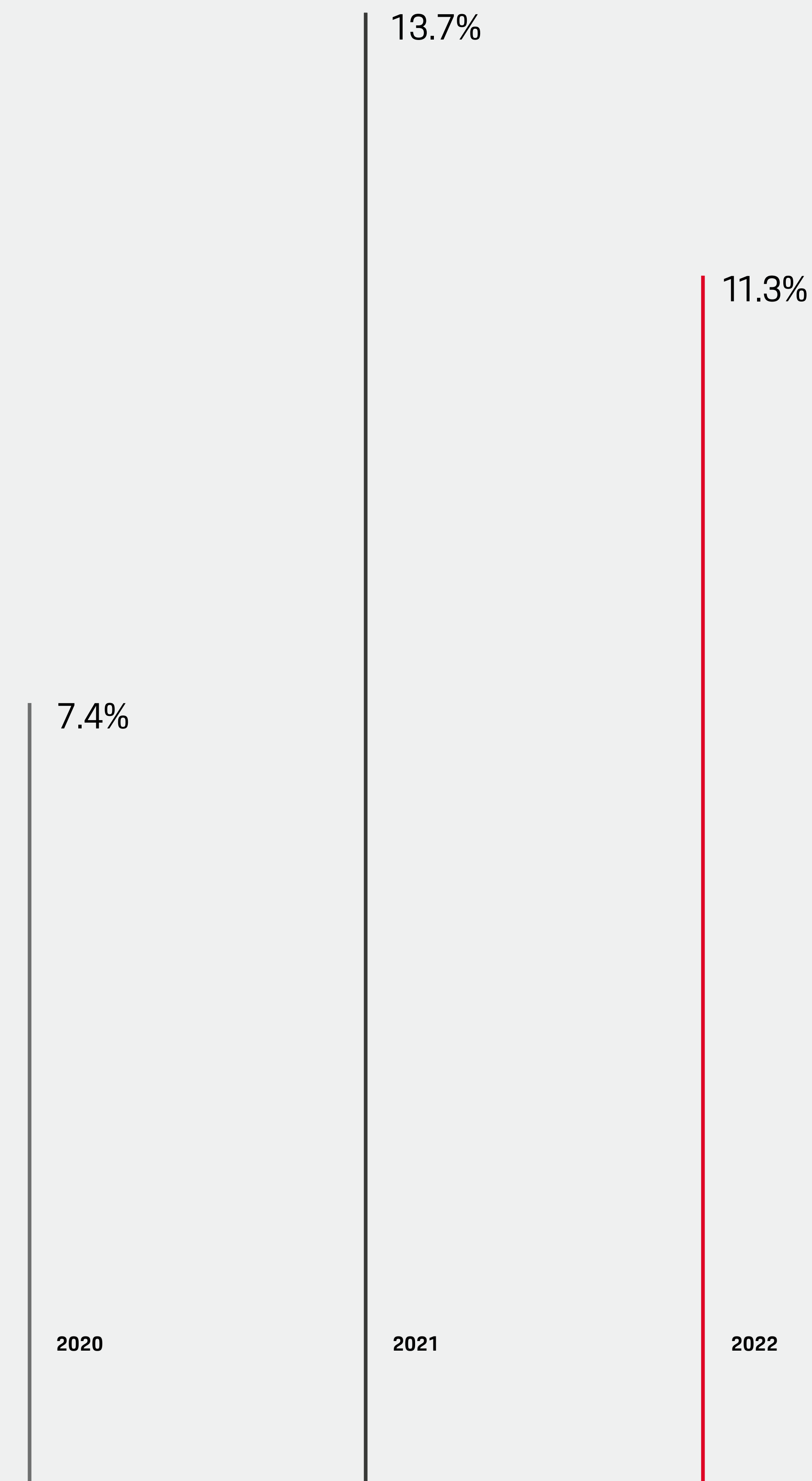
In the reporting period, the proportion of purely battery-powered electric vehicles (automotive BEV share) stood at 11.3% (2021: 13.7%). → **Non-financial statement 2022 – Alternative drive technologies**

Deliveries of the Porsche AG Group

Units	2022	2021
911	40,410	38,464
718 Boxster/Cayman	18,203	20,502
Macan	86,724	88,362
Cayenne	95,604	83,071
Panamera	34,142	30,220
Taycan	34,801	41,296
Deliveries	**309,884**	**301,915**

[1] The performance indicator "deliveries" reflects the number of vehicles handed over to end customers. This may take place via group companies or independent importers and dealers. In the Porsche AG group, this differs from unit sales as a relevant driver of sales revenue. Unit sales in the Porsche AG group are designated as those sales of new and group used vehicles of the Porsche brand, which have left the automotive segment for the first time, provided there is no legal repurchase obligation by a company in the automotive segment.

Automotive BEV share
of Porsche AG Group



PRODUCTION

The Porsche AG Group produced 321,321 vehicles in total, an increase of 7.1% on the prior year. As was already the case in 2021, the locations in Zuffenhausen and Leipzig were net neutral carbon in manufacturing all vehicles.

Production of the Porsche AG Group

Units	2022	2021
911	41,947	38,790
718 Boxster/Cayman	18,080	18,477
Macan	91,117	84,857
Cayenne	98,113	86,233
Panamera	35,241	33,250
Taycan	36,823	38,474
Production[1]	**321,321**	**300,081**

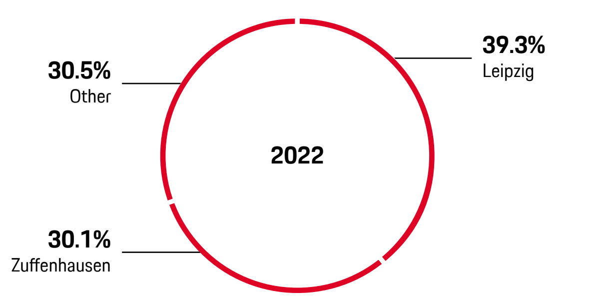
[1] 2021 incl. 16,953 vehicles not yet eligible for registration at the time of factory delivery due to the semiconductor shortage.

In 2022, 36,823 Taycan units were manufactured in Stuttgart-Zuffenhausen. Additionally, all the vehicles of the 911 (41,947 units) and 718 Boxster/Cayman (18,080 units) model series rolled off the production line at the main plant.

At the Leipzig plant, the Porsche AG Group produced a total of 126,358 vehicles, which equates to 39.3% of total production. There were 91,117 units of the Macan model series and 35,241 Panamera produced in Saxony.

At the Volkswagen Group's multi-brand site in Bratislava (Slovakia) as well as in Malaysia, 98,113 units of the Cayenne model series were produced.

Production sites



Production in Zuffenhausen

A sophisticated control and production principle allowed the assembly of all two-door sports cars – the 911, 718 Boxster and Cayman model series – on one production line at the main plant in Zuffenhausen. Highly individual customer wishes were integrated directly into series production thanks to the flexible production system. This also applied to the Taycan, which is produced on its own assembly line with the flexi-line. On November 7, 2022, the 100,000th Taycan rolled off the production line. The milestone car left the assembly line in Zuffenhausen about three years after start of production.

Production in Leipzig

The Leipzig plant produced the Macan and Panamera model series. The site is currently shaping up for electromobility. With the next generation of the Macan a fully electric variant will be produced in Leipzig for the first time. 2022 saw the beginning of axle assembly at a new hall for the pre-series vehicles of Porsche's next BEV model. Expanding the plant will allow Leipzig to produce three different drive types on one production line in the future: Gasoline and hybrid models as well as fully electric vehicles.

Sachsenheim pilot center

In 2022, the Porsche AG Group put its new pilot center in Sachsenheim into operation. Covering an area of 16,000 square meters, the center, adjacent to the logistics center, is the central production facility for prototype vehicles for Porsche's future series models.

RESEARCH AND DEVELOPMENT

Since the founding of Porsche AG, its focus has been on innovative research and development as well as the subsequent implementation in vehicles ready for series production. Research and development plays a key role for sustainable value enhancement in the Porsche AG Group. The cross-brand development network in the Volkswagen Group also strengthens the future viability of the Porsche AG Group. The vast majority of research and development activities as well as the employees working in this area relate to Porsche AG.

In the fiscal year 2022, the Porsche AG Group spent €2,651 million on research and development (R&D), compared to €2,417 million in the prior-year period. The ratio of R&D to sales revenue stood at 7.7% (2021: 8.0%). Investment in capitalized development costs stood at €1,951 million, thus exceeding the comparable figure in 2021 of €1,601 million. Consequently, the capitalization ratio increased in the reporting year from 66.2% to 73.6%. The increase was driven primarily by rising expenses for projects that were close to the start of series production. The total spend on research and development related to the automotive segment.

In the reporting period, more than half of R&D expenses were attributable to the transition of the product range toward electromobility. After the market launch of the first fully electric model series Taycan, the focus is now on the development of a fully electric Macan, 718 and Cayenne. In parallel to the efforts being made in the area of electromobility, model series with combustion/hybrid technology such as the 911, the Panamera and the Cayenne are also being further developed.

Overall, as of the reporting date, the Porsche AG Group employed 6,299 persons in the area of research and development (2021: 5,807 persons).

As of the end of the second quarter of 2022, a further development location of the Porsche AG Group started operations in Shanghai. This location should strengthen the level of understanding of Chinese customers and knowledge of their particular requirements. It supplements Porsche Digital China, which was founded at the start of 2021, and Porsche Engineering China, founded in 2014.

PERSONNEL

As of the reporting date, the Porsche AG Group had 39,162 employees, an increase of 5.9% compared to the prior-year reporting date. On average, the Porsche AG Group had 38,108 employees in the fiscal year 2022.

OVERALL STATEMENT ON BUSINESS DEVELOPMENT AND THE ECONOMIC SITUATION

The Executive Board of the Porsche AG assesses the business development and the economic situation as positive overall in light of the current challenges. The Porsche AG Group's business was impacted by the effects of the Russia-Ukraine conflict, the global spread of the Omicron variant of SARS-CoV-2 and especially by limited vehicle availability as a result of parts shortages in the reporting period. In addition, the industry is shaped by fierce competition, technological transformation and increasing ecological awareness. In this environment, 309,884 vehicles were delivered to customers.

The Porsche AG Group significantly increased its sales revenue and return on sales in the fiscal year 2022. Sales revenue increased from €33,138 million in 2021 to €37,630 million in 2022, an increase of 13.6%. Operating profit rose from €5,314 million to €6,770 million. The return on sales of the Porsche AG Group thus grew to 18.0% compared to 16.0% in the prior-year period. The increase in the return on sales is above all thanks to improved unit price realization, a strong product mix, positive foreign exchange rate effects and the developments in the other business fields combined with contrastingly higher additional costs for procurement, primarily on account of increased commodities prices. The automotive EBITDA margin increased to 25.2% (2021: 24.5%).

Even with extensive investments in future projects, the automotive net cash flow stood at €3,866 million in 2022 (prior year: €3,676 million) and the automotive net cash flow margin at 11.2% (2021: 12.1%).

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

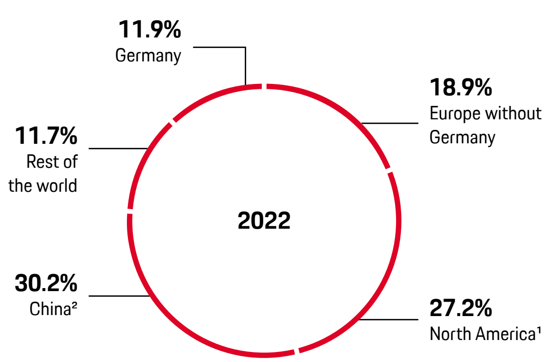
The Porsche AG Group generated sales revenue of €37,630 million in the fiscal year 2022. This is an increase of 13.6% on the prior year (€33,138 million) and is largely due to higher vehicle sales coupled with improved pricing as well as positive mix and exchange rate effects.

In the fiscal year 2022, the Porsche AG Group sold 313,721 vehicles. This corresponds to a 5.5% increase in unit sales compared to the prior-year period (2021: 297,289 vehicles).

The Cayenne was the bestselling series with 96,800 vehicles sold and an increase of 18.7%, followed by the Macan with 89,767 vehicles. The increase in unit sales for the Panamera (up 2,279 vehicles, or 7.2%) as well as for the 911 (up 1,647 vehicles, or 4.2%) were the main factors contributing to the positive mix effects. With 34,089 vehicles, the Taycan recorded a decrease in sales of 13.1% compared to the comparative period, which is largely attributable to parts shortages and disruptions in global supply chains.

In regional terms, with a total of 96,360 vehicles sold, China is still the largest market, with a 1.6% increase in unit sales. The largest increases were recorded in the markets of North America (up 5,654 vehicles), rest of the world (up 5,271 vehicles) and Europe without Germany (up 3,434 vehicles).

Sales revenue by region (excluding hedges)



[1] North America excl. Mexico
[2] China incl. Hong Kong

Vehicle sales of the Porsche AG Group

Units	2022	2021
911	40,715	39,068
718 Boxster/Cayman	18,392	19,250
Macan	89,767	86,529
Cayenne	96,800	81,541
Panamera	33,958	31,679
Taycan	34,089	39,222
Vehicle sales	**313,721**	**297,289**

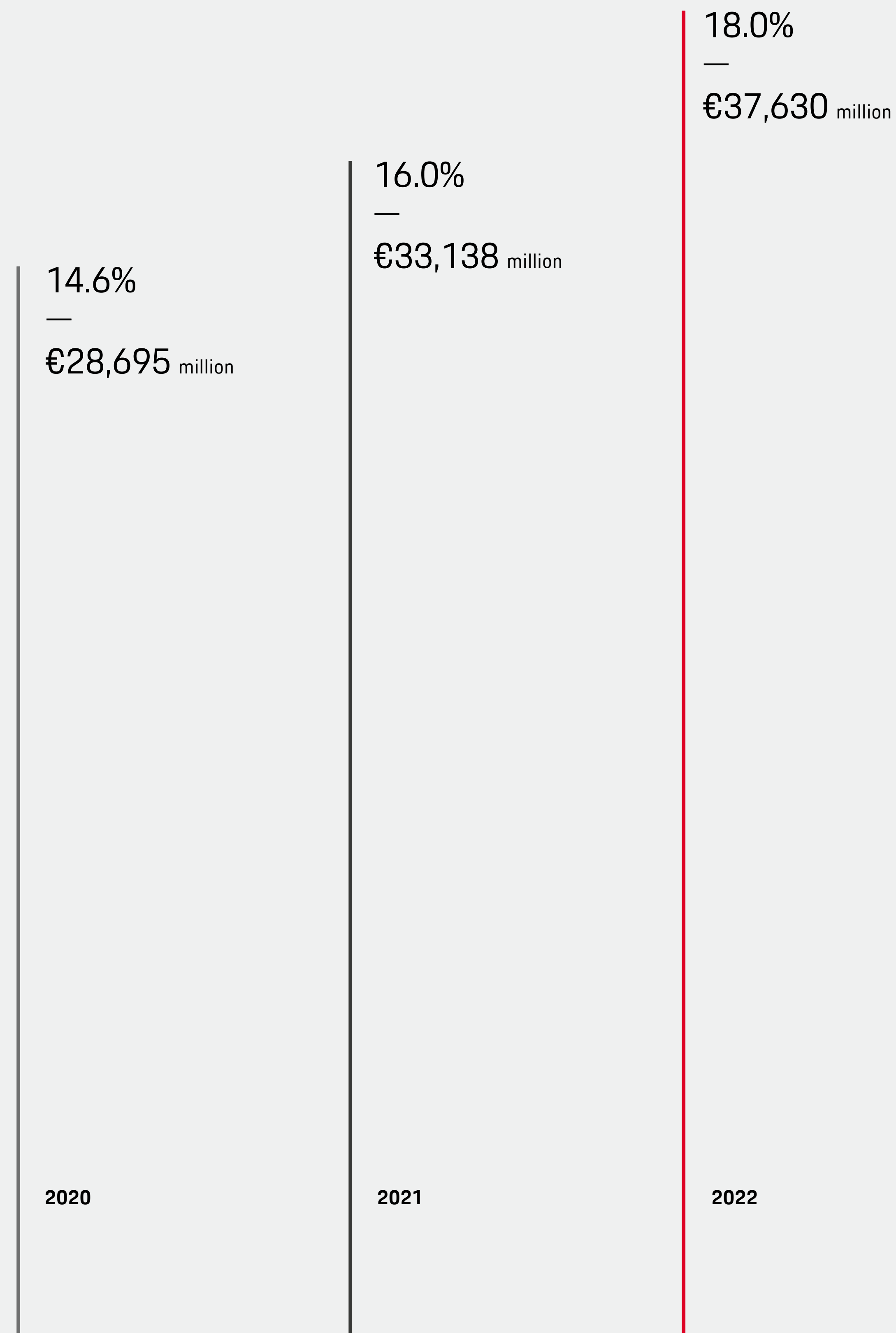
The cost of sales rose by €2,803 million to €27,084 million (2021: €24,281 million). Despite price increases on the supplier side, a relative decrease in the cost of sales in proportion to sales revenue was achieved (72.0%, 2021; 73.3%), which is primarily attributable to changes in the product and region mix, lower amortization of capitalized development costs and a higher capitalization ratio of development costs.

Gross profit increased accordingly by 19.1% to €10,546 million (2021: €8,857 million), therefore resulting in a gross margin of 28.0% (2021: 26.7%).

Distribution expenses rose by €242 million to €2,353 million and, in proportion to sales revenue, remained on a level with the prior year at 6.3% (2021: 6.4%). Administrative expenses increased from €1,426 million to €1,655 million, which is mainly attributable to the costs of the IPO (for example bonus, consulting fees) as well as the digitalization strategy. In proportion to sales revenue, these remained stable at 4.4% (2021: 4.3%).

Net other operating result increased by €239 million to €232 million (2021: €–7 million). The increase is mainly attributable to the high demand for used vehicles and, correspondingly, higher write-ups of residual values in the financial services segment as well as the positive mark-to-market valuation of derivatives outside of hedge accounting.

Return on sales as % and sales revenue in € million
of Porsche AG Group



Income statement of the Porsche AG Group

€ million	2022	2021
Sales revenue	**37,630**	**33,138**
Cost of sales	-27,084	-24,281
Gross profit	**10,546**	**8,857**
Distribution expenses	-2,353	-2,111
Administrative expenses	-1,655	-1,426
Net other operating result	232	-7
Operating profit	**6,770**	**5,314**
Return on sales (%)	18.0	16.0
Financial result	299	414
Profit before tax	**7,069**	**5,729**
Income tax expense	-2,112	-1,691
Profit after tax	**4,957**	**4,038**

Furthermore, a reimbursement of costs in connection with the IPO of Porsche AG had a positive effect on the net other operating result.

The operating profit of the Porsche AG Group increased by €1,456 million to €6,770 million in the fiscal year 2022 (2021: €5,314 million). The operating return on sales of the Porsche AG Group thus grew to 18.0% compared to 16.0% in the prior-year period. The increase in the return on sales is above all thanks to improved unit price realization, a strong product mix, positive foreign exchange rate effects and the developments in the other business fields combined with contrastingly higher additional costs for procurement, primarily on account of increased commodities prices.

The financial result came to €299 million (2021: €414 million). Lower interest income due to the spin-off of the loan receivable from Porsche Holding Stuttgart GmbH caused the financial result to decrease. Additionally, the financial result was negatively impacted by an impairment loss on the equity-accounted investment in Bertrandt AG. By contrast, adjusted interest rates used to measure provisions had a positive effect on the financial result.

With a stable tax rate of 29.9% (2021: 29.5%), income tax increased to €2,112 million in 2022 (2021: €1,691 million) due to an increase in profit before tax. This caused profit after tax to increase by €919 million to €4,957 million in the current reporting period.

Earnings per ordinary share came to €5.43 and per preferred share to €5.44. Earnings per ordinary share and per preferred share have been determined on the basis of a total of 455,500,000 shares in each category.

Automotive results of operations

Automotive operating profit of €6,423 million in the fiscal year 2022 exceeded the figure of the prior-year period by €1,389 million (2021: €5,033 million). Despite price increases on the supplier side, automotive return on sales increased to 18.6% (2021: 16.6%) due to an increase in vehicle sales, more favorable price positioning as well as positive product mix and currency effects. Automotive EBITDA increased by €1,303 million to €8,724 million (2021: €7,420 million), which corresponds to an automotive EBITDA margin of 25.2% (2021: 24.5%).

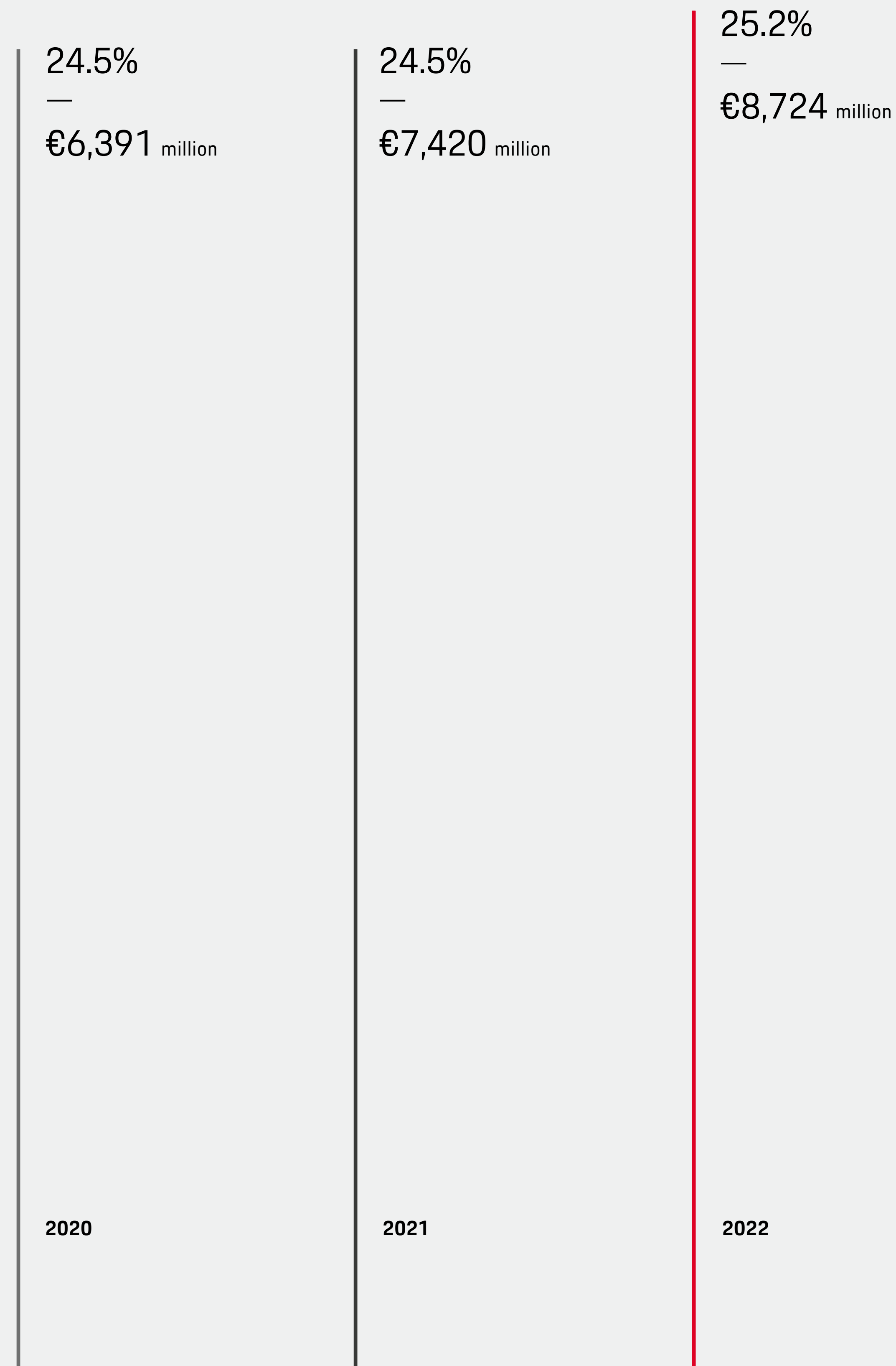
Automotive EBITDA margin

€ million	2022	2021
Automotive operating profit	6,423	5,033
Depreciation, amortization and impairment losses	2,301	2,387
Automotive EBITDA	**8,724**	**7,420**
Automotive sales revenue	34,591	30,289
Automotive EBITDA margin (%)	**25.2**	**24.5**

Financial service results of operations

Financial services operating profit increased to €341 million in 2022 (2021: €313 million). The increase was largely due the measurement of interest rate hedges as a part of regular refinancing activities, high demand for used vehicles and, correspondingly, higher write-ups of residual values as well as currency effects. Financial services return on sales came to 10.3% (2021: 10.0%).

Automotive EBITDA margin as % and Automotive EBITDA in € million
of Porsche AG Group



FINANCIAL POSITION

In the fiscal year, the cash flow from operating activities of the Porsche AG Group rose from €6,416 million to €7,114 million and is attributable to the increase in profit before tax. This is partly offset by cash outflows for income tax payments of €2,368 million (2021: cash outflows of €1,552 million). Cash outflows in working capital of €1,156 million (2021: cash outflows of €1,282 million) comprised the positive contribution from the automotive segment and offsetting effects from the financial services segment in the changes in leased assets of €536 million (2021: €931 million) and receivables from financial services of €983 million (2021: cash outflows of €872 million).

The cash outflows from investing activities came to €6,606 million and decreased by €641 million (2021: cash outflows of €5,965 million) This was primarily driven by cash outflows caused by changes in investments in securities and time deposits and loans of €2,502 million (2021: cash outflows of €2,591 million) as well as the increase in investing activities of current operations in the automotive segment.

Cash flows from financing activities consisting of a cash outflow of €1,089 million (2021: cash outflows of €518 million) was primarily attributable to the profit transfer and dividends of €3,361 million (2021: €1,864 million). In addition to the profit transfer to Porsche Holding Stuttgart GmbH, the cash outflows also included the cash portion of the distributed dividend in kind to Porsche Niederlassung Mannheim GmbH. This was partly offset by cash inflows from capital contributions.
Volkswagen AG indirectly made a shareholder contribution without issuing new shares to the free capital reserves of Porsche AG of €2,800 million. Repayments of financial liabilities had an effect on changes in other financing activities in the form of cash outflows of €786 million (2021: cash inflows of €876 million).

Automotive financial position

Automotive cash flows from operating activities increased by €844 million to €7,855 million (2021: €7,010 million).

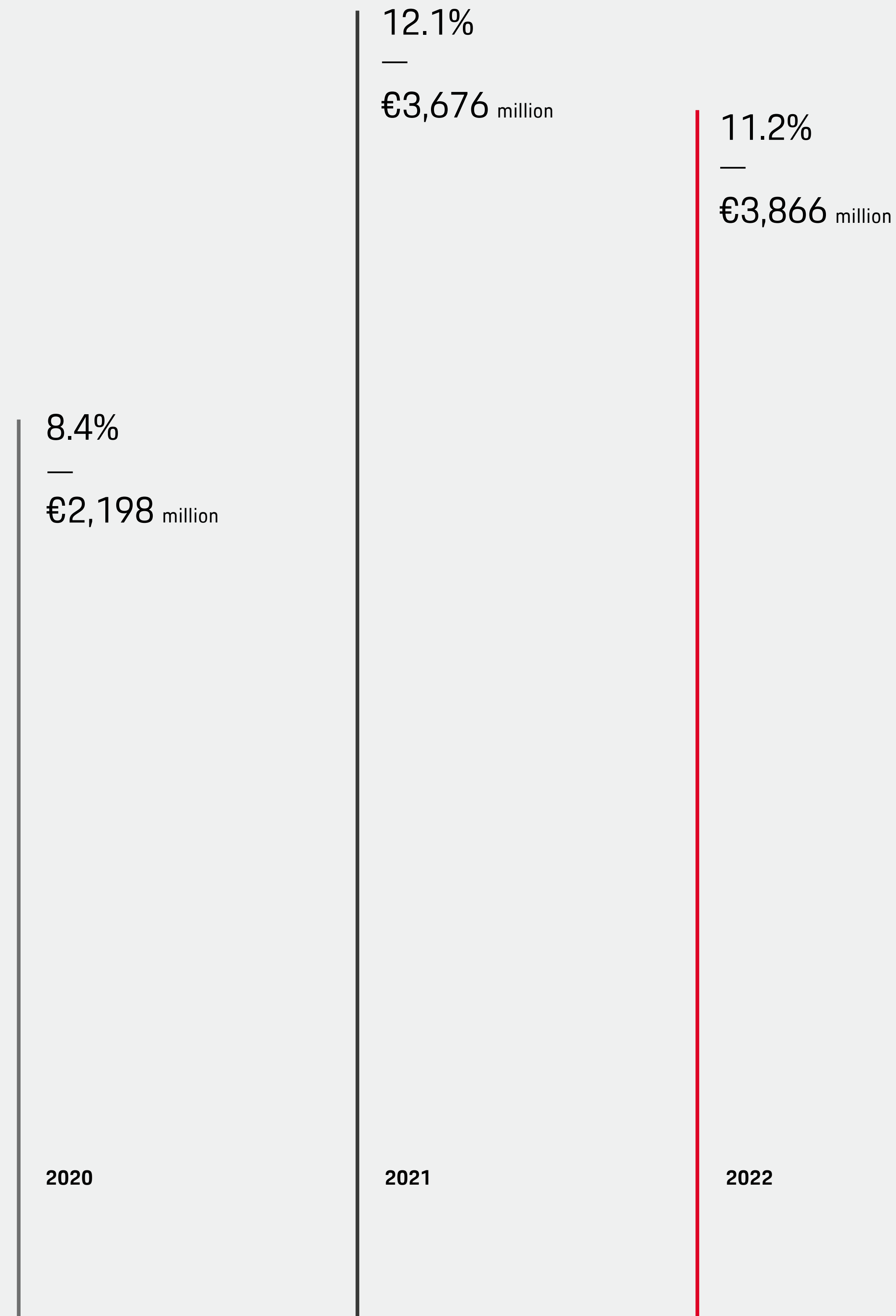
At €346 million, cash inflows in working capital remained in line with the prior year (2021: cash inflows of €345 million). The automotive working capital was largely affected by the cash outflows of €1,013 million caused by the change in inventories (2021: cash outflows of €185 million). This change is attributable to an increase in inventories of vehicles due to the availability of essential parts, due in particular to parts shortages as well as the coronavirus situation in China. Prepayments made for future deliveries to support suppliers also had an impact on the change in inventories.

Cash inflows from the change in liabilities (excluding financial liabilities) of €1,016 million (2021: cash inflows of €495 million) had a positive impact on the automotive working capital. Trade payables increased on the prior year. Cash inflows from the change in other provisions also had a positive impact on the working capital of €548 million and primarily included supplier risks.

Compared to the prior-year period, cash outflows from the investing activities of current operations increased from €3,335 million to €3,989 million. The increase was largely attributable to the higher automotive capital expenditure of €1,642 million (2021: €1,378 million) and capitalized development costs. Investments were particularly high in vehicle projects, the electrification and digitalization of products and in the production sites of the Porsche AG Group. The change in equity investments was significantly influenced by investments in equity-accounted investments such as Rimac Group d.o.o., Group 14 Technologies Inc. and Porsche eBike Performance GmbH (formerly: FAZUA GmbH).

As a result, the automotive net cash flow increased to €3,866 million in the past fiscal year 2022 (2021: €3,676 million). The automotive net cash flow margin stood at 11.2% (2021: 12.1%). With the increase in automotive sales revenue, the cash inflow from operating activities also increased, which in turn had a positive impact on the automotive net cash flow margin. Opposite effects on the net cash flow margin are attributable to the significant increase in investments from operating activities.

Automotive net cash flow margin as % and Automotive net cash flow in € million
of Porsche AG Group



Automotive net cash flow

€ million	2022	2021
Cash flows from operating activities	**7,855**	**7,010**
Change in working capital	346	345
Change in inventories	-1,013	-185
Change in receivables (excluding financial services)	-206	-500
Change in liabilities (excluding financial liabilities)	1,016	495
Change in other provisions	548	534
Investing activities of current operations	**-3,989**	**-3,335**
Investments in intangible assets (excluding capitalized development costs) and property, plant and equipment	-1,642	-1,378
Additions to capitalized development costs	-1,951	-1,601
Changes in equity investments	-404	-377
Net cash flow	**3,866**	**3,676**

Cash outflows from financing activities changed from €1,485 million in the prior-year period to €999 million in 2022. In the automotive segment, the profit transfer and capital contributions had an impact.

Cash outflows from the change in other financing activities increased to €696 million (2021: cash outflows of €91 million)

In 2022, cash and cash equivalents in the automotive segment at the end of the period rose by €108 million to €4,710 million compared to the prior year (2021: €4,602 million). In addition, securities and time deposits as well as loans increased by €2,625 million in 2022 to €6,415 million.

Automotive third-party borrowings decreased by €579 million to €–2,843 million in 2022 on account of repayments of financial liabilities. There is a master loan agreement with the Volkswagen Group for a line of €4,000 million (amount drawn: €0 million; 2021: €0 million).

Automotive net liquidity increased accordingly by €3,312 million to €8,282 million as of December 31, 2022 compared to the prior-year reporting date.

Automotive net liquidity

€ million	2022	2021
Cash and cash equivalents	4,710	4,602
Securities and time deposits as well as loans	6,415	3,790
Gross liquidity	**11,125**	**8,392**
Third-party borrowings	-2,843	-3,422
Automotive net liquidity	**8,282**	**4,970**

Cash flows of the Porsche AG Group

€ million	2022	2021
Cash and cash equivalents at beginning of period	**4,327**	**4,344**
Profit before tax	7,069	5,729
Income taxes paid	-2,368	-1,552
Depreciation and amortization[1]	3,189	3,214
Gain/loss on disposal of non-current assets	5	35
Share of profit or loss of equity-accounted investments	52	23
Change in pension provisions	366	471
Other non-cash expense/income	-42	-221
Change in working capital	**-1,156**	**-1,282**
Change in inventories	-1,010	-152
Change in receivables (excluding financial services)	-252	-409
Change in liabilities (excluding financial liabilities)	1,052	543
Change in other provisions	572	539
Change in leased assets	-536	-931
Change in financial services receivables	-983	-872
Cash flows from operating activities	**7,114**	**6,416**
Investing activities of current operations	-4,103	-3,373
Change in investments in securities and time deposits as well as loans	-2,502	-2,591
Cash flows from investing activities	**-6,606**	**-5,965**
Capital contributions	3,057	471
Profit transfer and dividends	-3,361	-1,864
Change in other financing activities	-786	876
Cash flows from financing activities	**-1,089**	**-518**
Effect of exchange rate changes on cash and cash equivalents	-2	50
Net change in cash and cash equivalents[2]	**-583**	**-17**
Cash and cash equivalents at end of period	**3,745**	**4,327**

1 Offset against reversals of impairment losses.
2 Change in presentation in the prior year. The change in cash and cash equivalents contains the effect of exchange rate changes on cash and cash equivalents.

NET ASSETS

At the end of the reporting period, the Porsche AG Group reported total assets of €47,673 million, that is a 7.2% decrease compared to December 31, 2021.

By way of a spin-off in accordance with section 123 of the German Transformation Act (UmwG), Porsche AG transferred to Porsche Niederlassung Mannheim GmbH, a subsidiary of Porsche AG, loan receivables due from Porsche Holding Stuttgart GmbH of €8,351 million (including accrued interest as of July 6, 2022), other financial assets from a clearing account of Porsche AG against Porsche Holding Stuttgart GmbH of €2,028 million, cash pool receivable (cash and cash equivalents) from Volkswagen AG of €1,501 million and deferred tax assets of €3 million. This first spin-off became effective under civil law as of July 6, 2022 upon entry in the commercial register. Furthermore, by way of a spin-off in accordance with section 123 UmwG, Porsche AG transferred all shares in Porsche Niederlassung Mannheim GmbH to Memphis I GmbH, a subsidiary of Porsche Holding Stuttgart GmbH. This additional spin-off became effective under civil law as of July 11, 2022 upon entry in the commercial register. The two spin-offs led to a decrease in the capital reserves of €11,679 million and a decrease in retained earnings of €204 million.

In connection with the agreement to sell three Russian subsidiaries, assets of €31 million and liabilities of €12 million were disclosed as held for sale pursuant to IFRS 5 in separate lines of the statement of financial position as of December 31, 2022.

Intangible assets increased from €6,190 million to €7,473 million. The increase was largely attributable to capitalized development costs, with the largest additions relating to the Cayenne, 911 and Macan series.

Property, plant and equipment increased by €161 million to €8,924 million compared to 2021. The increase primarily resulted from additions to land and buildings, plant and machinery as well as advance payments made and assets under construction, while furniture and fixtures and right-of-use assets for land and buildings decreased. Leased assets decreased by €100 million to €3,854 million compared to 2021. This item includes vehicles leased to customers under operating leases.

Non-current and current financial services receivables increased from €4,542 million to €5,920 million. These mainly include receivables from finance leases as well as receivables from customer and dealer financing. The number of contracts for financing and leasing increased in the past fiscal year.

Equity-accounted investments, other equity investments, other financial assets, other receivables and deferred tax assets decreased from €10,464 million in the prior year to €2,855 million.

The carrying amounts of equity-accounted investments increased due to the completion of the capital transactions at Rimac Group d.o.o. and IONITY Holding GmbH & Co. KG. This was counterbalanced by an impairment loss on the shares in Bertrandt AG of €45 million.

The increase in other financial assets of €323 million primarily relates to the acquisition of shares in Porsche eBike Performance GmbH (formerly: FAZUA GmbH) and the acquisition of an investment in Group14 Technologies Inc.

The decrease in non-current other financial assets was largely attributable to the structural measures before the IPO, which saw non-current loan receivables of €8,135 million from Porsche Holding Stuttgart GmbH being spun off.

In total, non-current assets decreased by €5,342 million to €27,488 million. Non-current assets expressed as a percentage of total assets amounted to 57.7% (2021: 63.9%).

Inventories increased from €4,517 million in the prior year to €5,504 million at the end of the reporting period. The increase related in particular to the inventories of new vehicles on the Chinese market due to waves of infection relating to the coronavirus pandemic, coronavirus lockdowns as well as logistical challenges and support to suppliers recognized as prepayments made for future parts deliveries.

Current other financial assets and other receivables increased by €381 million to €7,512 million. The item contains several significant offsetting effects. A negative effect was recognized from the spin-off of the clearing account with Porsche Holding Stuttgart GmbH of €2,028 million as well as the current loan receivables from Porsche Holding Stuttgart GmbH of €216 million in the course of the distribution in kind by spin-off of assets as part of the structural measures before the IPO described above. A positive effect was recognized primarily from the €1,923 million increase in short-term loans to Volkswagen AG and additional companies of the Volkswagen group to €4,269 million as well as the increase from marking derivative financial instruments to market and in other receivables, in particular VAT receivables and receivables and other taxes.

Securities and time deposits as well as cash and cash equivalents decreased by €154 million to €5,514 million compared to 2021. As a result of the increased volume of time deposits with an original contractual term of more than three months, these time deposits have been recognized together with securities as of December 31, 2022.

Statement of financial position of the Porsche AG Group as of December 31, 2022

€ million	Dec. 31, 2022	in %	Dec. 31, 2021	in %
Assets				
Non-current assets	**27,488**	**57.7**	**32,830**	**63.9**
Intangible assets	7,473	15.7	6,190	12.0
Property, plant and equipment	8,924	18.7	8,763	17.1
Leased assets	3,854	8.1	3,954	7.7
Financial services receivables	4,382	9.2	3,461	6.7
Equity-accounted investments, other equity investments, other financial assets, other receivables and deferred tax assets	2,855	6.0	10,464	20.4
Current assets	**20,186**	**42.3**	**18,552**	**36.1**
Inventories	5,504	11.5	4,517	8.8
Financial services receivables	1,538	3.2	1,081	2.1
Other financial assets and other receivables	7,512	15.8	7,131	13.9
Tax receivables	87	0.2	155	0.3
Securities and time deposits	1,795	3.8	982	1.9
Cash and cash equivalents	3,719	7.8	4,686	9.1
Assets held for sale	31	0.1	–	0.0
Total assets	**47,673**	**100.0**	**51,382**	**100.0**
Equity and liabilities				
Equity	**17,027**	**35.7**	**22,935**	**44.6**
Non-current liabilities	**14,033**	**29.4**	**15,368**	**29.9**
Provisions for pensions and similar obligations	3,668	7.7	5,525	10.8
Financial liabilities	6,016	12.6	6,599	12.8
Other liabilities	4,349	9.1	3,244	6.3
Current liabilities	**16,613**	**34.8**	**13,080**	**25.5**
Financial liabilities	3,464	7.3	3,128	6.1
Trade payables	2,899	6.1	2,447	4.8
Other liabilities	10,238	21.5	7,505	14.6
Liabilities associated with assets held for sale	12	0.0	–	0.0
Total assets	**47,673**	**100.0**	**51,382**	**100.0**

As of December 31, 2022, the equity of the Porsche AG Group decreased by €5,908 million to €17,027 million compared to the figure from December 31, 2021. This was largely attributable to the decrease in the capital reserve and retained earnings as a result of the distribution in kind by spin-off of assets as part of the structural measures before the IPO described above of €11,883 million. Furthermore, the profit transfer to Porsche Holding Stuttgart GmbH of €3,979 million was the main effect that reduced equity.

By contrast, profit after tax, other comprehensive income, net of tax, as well as the capital contributions by Porsche Holding Stuttgart GmbH caused equity to increase by €9,965 million. Within other comprehensive income, net of tax, the increase was mainly due to the remeasurement of pension plans, net of tax, positive effects from currency translation as well as the measurement of derivative financial instruments through other comprehensive income.

In the fiscal year 2022, provisions for pensions and similar obligations decreased by €1,857 million compared to the comparative period in 2021, largely as a result of the actuarial remeasurement stemming from the change in the discount rate from 1.4% to 3.6%. By contrast, non-current other liabilities increased by €1,105 million to €4,349 million compared to December 31, 2021. The increase largely resulted from an increase in derivative financial instruments marked to market (up €256 million) and deferred tax liabilities (up €805 million). In total, non-current liabilities decreased by €1,335 million to €14,033 million. Non-current liabilities expressed as a percentage of total capital amount to 29.4% (2021: 29.9%).

Non-current and current financial liabilities decreased from €9,727 million to €9,480 million. This decrease mainly related to the debenture bonds as well as the refinancing of the financial services business in the form of asset-backed securities.

Trade payables increased from €2,447 million to €2,899 million compared to year-end 2021.

Current other liabilities increased by €2,733 million compared to December 31, 2021. The increase primarily results from other provisions (up €623 million) as well as the profit transfer for the fiscal year 2022 to Porsche Holding Stuttgart GmbH of €3,989 million (2021: €1,858 million). In total, current liabilities increased by €3,533 million to €16,613 million. Current liabilities expressed as a percentage of total capital amounted to 34.8% (2021: 25.5%).

As of December 31, 2022, there were off-balance-sheet contingent liabilities of €128 million. This is a €86 million increase compared to the prior-year period, primarily as a result of recognizing additional legal and product-related matters.

Unrecognized other financial obligations increased by €536 million to €3,390 million and essentially comprised obligations from development, supply and service agreements.

PORSCHE AG HGB FINANCIAL STATEMENTS

(CONDENSED IN ACCORDANCE WITH THE GERMAN COMMERICAL CODE — HGB)

RESULTS OF OPERATIONS

In the reporting year, sales revenue increased by 23.5% on the prior year from €24,540 million to €30,317 million. The increase was largely due to higher unit sales coupled with improved unit price realization as well as positive product mix and exchange rate effects. Sales revenue was largely offset by cost of materials of €–17,545 million (2021: €–14,270 million), personnel expenses of €–3,624 million (2021: €–3,273 million) as well as other operating expenses of €–5,289 million (2021: €–3,926 million).

Of other operating income of €897 million (2021: €683 million), €300 million (2021: €275 million) related to exchange rate gains.

Cost of materials relates to expenses for raw materials, consumables and supplies and for purchased merchandise of €15,061 million (2021: €12,134 million) and to expenses for purchased services of €2,484 million (2021: €2,136 million). The increase in cost of materials was largely in line with that of sales revenue and was attributable to the increase in sales. Prices also increased due to a higher rate of inflation, a resulting increase in raw materials prices as well as supplier receivables.

Other operating expenses of €–5,289 million (2021: €–3,926 million) include exchange rate losses of €–370 million (2021: €–74 million). The increase in other operating expenses was largely due to higher currency effects as well as expenses in connection with derivative financial instruments.

The investment result comprises income from equity investments of €1,628 million (2021: €108 million), income from profit and loss transfer agreements of €274 million (2021: €256 million) and expenses from loss absorption of €–42 million (2021: €–24 million). Income from equity investments primarily comprises income from Porsche Hong Kong Ltd., Hong Kong, MHP Management- und IT-Beratung GmbH, Ludwigsburg, OOO Porsche Russland, Moscow, Porsche Korea Ltd., Seoul, and Porsche Taiwan Motors Ltd., Taipei.

The interest result of €–63 million (2021: €265 million) primarily contained interest income from affiliates, interest expenses from discounting non-current provisions as well as interest expenses for the debenture bonds issued. The decrease on the prior year is largely attributable to the spin-off of the loan receivable from Porsche Holding Stuttgart GmbH presented in the section on net assets.

Tax allocations increased to €–1,399 million (2021: €–1,144 million), primarily due to a higher tax expense for prior years.

As a result of the profit and loss transfer agreement in place with Porsche Holding Stuttgart GmbH, Stuttgart, net income for the year amounted to €0 million in the fiscal year 2022 (2021: €0 million).

Income Statement of Dr. Ing. h.c. F. Porsche AG

€ million	2022	2021
Sales revenue	**30,317**	**24,540**
Changes in inventories and other own work capitalized	383	210
Total operating performance	**30,700**	**24,750**
Other operating income	897	683
Cost of materials	-17,545	-14,270
Personnel expenses	-3,624	-3,273
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-1,549	-1,567
Other operating expenses	-5,289	-3,926
Investment result	1,860	340
Interest result	-63	265
Earnings before taxes	**5,387**	**3,002**
Tax allocations	-1,399	-1,144
Earnings after taxes	**3,988**	**1,858**
Other taxes	-9	–
Profit transferred under a profit and loss transfer agreement	-3,979	-1,858
Net income for the year	–	–
Reduction in assets from spin-off	-11,704	–
Withdrawal from capital reserves	12,595	–
Withdrawal from retained earnings	25	–
Profit carryforward	–	–
Distributable profit	**916**	–

NET ASSETS AND FINANCIAL POSITION

On December 31, 2022, total assets amounted to €26,856 million, down €6,488 million on the comparative figure for 2021 of €33,344 million.

Fixed assets accounted for 44.6% of total assets (2021: 31.5%). Property plant and equipment increased to €6,456 million (2021: €6,371 million); investments exceeded depreciation, amortization and impairment losses. The increase in fixed assets is attributable to the additions to fixed financial assets. Fixed financial assets increased from €1,874 million to €3,122 million. This was largely attributable to the additions to securities classified as fixed assets of €918 million.

Current assets amounted to €14,733 million as of December 31, 2022 (2021: €22,647 million).

The whole industry is currently experiencing supply shortages of semiconductor components. This had an impact on the structure of inventories as of December 31, 2022, resulting in an overall increase in inventories compared to December 31, 2021.

Porsche AG's subscribed capital of €911 million was made up of 50% ordinary shares and 50% non-voting preferred shares. Ordinary and preferred shares are no-par-value bearer shares.

The holders of non-voting preferred shares receive from the annual distributable profit an additional dividend of €0.01 per preferred share above the dividend allocable to the ordinary share.

By way of a spin-off according to section 123 UmwG, Porsche AG transferred to Porsche Niederlassung Mannheim GmbH, a subsidiary of Porsche AG, loan receivables due from Porsche Holding Stuttgart GmbH which amounted to €8,144 million with accrued interest of €31 million as of December 31, 2021, a receivable from a clearing account of the company due from Porsche Holding Stuttgart GmbH amounting to €2,029 million as of December 31, 2021 and a cash pool receivable due from Volkswagen AG amounting to €1,500 million with economic effect as of January 1, 2022. This spin-off became effective as of July 6, 2022 upon entry in the commercial register. Furthermore, by way of a spin-off according to section 123 UmwG, the company transferred all shares in Porsche Niederlassung Mannheim GmbH to Memphis I GmbH, a subsidiary of Porsche Holding Stuttgart GmbH, with economic effect as of January 1, 2022. This additional spin-off became effective as of July 11, 2022 upon entry in the commercial register. The two spin-offs led to a decrease in the capital reserves of €11,679 million and a decrease in retained earnings of €25 million.

Furthermore, the capital reserves were reduced for the planned dividend payout of €911 million plus an additional dividend of €0.01 per preferred share – thus a total of €916 million – for the fiscal year 2022 to the shareholders.

Porsche Holding Stuttgart GmbH contributed €3,057 million (2021: €471 million) by shareholder contributions without issuance of new shares pursuant to section 272 (2) no. 4 HGB to Porsche AG's capital reserves.

Equity stood at €5,649 million at the end of the reporting year (2021: €14,296 million). The equity ratio stood at 21.0% (2021: 42.9%).

The provisions for pensions primarily related to retirement benefits for employees of Porsche AG. Pension obligations were fully funded by provisions. Provisions for pension obligations (pension provisions) were discounted at the average market interest rate of the past ten fiscal years (section 253 (2) sentence 1 HGB). This was €370 million (2021: €613 million) (difference) lower than the valuation of pension provisions that would have arisen as of December 31, 2022 had the seven-year average interest rate been applied.

Miscellaneous provisions increased by €444 million to €3,673 million (2021: €3,229 million), which was largely attributable to provisions for warranties and personnel provisions. Tax provisions decreased by €–1 million to €92 million (2021: €93 million).

The €967 million increase in liabilities including deferred income to €12,575 million (2021: €11,609 million) largely resulted from the profit transfer to Porsche Holding Stuttgart GmbH and, on the other hand, from the decrease in cash pool liabilities.

In light of the extensive and persistently negative effects of the Russia-Ukraine conflict as well as the limited availability of vehicles as a result of the supply shortages with regard to semiconductor components, Porsche AG considers its economic situation to nevertheless be just as positive overall as that of the Porsche AG Group. In addition, Porsche AG was always able to fulfill its financial obligations in the fiscal year 2022.

DIVIDEND POLICY

As part of its financial strategy, Porsche AG is pursuing the goal with its dividend policy of aiming for a continuous dividend development that allows its shareholders to have an appropriate share of the success of the business. The proposed amount of the dividend aims to take the financial targets into account, primarily that of securing a sound financial basis.

Porsche AG currently aims in the medium term to distribute an annual dividend of around 50%. The distribution rate is based on the IFRS profit/loss of the group after taxes.

The domination and profit and loss transfer agreement in place between Porsche AG and Porsche Holding Stuttgart GmbH ended pursuant to section 307 of the German Stock Corporation Act (AktG) as of the end of the fiscal year on December 31, 2022.

In accordance with section 58 (2) AktG, the dividend payment by Porsche AG is based on the distributable profits reported in the annual financial statements of Porsche AG prepared in accordance with the German Commercial Code. Based on these annual financial statements of Porsche AG, distributable profit of €916 million is eligible for distribution following the withdrawal of €916 million from the capital reserves.

The Executive and Supervisory Board will propose to the Annual General Meeting for 2023 that €916 million,, i.e., €1.00 per ordinary share and €1.01 per preferred share, be paid from the distributable profit. Shareholders are not entitled to a dividend payment until a resolution has been taken by the Annual General Meeting.

This is to be done independent of the profit transfer of the net income for the year after tax relating to the domination and profit and loss transfer agreement in place between Porsche AG and Porsche Holding Stuttgart GmbH ending as of December 31, 2022. The distribution rate is not representative of the medium-term target distribution rate.

Statement of financial position structure of Dr. Ing. h.c. F. Porsche Aktiengesellschaft as of December 31, 2022

€ million	2022	2021
Assets		
Fixed assets	**11,974**	**10,518**
Intangible assets	2,396	2,272
Property, plant and equipment	6,456	6,371
Financial assets	3,122	1,874
Current assets	**14,733**	**22,647**
Inventories	2,957	2,488
Receivables	11,055	19,652
Other assets	686	499
Cash on hand and bank balances	35	9
Prepaid expenses	**149**	**148**
Excess of covering assets over pension and similar obligations	**–**	**31**
Total assets	**26,856**	**33,344**

Equity and liabilities		
Equity	**5,649**	**14,296**
Subscribed capital	911	46
Capital reserves	3,822	14,225
Retained earnings	–	25
Distributable profit	916	–
Provisions	**8,632**	**7,439**
Provisions for pensions and similar obligations	4,959	4,210
Other provisions	3,673	3,229
Liabilities	**12,059**	**11,170**
Liabilities to banks	1,357	1,488
Advance payments received on account of orders	47	45
Trade payables	715	784
Other liabilities	9,940	8,853
Deferred income	**516**	**439**
Total assets	**26,856**	**33,344**

SALES

In the fiscal year 2022, Porsche AG sold 317,018 vehicles in total (2021: 285,738 vehicles). In the reporting period, demand recovered from the decline in sales seen in the prior-year period triggered by the Covid-19 pandemic, while the limited availability of vehicles stemming from the semiconductor shortage had an adverse effect.

The Russia-Ukraine conflict, the sanctions and export-control measures instituted in response as well as corresponding countermeasures have had and continue to have an adverse impact on the global economy, the global capital markets, international trade, supply chains, the availability and prices of raw materials including energy supplies as well as parts and components.

The sale of Porsche vehicles and spare parts to Russia and Belarus, which is affected by EU sanctions, was discontinued shortly after the outbreak of the conflict.

PRODUCTION

In the reporting year, Porsche AG manufactured a total of 223,208 vehicles (2021: 213,848 vehicles) at its Zuffenhausen and Leipzig plants. In the fiscal year 2022, supply shortages, in particular for semiconductors, resulted in production limitations, causing total production for the year to also be impacted following the prior year that had already been greatly impacted by the pandemic.

PERSONNEL

As of December 31, 2022, there were a total of 23,025 persons (2021: 22,379 persons), excluding employees at subsidiaries, employed at Porsche. On average, the Porsche AG Group had 22,670 employees in the fiscal year 2022.

BUSINESS DEVELOPMENT OF PORSCHE AG

As the parent company of the Porsche AG Group, Porsche AG is generally subject to the same → **Business development**, risks and opportunities as well as expected developments. The → **Report on expected developments** section of this annual report comments on the forecast, while the → **Report on risks and opportunities** section comments on the risks and opportunities.

RISKS FROM FINANCIAL INSTRUMENTS

When using financial instruments, Porsche AG is generally exposed to the same risks as for the Porsche group. An explanation of these risks can be found in the “Risks and opportunities” section of this combined management report.

DEPENDENT COMPANY REPORT

The domination and profit and loss transfer agreement in place with Porsche Holding Stuttgart GmbH ends at midnight on December 31, 2022. Porsche AG is a dependent company as defined by section 17 (1) AktG of both companies. Due to the domination and profit and loss transfer agreement in place with Porsche Holding Stuttgart GmbH as controlling company in the fiscal year 2022, there is no obligation to prepare a dependent company report pursuant to section 312 (1) sentence 1 in conjunction with section 316 AktG.

NON-FINANCIAL STATEMENT

Porsche AG has prepared this non-financial statement, which is combined with the non-financial statement of the Porsche AG Group, in accordance with the requirements of section 315c in conjunction with sections 289c to 289e of the German Commercial Code (HGB), article 8 of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder.

SUSTAINABILITY MANAGEMENT

Sustainability management in the Porsche AG Group takes into account the effects of its business activities on the economy, society and the environment. Especially for an automotive group, stakeholder demands for sustainable behavior are particularly high. The Porsche AG Group wants to meet these societal expectations and take responsibility for environmentally and socially compatible changes. Its objective is to combine economic progress, social justice and ecological compatibility. With this in mind, it focused its attention in the reporting year not only on the company's own activities but also on upstream and downstream initiatives and thus on its supply and value chain.

Sustainability is a key topic in the Porsche Strategy 2030 and permeates the entire organization of the Porsche AG Group.[1] In particular, the Sustainability Strategy 2030 defines clear internal objectives, responsibilities and processes.

The group's sustainability guideline provides the basis and governs the necessary sustainability management measures as well as uniform procedures in the Porsche AG Group.

The subject of sustainability is a matter for the top management level of the Porsche AG Group. The highest sustainability body is therefore the Executive Board, and responsibility lies directly with the Chairman of the Executive Board, with additional support from the Member of the Executive Board responsible for Production and Logistics and the Member of the Executive Board responsible for Procurement. At the Executive Board level, there are also regular strategic workshops to directly include corporate management in all decisions relating to sustainability.

The Sustainability department within General Secretariat and Corporate Development is responsible for the development of the sustainability strategy. The Politics and Society department of Communications, Sustainability and Politics is responsible for internal and external sustainability communication and the non-financial reporting. It is also in charge of engaging the Porsche AG Group's stakeholders in sustainability matters.

The Environment and Sustainability Steering Committee is a cross-departmental body responsible for operations in the area of sustainability and the detailed design of the sustainability strategy. This committee met a total of eight times in the reporting year. Above it is the Environment and Sustainability Steering Group, which reports directly to the Executive Board and met four times in the reporting year. The Steering Group determines the overarching focal points and the strategic direction for the topic of sustainability.

Another key body is the Porsche Sustainability Council, which has been in place since 2016. Here, external specialists from the fields of business, science, politics and civil society regularly advise the Executive Board and top management of the Porsche AG Group. The members of the council are also involved in designing the sustainability strategy across the company.

All sustainability activities by the Porsche AG Group are based on the current materiality analysis from 2021 and defined fields of action. Detailed surveys of internal and external respondents were used to gauge which sustainability topics have the greatest influence on the development of business, the corporate strategy and the operating result of the Porsche AG Group. The reverse was also assessed: which areas of the Porsche AG Group's operating activities have the biggest impact on the economy, environment and society. The materiality analysis for 2021 was looked at internally in the reporting year and found to still be applicable for 2022. The next materiality analysis is planned for 2023.

More information on the Porsche AG Group's business model can be found in the → **Combined management report, "Business model" section**. In the reporting year, no significant non-financial ESG (environmental, social, governance) risks linked to the requirements of section 289c HGB were identified in the Porsche AG Group. Additional disclosures on ESG risks can be found in the → **Opportunities and risk report of the combined group management report.**

[1] The Porsche Strategy 2030 focuses on the four stakeholder dimensions: customers, society, employees and investors. The Porsche AG Group aims to become more sustainable as part of its Strategy 2030. "Sustainability" is one of six cross-cutting strategies, together with "customer", "products", "digitalization", "organization" and "transformation".

ENVIRONMENT

The Porsche AG Group recognizes its responsibility with regard to environmental and climate protection and has made a commitment to the climate targets agreed on in Paris in 2015. The aim is to align the existing processes, products and use of raw materials towards a resource-saving and net carbon neutral future. The focus is on the decarbonization of vehicles, the development of alternative drive technologies, the consumption of resources and the increasing use of sustainable raw materials in vehicles as well as the enforcement of high environmental standards in its own vehicle production and the supply chain.

Vehicle decarbonization

TARGETS

The Porsche AG Group intends to lower its average CO_2 emissions along its value chain and over its vehicles' entire life cycles.[2] It aims to achieve net carbon neutrality along the Porsche AG Group's entire value chain of the new vehicles placed on the market (production, use and end of life of the vehicles) by 2030.[3]

DUE DILIGENCE PROCESS

In order to reach this goal, the Porsche AG Group has launched an extensive decarbonization program, the success of which is measured with the decarbonization index (DCI). The DCI aims to provide as comprehensive an overview as possible of the average CO_2 equivalent emissions per vehicle along the value chain (production, use and end of life). The DCI covers most of the Porsche AG Group.[4] Among other things, it is based on life cycle assessments which Porsche AG performs in accordance with ISO 14040/44. For this, Porsche AG uses its own individual assumptions and values as well as data from life cycle inventory databases.[5] As a strategic indicator with a transparent and comprehensive calculation, this supports the Porsche AG Group in reducing its carbon footprint.

The Decarbonization working group processes all cross-departmental activities relevant to the DCI. It is also largely in charge of coordinating the implementation of the strategic program. The working group compiles content suggestions for DCI targets, reduction measures and corresponding roadmaps. It tracks their progress and offers a forum for discussion about the content. It also prepares decisions in the Environment and Sustainability Steering Committee.

The Environment and Sustainability Steering Committee meets regularly and via the Environment and Sustainability Steering Group reports the DCI up to the Executive Board. It decides on target suggestions at the company level and for the relevant company departments, which are signed off on by the Steering Group and then the Executive Board. For example, the Steering Committee releases initial decarbonization targets at the vehicle level for the product development process, which are verified when setting targets for the vehicle projects and signed off on by the responsible committee of the Executive Board.

MEASURES

There are currently two main levers for influencing CO_2 emissions over the entire life cycle of Porsche vehicles: the electrification of the vehicle portfolio and the systematic use of electricity from renewable energies.

In order to decarbonize the use[6] of future battery-powered vehicles, Porsche AG intends to enter into long-term indirect commitments with operators of wind and solar plants in order to promote the expansion of renewable energies. These are to provide capacities to generate enough electricity from renewable energies to match the vehicles' imputed energy requirements. The project partners have to substantiate this by means of concrete guarantees of origin. This approach has been used for the Taycan Sport Turismo and Taycan Cross Turismo models since 2021. Additional models will follow in the coming years. Furthermore, Porsche AG added specific milestones and responsibilities for decarbonization targets to the product development process for the specific vehicle types. In the reporting year,

[2] Life cycle includes the CO_2 emissions of a vehicle in the supply chain, in-house production, use phase of 200,000 km and recycling.

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

[4] In the context of compiling the CO_2 emissions in the DCI, the main parts of the Porsche AG Group are Porsche AG and Porsche Leipzig GmbH. Outside the Porsche AG Group, the CO_2 emissions from the supply chain and use phase are particularly relevant for the DCI.

[5] For instance, the CO_2 emissions in the use phase are calculated over 200,000 km per vehicle with reference to average consumption figures of the primary market regions (EU+3 (Iceland, Norway, the United Kingdom), China, the US). The consumption figures are calculated in accordance with the respective statutory review cycle. The intensity of the CO_2 emissions from the electricity used to charge electric vehicles is also calculated on the basis of energy mixes of the primary market regions. Supply chains and recycling emissions stem from the vehicle life cycle assessments. Vehicle maintenance is not included in the calculation.

[6] The use phase for battery-electric vehicles comprises the CO_2 emissions from electricity production. For combustion engines, it comprises the combustion-related CO_2 emissions and the CO_2 emissions from upstream fuel supply chains. It is based on average region-specific consumption figures with an assumed performance of 200,000 km per vehicle.

Porsche AG made concrete decisions as to how it intends to reduce the carbon footprint in the supply chain for all relevant vehicle projects currently under development. These include decarbonization measures for high-voltage batteries and aluminum volumes.

For its own vehicle production, the Porsche AG Group is pursuing the vision of a zero-impact factory by 2030; in other words, a factory that has as little negative impact on the environment as possible. The reduction of the CO_2 emissions at the production sites in Stuttgart-Zuffenhausen and Leipzig also lowers the DCI. The two production sites in Stuttgart-Zuffenhausen and Leipzig as well as the development site in Weissach were net carbon neutral in the reporting year.

Porsche AG requires its direct suppliers of production materials for vehicles to use electricity generated with renewable energies when manufacturing components for Porsche AG. This has been the case for all new production material contracts of all-electric series vehicle projects awarded since July 2021. Virtually all direct suppliers of production materials have agreed to meet this requirement.

RESULTS

In 2022, the decarbonization approach found its way into more and more of the Porsche AG Group's processes and structures, including the framework structure for the product differentiation of future vehicle projects. This provides a framework for product features at an early stage of development, including factors such as sustainability in addition to traditional values such as design and performance.

In the reporting year, the Supervisory Board of the Porsche AG Group decided that the Executive Board's remuneration should be linked to the DCI targets from fiscal year 2023. The Executive Board resolved the same for the management of Porsche AG and selected national subsidiaries. More information can be found in the → **remuneration report.**

The DCI rose slightly by around 0.2%, even though there was a larger reduction of CO_2 emissions thanks to measures taken. This is primarily due to higher fleet consumption as a result of shortages caused by supply chain constraints and limited availability of parts for the all-electric Taycan vehicle model.

Decarbonization index

DCI	2022	2021	2020
Metric tons of CO_2/vehicle	63.9[1]	63.8	65.0[2]

[1] Due to the further development of the method previously used to determine logistics data, the actual figure to be used for fiscal year 2022 is not currently available as a basis for the calculation. The logistics data in the reporting year was therefore calculated using the average CO_2 emissions of the parts of the VW Group (excluding the Porsche AG Group) taken into account in the DCI for fiscal year 2022 multiplied by 1.3. This figure exceeds that of the preceding reporting year.

[2] In deviation from the prior-year publication, the DCI for 2020 was adjusted from 65.3 to 65.0 t/vehicle. The difference is attributable to measures to reduce CO_2 in the supply chain. (GRI 2-4)

Alternative drive technologies

TARGETS

As part of the electrification of its product portfolio, Porsche AG aims for more than 50% of new vehicles delivered to be electrified (plug-in hybrid electric vehicles (PHEV) and battery-powered electric vehicles (BEV)) by 2025. Moreover, in 2030 more than 80% of new vehicles delivered should be all-electric. In addition to this, vehicles with combustion engines should be able to use eFuels (synthetic fuels). More information can be found in the → **combined management report, "Deliveries" section.**

The plug-in hybrids in the Panamera and Cayenne model series will continue to be designed with high performance in mind and greater electric ranges. Going forward, sporty hybridization will also be possible for the Porsche 911. Additionally, Porsche AG is investing in the production of eFuels (synthetic fuels) with the aim of reducing the CO_2 emissions of the vehicle fleet in the future.

DUE DILIGENCE PROCESS

In preliminary processes and meetings, Porsche AG evaluates its product strategy and develops a recommendation based on input from all relevant internal specialist departments. The product strategy is regularly reviewed in Executive Board strategy workshops and planning rounds. The results are released in Executive Board meetings. In addition, the requirements from the product strategy result in milestones for the product development process. The Executive Board Product Committee also decides on these, documents them and thus monitors target achievement.

The charging product strategy controls Porsche AG's charging ecosystem, particularly with regard to new product decisions. The operational implementation of the charging product portfolio is managed by a dedicated lead model series. Reports are made to the Charging Core Team, Charging Steering Group, Series Teams and Executive Board Product Committee.

For its eFuels project, Porsche AG launched an organization made up of 11 subprojects. The Procurement Strategy, Organizational Development, Business Development and Sustainability as well as Politics and Society departments share overall responsibility. Roughly every two months, they report to subject-specific steering groups, to which members of the Executive Board also belong. In addition, reports from the Porsche Strategy 2030 are on the agenda for the meetings of the "Beyond Core" strategy area, which take place four times a year.

MEASURES

Increase of BEV share

In order to implement its drive technology strategy, Porsche AG has made large investments in its model range over the past fiscal years. This includes Porsche AG gradually expanding the portfolio of the Panamera and Cayenne model series to include PHEV versions. As part of its electrification strategy, Porsche AG also intends to increase unit sales of the Taycan, launch the next generation of the Macan as an all-electric vehicle and offer the 718 Boxster and Cayman models as BEVs.

In addition to the already established Taycan platform, Porsche AG is building two more platforms on its journey to a portfolio focused on electric vehicles: Together with AUDI AG, the company is currently developing the Premium Platform Electric (PPE), a modular platform for electric cars. The aim is to use this for the new all-electric Macan and other model series in the short to medium term. The second platform is the Scalable Solutions Platform (SSP), which Porsche AG is also developing with AUDI AG and other companies in the Volkswagen Group. The high-performance version (SSP Sport) in particular aims to support the Porsche BEVs in the longer term. Using this long-term strategy of aligning vehicle development on two platforms, Porsche AG can exploit modular synergies similar to those already used in the development of combustion engines and PHEVs.

Porsche AG also wants to get in on the production of high-performance battery cells and is therefore investing in the joint venture Cellforce Group GmbH, a provider of high-performance battery cells for special automotive applications. The production plant is scheduled to go into operation with a starting capacity of at least 100 MWh per year, after which the capacity is to be increased to at least 1 GWh a year. This corresponds to high-performance battery cells for around 10,000 vehicles.

Expansion of charging infrastructure

Porsche Turbo Charging stations can be found at many of the Porsche AG Group's dealerships around the world and are tailored to the Taycan as well as future Porsche vehicles thanks to their 800-volt charging option. Customers can use the Porsche Charging Map, which is available in electrified vehicles and online, to find suitable charging locations.

Alternative fuels

eFuels have the potential to be almost net carbon neutral, even for Porsche vehicles with combustion engines. Together with partners from science and industry, Porsche AG is working on developing these alternative fuels on an industrial scale, for example, in the "eFuels — Kraftstoffe neu denken" project. This was established as part of the Baden-Württemberg Strategiedialog Automobilwirtschaft initiated by the Baden-Württemberg state government, with technical support by the Karlsruhe Institute of Technology (KIT). Porsche AG can contribute its know-how as an engine manufacturer and define precisely the requirements that an optimized fuel would need to fulfill. In addition, Porsche AG is testing the trial fuels from the project on its engine test benches. Project results were presented in September of the reporting year.

Another example is Porsche AG's project in Punta Arenas in Chile: Together with Siemens Energy and a series of international companies, Porsche AG constructed an industrial plant there in the reporting year to produce a potentially almost carbon-neutral fuel (eFuel). Porsche AG not only funded most of the pilot plant, but is also closely accompanying the project progress and will use the fuel produced there in the future.

Porsche AG wants to contribute to the development of the best locations around the world, i.e., locations where eFuels can be produced under ideal conditions. This enables the use of additional renewable energy sources and aims to improve the competitiveness of eFuels. A major factor here is the availability of renewable energies without competing with other industries.

RESULTS

In the reporting year, Porsche AG sold 32,597 PHEVs (10.5% of total unit sales) and 34,969 BEVs (11.3% of total unit sales). The share of all-electric vehicles delivered in 2022 declined in comparison to the prior year. This is due to shortages caused by supply chain constraints and limited availability of parts for the first all-electric Taycan vehicle model.

The Porsche Charging Service offers its users access to charging points across Europe — with the option of central billing.

In the area of alternative fuels, the project to produce eFuels in Chile is scaled for annual production of around 130,000 liters.

BEV share

%	2022	2021	2020
Share of all-electric vehicles (BEV) delivered	11.3	13.7	7.4

Resource consumption and sustainable raw materials in vehicles

TARGETS

Porsche AG and selected subsidiaries have set targets for the use of circular materials in all newly developed vehicle projects with all-electric drive technologies. These minimum ratios for recycled materials from plastic or metal apply from 2026 for all battery-electric new vehicle series projects with start of production after 2026.

DUE DILIGENCE PROCESS

In order to ensure adherence to the targets agreed for a circular economy, Porsche AG has set up its own organizational structure to track the targets in its vehicle projects. The vehicle and project objectives regarding circular materials have been integrated by Porsche AG into the target system of the individual series.

In order to meet the targets in the entire company, Porsche AG has developed and implemented a generic control system that is constantly being enhanced. It is used by all relevant departments, such as procurement, development and finance, making it possible to analyze and prioritize various measures to reduce resource consumption in the projects.

MEASURES

Porsche AG and selected subsidiaries promote the use of reduced-carbon sustainable materials in their vehicles by communicating clearly defined criteria and requirements to the supply chain.

In order to drive the use of sustainable materials forward, Porsche AG and selected subsidiaries therefore defined suitable criteria. Compared to conventional materials, sustainable materials exhibit improved characteristics in terms of sustainability. Considering the entire life cycle, an improvement has to relate to at least one defined sustainability aspect. The criteria are met if a substantial contribution is made to at least one of the environmental objectives, without having a significantly negative impact on other sustainability-related targets.

In addition to this, the circular economy at the locations of Porsche AG and selected subsidiaries is also being expanded and optimized. To make continuous improvements to the circular economy, Porsche AG has set up bodies to drive the sustainability targets forward across all departments.

Porsche AG is also working together with the Volkswagen Group and development partners to optimize the recycling process for high-voltage batteries, which contain considerable amounts of valuable raw materials. Here too, Porsche AG and selected subsidiaries are therefore pursuing a holistic approach: Qualified partner companies evaluate options for the time after the use phase. More far-reaching second-life concepts for high-voltage batteries are currently under review.

RESULTS

In the Taycan and Cayenne vehicle projects, Porsche AG has greatly reduced the materials used for protection of the door panels and hood during transportation and has switched to a single type of material.

For the Taycan, Porsche AG developed a repair concept that makes it possible to open the battery casing and swap out individual battery modules or other components.

Environmental standards in the supply chain

TARGETS

By 2030, Porsche AG wants 90% of its purchasing volume of production materials to be purchased from direct suppliers with a sustainability rating (S-rating) that meets the most stringent internal sustainability quality standards. This requires its direct suppliers to have an S-rating in the top assessment category (A). The S-rating covers environmental and social aspects, including respect for human rights. It also rates compliance with ethical conduct.

DUE DILIGENCE PROCESS

The S-rating is based on a self-declaration by suppliers on defined sustainability criteria. If the results of the survey are not satisfactory because the sustainability standards needed for the S-rating are not met, an on-site inspection may be carried out by an independent sustainability auditor. If any concerns are raised, the supplier is given a negative rating. Porsche AG then initiates a corrective action plan in collaboration with the supplier. The supplier must remedy the identified concerns without delay, which the sustainability auditor then verifies centrally. The suppliers concerned are not considered for contracts by Porsche AG until they meet the sustainability requirements.

MEASURES

Sustainability requirements for suppliers

The concept of sustainability in supplier relations and the Code of Conduct for Business Partners require all parties to observe environmental, social and human rights standards. This Code of Conduct for Business Partners is founded on the International Chamber of Commerce's Charter for Sustainable Development, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the relevant core labor standards of the International Labour Organisation (ILO). In accordance with the Code of Conduct for Business Partners, Porsche AG also expects all direct suppliers of production materials to follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

These sustainability requirements from the Code of Conduct are enshrined in the supplier contracts. If these are not complied with, Porsche AG initiates contractually agreed steps all the way up to termination of the business relationships. Additional requirements and measures relating to raw material supply chains are described in the → **"Safeguarding of human rights" section.**

Examination of the sustainability requirements

In order to be able to check compliance with the sustainability criteria, all employees involved with procurement are obliged to take part in training on the S-rating. Furthermore, a digital learning module also gives employees from other company departments the opportunity to learn about the concept and control opportunities of the S-rating.

In order to recognize potential breaches of sustainability criteria in supply chains, Porsche AG got involved in a pilot project in the reporting year together with a start-up that uses artificial intelligence to screen for sustainability risks at suppliers: The permanent monitoring of freely available internet sources including social media provides timely indications of possible breaches.

RESULTS

Since the reporting year, all direct suppliers of production materials for all-electric series vehicle projects have been required to convert their production to certified electricity from renewable energies. This allows Porsche AG to lower the CO_2 emissions in the supply chain, together with its direct suppliers.

In the reporting year, Porsche AG achieved an 88.6% degree of fulfillment in the S-rating. Measured in terms of purchasing volume of production materials, 88.6% of direct suppliers received an S-rating in the top assessment category (A) and thus met the most stringent internal quality standards.

The results of the production-based pilot testing involving screening using artificial intelligence of more than 4,000 direct and indirect suppliers of production materials fulfilled the expectations. In the future, the pilot project will make a significant contribution to recognizing potential sustainability breaches in the supply chain at an early stage and taking the next step to remedy them.

S-rating for direct suppliers of production materials to Porsche AG

%	2022	2021	2020
Share with S-rating "A"	88.6	67.9[1]	64.3

[1] In deviation from the prior-year publication, the S-rating for 2021 was adjusted from 69.0% to 67.9%. The difference is attributable to adjustments in the purchasing volumes for 2021. (GRI 2-4)

EU TAXONOMY

Doing business in an environmentally sustainable way is one of the central challenges of our time. The European Union (EU) has defined criteria for determining the degree of environmental sustainability of companies. With taxonomy-aligned investments in development activities and in property, plant and equipment, the Porsche AG Group is pursuing the goal of shaping the future in an environmentally sustainable way as envisaged by the Porsche Strategy 2030.

Background and objectives

As part of the European Green Deal, the EU has placed the topics of climate protection, the environment and sustainability at the heart of its political agenda in order to achieve climate neutrality by the year 2050. The financial sector is expected to play a decisive role in realizing this objective, and in 2021 the EU therefore published the Strategy for Financing the Transition to a Sustainable Economy. This aims to support financing for the transition to a sustainable economy and contains suggestions for measures in the areas of financing the transition to sustainability, inclusiveness, the financial sector's resilience and contribution as well as global ambition. It is based on the EU Action Plan from 2018 on financing sustainable growth and contains the EU taxonomy (Regulation (EU) 2020/852 and associated delegated acts) as the main building block alongside disclosures and tools.

The EU taxonomy is a classification system for sustainable economic activities. An economic activity is considered taxonomy-eligible if it is listed in the EU taxonomy and can potentially contribute to realizing at least one of the following six environmental objectives:

— Climate change mitigation
— Climate change adaptation
— Sustainable use and protection of water and marine resources
— Transition to a circular economy
— Pollution prevention and control
— Protection and restoration of biodiversity and ecosystems

For reporting on the fiscal year 2022, only the first two of the environmental objectives of the European Union with their criteria were relevant.

An activity is only considered environmentally sustainable, i.e., taxonomy-aligned, if it meets all three of the following conditions:

- The activity makes a substantial contribution to one of the environmental objectives by meeting the screening criteria defined for this economic activity, e.g., level of CO_2 emissions for the climate change mitigation environmental objective.
- The activity meets the DNSH criteria (Do No Significant Harm) defined for this economic activity. These are designed to prevent significant harm to one or more of the other environmental objectives, e.g., from the production process or by the product.
- The activity is carried out in compliance with the minimum safeguards, which apply to all economic activities and relate primarily to human rights and social and labor standards.

First-time reporting for the fiscal year 2022

Under the EU taxonomy, the Porsche AG Group is required to report on the climate change mitigation and climate change adaptation environmental objectives for the first time for the fiscal year 2022; the criteria for the other four environmental objectives have not yet been defined by the EU. The figures reported relate to the fully consolidated companies included in the Porsche AG Group's financial statements. As 2022 is the first year to have this reporting, there are no prior-year disclosures.

The EU taxonomy contains wording and terminology that are still subject to some uncertainty in interpretation and that could lead to amendments in the reporting following later clarification by the EU. There is ultimately the risk that the indicators disclosed as taxonomy-aligned should have been evaluated differently. The interpretations of the Porsche AG Group are set out below.

Economic activities of the Porsche AG Group

The activities of the Porsche AG Group comprise the development, production and sale of passenger cars. They also include vehicle-related financial services and other services and activities. Activities in these areas are suited under the EU taxonomy to making a substantial contribution to the environmental objective of climate change mitigation by increasing low-carbon mobility.

The analysis of the economic activities in the context of the EU taxonomy has not revealed any activities that contribute specifically to the environmental objective of climate change adaptation for the Porsche AG Group.

Activities are exclusively allocated to economic activity "3.3 Manufacture of low-carbon technologies for transport" as listed in the EU taxonomy's environmental objective of climate change mitigation. Changes may be made to the economic activities in future as the rules around the EU taxonomy are dynamically evolving.

Economic activity "3.3 Manufacture of low-carbon technologies for transport"

The Porsche AG Group allocates all activities in the group associated with the development, production, sale (including financial services), operation and servicing of vehicles to this economic activity. This includes all passenger cars manufactured by the Porsche AG Group, irrespective of their drive technology, and also includes original parts.

The Porsche AG Group has detailed the vehicles manufactured by model and drive technology and analyzed the CO_2 emissions associated with them in accordance with the currently applicable requirements. In this way, the Porsche AG Group has identified those vehicles among all of its taxonomy-eligible vehicles that meet the screening criteria and with which the substantial contribution to climate change mitigation is measured. These include all of the Porsche AG Group's all-electric vehicles. As provided for by the EU taxonomy, they also include passenger cars with CO_2 emissions of less than 50 g/km pursuant to the WLTP until the end of 2025. This encompasses some of the plug-in hybrids.

At this stage, other activities that are directly associated with the primary vehicle-related business and that in the Porsche AG Group's view should also be allocated to this economic activity have initially not been included or have been interpreted as taxonomy-non-eligible. This is because, as the rules of the EU taxonomy currently stand, it is still unclear where to record them in accordance with the EU taxonomy. These activities particularly include the sale of engines and powertrains as well as parts deliveries. According to the current assessment, hedging transactions and individual activities that the Porsche AG Group presents primarily under "Other revenue" in the consolidated financial statements do not conform to the descriptions of economic activities in the EU taxonomy, and were therefore initially classified as being taxonomy-non-eligible.

Do No Significant Harm (DNSH)

The DNSH criteria were analyzed in the reporting year for economic activities covered by "3.3 Manufacture of low-carbon technologies for transport".

Based on the current requirements, an analysis was performed for each vehicle production site where passenger cars are or will be produced that meet the screening criteria for the substantial contribution of economic activity "3.3 Manufacture of low-carbon technologies for transport", or that are to meet them in future according to the five-year planning.

Below, the Porsche AG Group sets out its interpretation and describes the main analyses it used to examine whether there was any significant harm to the other environmental objectives. The EU taxonomy contains wording and terms that are subject to interpretation uncertainties and supposedly goes beyond the regulations applied in current operations. The applicable laws as well as external and internal regulations and guidelines were used for the assessments. The assessments confirm that the Porsche AG Group meets the requirements of the DNSH criteria in the reporting year.

CLIMATE CHANGE ADAPTATION

The Porsche AG Group performed a climate risk and vulnerability assessment to identify which production sites may be affected by physical climate risks. The physical climate risks identified were analyzed on the basis of the lifetime of the relevant fixed asset.

The Porsche AG Group's climate-based DNSH assessment is based on Representative Concentration Pathway (RCP) scenario 8.5 by 2050 and thus assumes the highest concentration of CO_2 according to the Intergovernmental Panel on Climate Change (IPCC). The relevance of the other identified threats was assessed for the local environment and, if appropriate, measures needed to mitigate the risk were developed.

SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES

The economic activities of the Porsche AG Group were evaluated with respect to the sustainable use and protection of water and marine resources looking at the three following criteria: preserving water quality, avoiding water stress and looking at the impact on water, or a similar process. The Porsche AG Group based the analysis primarily on ISO 14001 certificates, findings from site approval procedures and other external data sources.

TRANSITION TO A CIRCULAR ECONOMY

Environmentally compatible waste management in the manufacturing process, reuse of secondary raw materials and a long product lifespan are major parts of the Porsche AG Group's environmental management system. Wherever possible and legally permitted, the Porsche AG Group prioritizes reusing materials during vehicle production over finally disposing of them.

The product-related requirements for passenger cars and light commercial vehicles are reflected in the implementation of statutory end-of-life vehicle requirements in conjunction with the type approval of the vehicle models. In addition to this, there are targets and measures for the use of recycled materials in new vehicles.

POLLUTION PREVENTION AND CONTROL

An economic activity is considered to be ecologically sustainable if this activity does not result in a substantial increase — compared to the situation before the activity commenced — of pollutant emissions in the air, water or ground. The DNSH criteria for this environmental objective require that the economic activity in question does not lead to substances listed in a variety of EU chemical regulations and directives as well as product-specific regulations being manufactured, placed on the market or used. In this context, our analyses and evaluations also explore the use of alternative substances. The automotive sector generally is already heavily regulated, as can be seen, among other things, from the publicly available Global Automotive Declarable Substance List (GADSL). Approval and monitoring processes are implemented with the aim of ensuring compliance with the current legislation and internal regulations applicable to the business operation. This means that the legislation specified in the DNSH criteria is also covered. For this purpose, the Porsche AG Group has taken as a basis the regulations to be applied in the EU in 2022 for current business operations.

PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS

In order to verify compliance with the requirements on biodiversity and ecosystems, the relevant areas were identified. Where biodiversity-sensitive areas are located close to a production site, we checked whether a nature conservation assessment had been performed and whether nature conservation measures had been defined in the environmental approvals and subsequently implemented.

Minimum safeguards

The minimum safeguards consist of the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labour Organisation (ILO) and the International Bill of Human Rights.

The Porsche AG Group's Executive Board and Group Works Council take their corporate responsibilities for human rights particularly seriously and are committed to these conventions and declarations and reiterate their support for the contents and principles stated therein.

Additional information on protecting human rights can be found in the → "Safeguarding of human rights" section.

Key performance indicators in accordance with the EU Taxonomy regulation

The EU taxonomy defines sales revenue, capital expenditure and operating expenditure as the key performance indicators that must be reported on. The Porsche AG Group does this in the following. The tables prescribed by the EU taxonomy are also included at the end of this section.

The financial figures relevant for the Porsche AG Group are based on the IFRS consolidated financial statements for the fiscal year 2022. Where possible, the Porsche AG Group has directly assigned the figures to economic activity 3.3. For example, the financial figures were compiled based on the vehicle model and drive technology. This applies both to the vehicles themselves and to the corresponding financial services and other services and activities. Only where this was not possible for capital expenditure and operating expenditure, the figures were broken down using allocation formulas. Allocation formulas were based on the planned vehicle volumes. This data and planning form part of multi-year operational planning covering the next five years, on which the Executive Board and Supervisory Board have passed a resolution.

SALES REVENUE

Turnover as defined in the EU taxonomy corresponds to sales revenue as reported in the IFRS consolidated financial statements, which amounted to €37,630 million in fiscal year 2022. → **Notes to the consolidated financial statements, 1. Sales revenue.**

Of this total, €36,704 million, or 97.5% of consolidated sales revenue, was attributable to economic activity "3.3 Manufacture of low-carbon technologies for transport" and classified as taxonomy-eligible. This includes sales revenue after sales allowances from new and used vehicles, from original parts, from the rental and lease business, and from interest and similar income, as well as sales revenue directly related to vehicles, such as workshop and other services.

Of the taxonomy-eligible sales revenue, €3,787 million or 10.1% meet the screening criteria used to measure the substantial contribution to climate change mitigation and meet the DNSH criteria as well as the minimum safeguards. This includes all of the all-electric vehicles.

This taxonomy-aligned sales revenue relates exclusively to all-electric models (BEVs).

Of the Porsche AG Group's total sales revenue in fiscal year 2022,

- €36,704 million, or 97.5%, was taxonomy-eligible sales revenue and
- €3,787 million, or 10.1%, was taxonomy-aligned sales revenue.

EU taxonomy: sales revenue

	Sales revenue		Substantial contribution to climate change mitigation		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned sales revenue	
Economic activities	€ million	%[1]	€ million	%[1]	Y/N	Y/N	€ million	%[1]
A. Taxonomy-eligible activities	**36,704**	**97.5**	**3,787**	**10.1**	**Y**	**Y**	**3,787**	**10.1**
3.3 Manufacture of low-carbon technologies for transport	36,704	97.5	3,787	10.1	Y	Y	3,787	10.1
of which taxonomy-aligned BEVs					Y	Y	3,750	10.0
B. Taxonomy-non-eligible activities	**926**	**2.5**						
Total (A + B)	**37,630**	**100.0**						

[1] All percentages relate to the total amount of sales revenue.

CAPITAL EXPENDITURE

Capital expenditure for the purposes of the EU taxonomy refers to the following items in the IFRS consolidated financial statements: additions to intangible assets, additions to property, plant and equipment and additions to leased assets. These are reported in the notes to the 2022 consolidated financial statements in → **Notes to the consolidated financial statements, 13. Intangible assets, 14. Property, plant and equipment and 15. Leased assets.** Additions from business combinations, each of which is reported under "Changes in consolidated Group", are also included. By contrast, additions to goodwill are not included in the calculation.

In fiscal year 2022, additions in the Porsche AG Group as defined above amounted to

- €2,325 million from intangible assets,
- €1,473 million from property, plant and equipment and
- €2,150 million from leased assets (mainly vehicle leasing business).

Additions from changes in the consolidated group, which amounted to €97 million in fiscal year 2022, can also be added to this figure. Total capital expenditure to be included in accordance with the EU taxonomy therefore came to €6,045 million.

To determine the substantial contribution, the financial figures were compiled based on the vehicle model and drive technology, in the same way as for sales revenue. Where possible, capital expenditure was directly attributed to vehicles. It was included if the vehicles in question make a substantial contribution to the climate change mitigation objective. Any capital expenditure directly attributable to vehicles that do not meet the screening criteria was not included. Capital expenditure that was not clearly attributable to a particular vehicle was taken into account on a proportionate basis using allocation formulas. Allocation formulas were used based on the planned vehicle volumes for the group companies. Depending on the primary business activity, the overarching Porsche AG Group allocation formulas were used for sales companies, for example, and allocation formulas based on the location were used for production companies.

Taking into account the DNSH criteria and minimum safeguards, capital expenditure of €2,634 million was taxonomy-aligned. This represented 43.6% of the group's total capital expenditure. Of this, €1,303 million related to intangible assets, €1,038 million to property, plant and equipment and €293 million to leased assets. For all-electric vehicles (BEVs), this figure includes additions to capitalized development costs of €1,091 million and additions to property, plant and equipment of €1,028 million.

EU taxonomy: capital expenditure

	Capital expenditure		Substantial contribution to climate change mitigation		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned Capital expenditure	
Economic activities	€ million	%[1]	€ million	%[1]	Y/N	Y/N	€ million	%[1]
A. Taxonomy-eligible activities	**6,045**	**100.0**	**2,634**	**43.6**	**Y**	**Y**	**2,634**	**43.6**
3.3 Manufacture of low-carbon technologies for transport	6,045	100.0	2,634	43.6	Y	Y	2,634	43.6
of which additions to capitalized development costs for BEVs					Y	Y	1,091	18.0
of which additions to property, plant and equipment for BEVs					Y	Y	1,028	17.0
B. Taxonomy-non-eligible activities	**–**	**–**						
Total (A + B)	**6,045**	**100.0**						

[1] All percentages relate to the total amount of capital expenditure.

OPERATING EXPENDITURE

The operating expenditure reported by the Porsche AG Group for the purposes of the EU taxonomy comprises non-capitalized research and development costs, which can be taken from → Notes to the consolidated financial statements, 13. Intangible assets. The Porsche AG Group also includes the expenditure for short-term leases recognized in the consolidated financial statements, which can be found in → Notes to the consolidated financial statements, 35. Leases and expenditure for maintenance and repairs.

The allocation of operating expenditure to the economic activities followed the same logic as that described for capital expenditure.

All operating expenditure is associated with economic activity "3.3 Manufacture of low-carbon technologies for transport" and has been classified as taxonomy-eligible by the Porsche AG Group.

Where possible, non-capitalized research and development costs were directly attributed to vehicles. It was included, if the vehicles in question make a substantial contribution to the climate change mitigation objective. Any non-capitalized research and development costs directly attributable to vehicles that do not meet the screening criteria were not included. Non-capitalized research and development costs that were not clearly attributable to a particular vehicle were taken into account on a proportionate basis using allocation formulas. For these and other operating expenses, the same allocation formulas were used as for capital expenditure. Of the taxonomy-aligned operating expenditure of €467 million, 63.4% was attributable to non-capitalized research and development costs.

EU taxonomy: operating expenditure

	Operating expenditure		Substantial contribution to climate change mitigation		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned Operating expenditure	
Economic activities	€ million	%[1]	€ million	%[1]	Y/N	Y/N	€ million	%[1]
A. Taxonomy-eligible activities	**1,018**	**100.0**	**467**	**45.9**	**Y**	**Y**	**467**	**45.9**
3.3 Manufacture of low-carbon technologies for transport	1,018	100.0	467	45.9	Y	Y	467	45.9
B. Taxonomy-non-eligible activities	**–**	**–**						
Total (A + B)	**1,018**	**100.0**						

[1] All percentages relate to the total amount of operating expenditure.

CAPEX PLAN WITHIN THE SCOPE OF THE EU TAXONOMY

According to the requirements of the EU taxonomy, a distinction must be made as to what extent the taxonomy-aligned capital and operating expenditures a) relate to assets or processes associated with environmentally-sustainable economic activities or b) are part of a plan to expand taxonomy-aligned economic activities or to convert taxonomy-eligible economic activities into taxonomy-aligned economic activities (CapEx plan). The CapEx plan within the scope of the EU taxonomy shows the total amount, i.e., the sum of all capital and operating expenditures expected to be incurred to expand taxonomy-aligned economic activities or to convert taxonomy-eligible economic activities into taxonomy-aligned economic activities in the reporting period and during the multi-year operational planning.

The CapEx plan in terms of the EU taxonomy relates to economic activity "3.3 Manufacture of low-carbon technologies for transport" as listed in the environmental objective of climate change mitigation.

Additions from leased assets (mainly vehicle leasing business) are already based on existing ecologically sustainable activities, which is why they were not included in the CapEx plan. The Porsche AG Group allocated additions from intangible assets and property, plant and equipment as well as non-capitalized research and development costs to the CapEx plan, provided that they result in a conversion or expansion. To do this, the Porsche AG Group compared the average taxonomy-aligned production volume from the multi-year operational planning with the taxonomy-aligned vehicles of the reporting year and used this ratio to apportion the taxonomy-aligned capital expenditures. The Porsche AG Group took the share exceeding the current taxonomy-aligned production volume into account accordingly.

As a result of this, €1,914 million of the taxonomy-aligned capital expenditure and €242 million of the taxonomy-aligned operating expenditure in the reporting year were allocated to the CapEx plan as defined by the EU taxonomy. The total amount expected to fall under this CapEx plan within the scope of the EU taxonomy in the reporting period and during the five-year multi-year operational planning amounts to around €14 billion.

Sales revenue 2022

				Criteria for a substantial contribution						DNSH criteria (no significant impairment)									
	Code	Absolute sales revenue	Share of sales revenue	Climate change mitigation	Climate change adaptation	Water and marine resources[2]	Circular economy [2]	Pollution[2]	Biological diversity and ecosystems[2]	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	Taxonomy-aligned share in sales revenue 2022	Enabling activities category	Transitional activities category
Economic activities		**€ million**	**%[1]**	**%[1]**	**%[1]**	**%[1]**	**%[1]**	**%[1]**	**%[1]**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%[1]**	**E**	**T**
A. Taxonomy-eligible activities																			
A.1 Ecologically sustainable activities (taxonomy-aligned)																			
Manufacture of low-carbon technologies for transport	C.29.1	3,787	10.1	10.1						Y	Y	Y	Y	Y	Y	Y	10.1	E	
Sales revenue from ecologically sustainable activities (taxonomy-aligned) (A.1)		3,787	10.1	10.1						Y	Y	Y	Y	Y	Y	Y	10.1	E	
A.2 Taxonomy-eligible, but non-ecologically sustainable activities (taxonomy-non-aligned activities)																			
Manufacture of low-carbon technologies for transport	C.29.1	32,917	87.5																
Sales revenue from taxonomy-eligible, but non-ecologically sustainable activities (taxonomy-non-aligned activities) (A.2)		32,917	87.5																
Total (A.1 + A.2)		36,704	97.5																
B. Taxonomy-non-eligible activities																			
Sales revenue from taxonomy-non-eligible activities (B)		926	2.5																
Total (A + B)		**37,630**	**100.0**																

[1] All percentages relate to the total sales revenue of the group.
[2] Criteria for a substantial contribution to this environmental objective not yet defined.

Capital expenditure 2022

				Criteria for a substantial contribution							DNSH criteria (no significant impairment)									
	Code	Absolute capital expenditure	Share of capital expenditure	Climate change mitigation	Climate change adaptation	Water and marine resources[2]	Circular economy[2]	Pollution[2]	Biological diversity and ecosystems[2]		Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	Taxonomy-aligned share in capital expenditure 2022	Enabling activities category	Transitional activities category
Economic activities		**€ million**	**%[1]**	**%[1]**	**%[1]**	**%[1]**	**%[1]**	**%[1]**	**%[1]**		**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%[1]**	**E**	**T**
A. Taxonomy-eligible activities																				
A.1 Ecologically sustainable activities (taxonomy-aligned)																				
Manufacture of low-carbon technologies for transport	C.29.1	2,634	43.6	43.6							Y	Y	Y	Y	Y	Y	Y	43.6	E	
Operating expenditure for ecologically sustainable activities (taxonomy-aligned) (A.1)		2,634	43.6	43.6							Y	Y	Y	Y	Y	Y	Y	43.6	E	
A.2 Taxonomy-eligible, but non-ecologically sustainable activities (taxonomy-non-aligned activities)																				
Manufacture of low-carbon technologies for transport	C.29.1	3,411	56.4																	
Operating expenditure for taxonomy-eligible, but non-ecologically sustainable activities (taxonomy-non-aligned activities) (A.2)		3,411	56.4																	
Total (A.1 + A.2)		6,045	100.0																	
B. Taxonomy-non-eligible activities																				
Operating expenditure for taxonomy-non-eligible activities (B)		–	–																	
Total (A + B)		**6,045**	**100.0**																	

[1] All percentages relate to the total capital expenditure of the group.
[2] Criteria for a substantial contribution to this environmental objective not yet defined.

Operating expenditure 2022

				Criteria for a substantial contribution							DNSH criteria (no significant impairment)									
	Code	Absolute operating expenditure	Share of operating expenditure	Climate change mitigation	Climate change adaptation	Water and marine resources[2]	Circular economy[2]	Pollution[2]	Biological diversity and ecosystems[2]		Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	Taxonomy-aligned share in operating expenditure 2022	Enabling activities category	Transitional activities category
Economic activities		€ million	%[1]	%[1]	%[1]	%[1]	%[1]	%[1]	%[1]		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%[1]	E	T
A. Taxonomy-eligible activities																				
A.1 Ecologically sustainable activities (taxonomy-aligned)																				
Manufacture of low-carbon technologies for transport	C.29.1	467	45.9	45.9							Y	Y	Y	Y	Y	Y	Y	45.9	E	
Operating expenditure for ecologically sustainable activities (taxonomy-aligned) (A.1)		467	45.9	45.9							Y	Y	Y	Y	Y	Y	Y	45.9	E	
A.2 Taxonomy-eligible, but non-ecologically sustainable activities (taxonomy-non-aligned activities)																				
Manufacture of low-carbon technologies for transport	C.29.1	551	54.1																	
Operating expenditure for taxonomy-eligible, but non-ecologically sustainable activities (taxonomy-non-aligned activities) (A.2)		551	54.1																	
Total (A.1 + A.2)		1,018	100.0																	
B. Taxonomy-non-eligible activities																				
Operating expenditure for taxonomy-non-eligible activities (B)		–	–																	
Total (A + B)		**1,018**	**100.0**																	

[1] All percentages relate to the total operating expenditure (as defined by EU taxonomy) of the group.
[2] Criteria for a substantial contribution to this environmental objective not yet defined.

SOCIAL

Porsche AG bears responsibility for its employees and society. With this awareness, Porsche AG promotes the safety, further development and well-being of its employees with a range of activities. At the same time, Porsche AG is actively accompanying them on the journey to transform the automotive industry. In society, Porsche AG is particularly committed to strengthening diversity and equal opportunities as well as complying with international human rights standards.

Safeguarding of human rights

TARGETS

In the reporting year, Porsche AG's Executive Board and Group Works Council signed off on a declaration to respect and promote human rights. This is Porsche AG's commitment to respecting human rights worldwide and promoting good working conditions and fair conduct. This declaration contains Porsche AG's human rights strategy and supplements existing requirements regarding human rights and good working conditions.

In addition, by 2030 Porsche AG aims to procure 90% of its production materials from direct suppliers that meet the highest quality standards in terms of sustainability and are in the top assessment category (A) in the S-rating.

DUE DILIGENCE PROCESS

Porsche AG uses the S-rating to assess the sustainability activities of its direct suppliers of production materials as well as, on the basis of risk, its suppliers of non-production materials and to set minimum standards. This also includes compliance with human rights standards along every step of the value chain.

In addition, Porsche AG relies on new technologies such as artificial intelligence (AI) to increase transparency in the supply chain and recognize risks, for example, in raw material supply chains.

The background and procedures surrounding the S-rating as well as additional information on these new technologies can be found in the → "Environmental standards in the supply chain" section.

MEASURES

Internal organization

Porsche AG's Executive Board appointed the Business and Human Rights Council to monitor the duty of care in terms of human rights and environmental matters pursuant to the German Supply Chain Due Diligence Act (LkSG). This council is made up of members from multiple disciplines, is directly linked to the Executive Board and is supported by its own office.

The Business and Human Rights Council reports regularly and on an ad hoc basis to Porsche AG's Executive Board. The majority of its reports are about events relating to human rights or the environment from the ongoing risk analyses, results from following up on complaints received as well as information about the effectiveness of corrective and preventive measures.

The topic of human rights is a core component of Porsche AG's internal compliance risk analysis, which was updated in the reporting year.

Sustainability requirements for suppliers

Porsche AG rejects child labor, forced and compulsory labor as well as any form of modern slavery and human trafficking. The Code of Conduct for Business Partners summarizes the legally binding sustainability requirements for direct suppliers and lays the foundation for responsible supplier management. More information on the Code of Conduct for Business Partners can be found in the → "Environmental standards in the supply chain" section.

Responsible procurement of raw materials

Porsche AG is continuously refining its approaches and objectives in order to procure raw materials in a responsible way.

In accordance with the Code of Conduct for Business Partners, Porsche AG expects its direct suppliers to adhere to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In the reporting year, Porsche AG conducted several projects together with the Volkswagen Group in which "high-risk" raw materials were analyzed in turn and thus increased transparency in the raw materials supply chains.

In close cooperation with selected direct suppliers, Porsche AG processes the two materials leather and mica. Porsche AG is therefore involved in the Responsible Mica Initiative, among others. This promotes safety and fair labor conditions and wages at the processing companies.

At the Volkswagen Group, there is a product requirements document for leather, which has been mandatory for all contracts newly awarded to leather suppliers since 2022. This requires disclosure of the country of origin and makes a sustainability certificate which is specific to leather mandatory.

In addition, Porsche AG is a member in the Initiative for Responsible Mining Assurance via the Volkswagen Group. This encourages an independent assessment of sustainability from mining companies. With these measures, Porsche AG wants to improve the human rights situation in its raw material supply chains.

Via the Volkswagen Group, Porsche AG is also a member of the World Economic Forum's Global Battery Alliance. Featuring public and private partners, this alliance strives to promote social and ecological sustainability along the value chain of the raw materials used in batteries.

Dialogue activities

Porsche AG is an active participant in the automotive industry dialogue on the German Federal Government's National Action Plan for Business and Human Rights (NAP). The aim is to establish humane labor conditions in internal business departments and in the supply chain.

In addition, Porsche AG has added human rights aspects to its training and communication measures, e.g., with background information, warning signs and recommended actions if there are indications of human rights violations.

Complaints process

In 2022, Porsche AG introduced a multistage complaints process for Business and Human Rights. Internal and external complainants can use this process to confidentially report potential breaches of human rights and any violations of environmental duties. Porsche AG publishes the reporting channels on its website. Porsche AG uses a standardized process to deal with every complaint that relates to its own business field and the supply chain of Porsche AG.

RESULTS

Porsche AG published a Responsible Raw Materials Report in the reporting year. This includes the most important findings and measures with regard to responsible raw material supply chains.

Occupational safety and healthcare

TARGETS

Workplace safety is a top priority for Porsche AG and its employees. Its Driven by Safety and Health occupational safety policy aims to avoid accidents, physical and mental stress and work-related illnesses to the greatest extent possible. To do this, Porsche AG and selected subsidiaries set annual targets that aim to constantly improve the safety of employees at their workplace.

DUE DILIGENCE PROCESS

Occupational safety is regulated by law in Germany. The group guideline on occupational safety also includes fundamental requirements relating to workplace security and health protection for Porsche AG and selected subsidiaries, who are responsible for implementing the group guideline in the form of company guidelines.

The works doctors and specialists in occupational safety employed by Porsche AG and selected subsidiaries regularly review the implementation of the regulations on occupational health and safety during joint walkthroughs with management, employee representatives and security officers. In the case of deviations, they define suitable corrective measures.

If there is an occupational accident, the responsible managers analyze the causes, with help from the Occupational Safety department, and initiate measures to avoid similar accidents in the future. The Occupational Safety department measures the occurrence of workplace accidents at Porsche AG and in its organizational units using the occupational accident index and reports this internally on a monthly basis.

MEASURES

The central processes on occupational safety are standardized and set out in the company guideline on occupational safety. This applies to the whole workforce of Porsche AG and selected subsidiaries. The company guideline implements statutory requirements and aims to have uniform procedures through a close-knit occupational safety management system. Managers must ensure that their employees are familiar with and comply with the provisions of this guideline. Works doctors and specialists in occupational safety are available to all employees in an advisory capacity.

All of Porsche AG's employees are required to take part in occupational safety training at least once a year. On Porsche AG's intranet portal, there is an extensive range of topics and training opportunities surrounding health protection and occupational safety.

Specialists in occupational safety are available to employees, managers and employee representatives in an advisory capacity, so as to avoid accidents and other health risks. This primarily applies to the design of workplaces, machinery and equipment. The specialists in occupational safety regularly tour workplaces with managers who have local responsibilities and provide assistance with risk assessments and standard operating procedures. Construction and installation sites are overseen and monitored by special construction experts beyond what is required by law.

Employees from external companies also have precise rules of conduct for when they are at the sites of Porsche AG and selected subsidiaries, so as to rule out dangers to the greatest extent possible. This is mainly the case in the event of construction measures of Porsche AG and its vehicle-producing subsidiaries in Germany as well as in the procurement and installation of machinery and equipment.

In addition to support in safety matters, employees and managers also receive occupational medical support. Works doctors of Porsche AG and its vehicle-producing subsidiaries in Germany advise employees on topics relating to health and performance, carry out preventive checks and evaluate the results of these tests. On the basis of the German Occupational Safety Act (ASiG), they also assist with the planning and design of healthy and ergonomic workplaces.

Porsche AG's Health Management also provides social counseling to those exposed to psychosocial strain and support for those in difficult life conditions. This is available to the whole workforce of Porsche AG and selected subsidiaries.

Porsche AG's Health Management department advises the German locations on the organization of first aid and assists qualified paramedics with acute and emergency medical care at the larger sites.

Porsche AG has an occupational reintegration management system in place for restoring employees' performance after longer periods of illness. This contains measures to maintain the affected employees' ability to work and to reintroduce them to the strains of the daily working life by means of gradual workplace reintegration.

Porsche AG's emergency response organization continued to deal in detail with the SARS-CoV-2 pandemic in the reporting year. In addition to providing comprehensive information to employees, this also included targeted communication with public authorities. The extensive protection plan includes vaccination offerings, self-tests and test centers to carry out PCR tests. Employees working in administrative roles were able to work remotely for their own protection.

Under the ASiG, employees of Porsche AG and selected subsidiaries are represented via their statutory representatives in occupational health and safety committees. These site-based committees meet four times a year and are made up of employee representatives, security officers and management representatives.

In the reporting year, Porsche AG rolled out a communication campaign about raising awareness and motivation among employees in terms of safe behavior at work. Via various means, this informs about accident hotspots, current topics as well as statements from management and employee representatives.

Porsche AG also introduced the first modules of a central occupational safety software in the reporting period. This will digitally map key processes on occupational safety in full to go through step by step, while meeting the requirements of data protection law.

In 2022, the Executive Board of Porsche AG commissioned the introduction of an occupational health and safety management system in accordance with ISO 45001 in the coming years. Porsche Leipzig GmbH has been certified since 2021.

RESULTS

In 2022, there were various offerings for all employees of Porsche AG to promote occupational health. For example, the regular Porsche Check-up is a voluntary preventive check-up to recognize illnesses at an early stage. There were also courses on healthy eating, relaxation techniques and effective self-management. Employees can also access individual physiotherapy advice at the workplace.

Measured by the occupational accident index, the occurrence of accidents improved compared to the prior year.

In the reporting period, there were various activity-related training measures on occupational safety topics. Safety walk-throughs were held in all relevant areas at all German production sites in 2022.

At vaccination centers set up by the company, there were vaccination campaigns with vaccines against SARS-CoV-2 at the locations in Stuttgart-Zuffenhausen, Weissach, Sachsenheim and Leipzig in 2022. There were also vaccination campaigns with vaccines against influenza viruses at all larger German locations.

Employee development and socially-compatible transformation

TARGETS

Strategic work towards future-oriented focus

Electromobility, digitalization, new business models: The transformation of the automotive industry is well underway. These changes also influence the Porsche AG Group. As part of the Porsche Strategy 2030, the Porsche AG Group set up the Transformation Driving Change strategy field group in 2021. Among other things, this aims to accompany employees through times of change and develop a new futureproof workforce.

By launching the Porsche Workforce Transformation project, Porsche AG is pursuing the goal of aligning the workforce's skills and organization across all departments with the requirements of the future by 2030. The crux of the matter here is to identify existing and required skills and then to use and enhance these as best as possible in a targeted way.

Cross-department collaboration for target group-specific offerings

Cross-department collaboration and the use of multipliers across the whole organization are decisive factors for the successful implementation of this strategic work. In the context of the interplay between HR business partners, managers and the holistic Change@Porsche program, there are the following five targets for employee development and the structure of the transformation:

1. Identify strategic skills requirements and proactively shape transformation
2. Train and develop employees on an as-needed basis
3. Support managers with the structure of the transformation
4. Efficiently accompany employees and managers throughout change processes
5. Evaluate and optimize the effectiveness of the measures

DUE DILIGENCE PROCESS

In order to measure how effective the measures for employee development are, Porsche AG developed an assessment system using feedback surveys and key indicators in 2020.

The feedback survey was also used by Porsche AG in 2022 to carry out a semiannual internal evaluation for those with responsibility for products and management representatives. Based on this, Porsche AG wants to raise the participants' satisfaction by means of generic training measures and to continuously improve processes.

In addition, Porsche AG captures the training time twice a year for an internal management dashboard as well as two indices that map the contribution of the training measures to the corporate strategy. This was the first step to standardize key indicators in the training sessions across all departments.

At the same time, the Porsche AG Group regularly reviews the further development of the corporate culture and the management culture. To do this, there is the annual Porsche mood barometer, which sheds light on the corporate climate with regard to collaboration, management and training and prompts critical discussion.

MEASURES

In the reporting year, the Porsche AG Group, especially Porsche AG, pursued the targets stated by carrying out the measures described in the following. Other group companies may adjust these as needed and use them as well.

1. Identify strategic skills requirements and proactively shape transformation

As part of the strategic skills management system initiated in 2019, representatives from all company departments collect the specific and generic development needs from all of Porsche AG's specialist departments. In the reporting year, they consolidated the current needs in one roadmap that covers the entire range of strategic skills at Porsche AG as well as in another roadmap for each specific department. Together with the analysis of the strategic personnel planning, this data enables the proactive planning and setup of measures to further develop the organization and skills at the relevant work profile levels. Porsche AG created new bodies to manage these measures: the Transformation Office and transformation committees at the Local Works Councils in Stuttgart-Zuffenhausen and Weissach.

2. Needs-based training and development opportunities
In the reporting period, Porsche AG expanded its range of individual training and further personal development offerings for its employees. To do this, Porsche AG developed its own job-specific offerings that are tailored to the role of data analyst. Porsche AG bundled various new learning formats, learning spaces and instruments on the LearningExperience@Porsche learning platform and provided support when selecting these. LearningExperience@Porsche is an AI-supported search engine that serves as a guide through the range of offerings. It searches internal and external learning platforms and bundles any suitable measures for an employee's individual training and development. As a result, it is possible to personalize training and to do shared learning in groups of specific topics via one central point of entry. Experts can also prepare and individually adjust learner journeys.

3. Support managers with the structure of the transformation
Porsche AG placed special value on the further training and strengthening of managers in 2022. This does not just relate to obtaining individual qualifications. It was also about establishing a cohesive and strong management culture, in which managers encourage their employees and inspire curiosity for change.

4. Accompanying employees and managers through change processes
Porsche AG strives to shape a sustainable, socially-compatible transformation and is therefore not only looking at content changes, but at people in particular. Against the background of the major changes in 2022, Porsche AG further accentuated and strengthened its corporate culture. Using a holistic change management approach, employees received a range of training opportunities for changed job profiles in the reporting period.

5. Porsche on its way to becoming a learning organization
Porsche AG's #neverstoplearning initiative gained momentum in the reporting period. This promotes the learning culture and learning skills at an organizational and individual level as well as in teams. For instance, there is now an online community with more than 1,300 members. Moderated team formats in the Porsche Learning Lab, a room at the Stuttgart-Zuffenhausen site with more than 200 square meters of space to experiment, network and create, also went into regular operation.

6. Personnel development through employee performance reviews
Every year, the Porsche AG Group schedules mandatory performance reviews combined with a development discussion for all employees covered by collective agreements and managers of Porsche AG, Porsche Leipzig GmbH and selected German subsidiaries.

RESULTS
In order to prioritize and synchronize the development of suitable training and development measures, Porsche AG created the training organization Portfolio Management Training Transformation in summer 2022. This uses company-wide synergies to prepare offerings that are aligned with Porsche AG's objectives.

In the reporting year, Porsche AG introduced the holistic Change@Porsche program, making guiding principles, responsibilities and tools for change transparent and bringing relevant partners and stakeholders together. This gives employees and managers direction, clarity and a shared understanding of how the Porsche AG Group would like to structure its change processes. An external partner network for sharing knowledge and experience is under development beyond the reporting year.

In feedback surveys, managers expressed the need for support in areas such as cross-departmental networking, accompanying change processes, self-leadership and feedback culture. In 2022, Porsche AG therefore aligned the content and methods used in the Leadership Lab to provide realistic impetus for these topics. Ongoing programs and training offerings for managers also addressed the suggestions made in order to practically strengthen individual management skills.

Diversity and equal opportunities

TARGETS
Porsche AG has set itself the objective of further increasing the diversity of views by 2030. Porsche AG wants to create an environment that promotes the individuality of every single employee and appreciates all views and therefore encourages collaboration in mixed teams that combine different perspectives.

Based on the gender quota required by law, Porsche AG has set itself the target of increasing the proportion of women at the first management level below the Executive Board to 20% and at the second management level to 18% by 2025.

Porsche AG rejects any form of discrimination. It has firmly anchored equal opportunities and promoting diversity in its Code of Conduct and the Porsche Code leadership model. The Executive Board and the Works Council confirmed that diversity should be a fixed part of the corporate culture by signing the German Diversity Charter, a voluntary commitment for German businesses, in 2019. In 2022, the Executive Board and top management reiterated their support by signing the Porsche Diversity 911. This is a display vehicle decorated with messages and facts about Diversity@Porsche.

The hiring and appointing of women, particularly in management positions, is integrated in the "Management and Culture" target so as to meet the statutory and corporate requirements. As a matter of principle, Porsche AG selects, hires and promotes its employees according to their qualifications and skills.

DUE DILIGENCE PROCESS
Porsche AG's whistleblower system is available to report any indications of potential breaches against equal opportunities and equal treatment. This is described in the → **"Compliance and integrity" section.**

In order to make gender diversity quantifiable, Porsche AG participated in the Women Career Index for the third consecutive year in 2022.

MEASURES
The Culture, Diversity and HR Communications department is responsible for ensuring the long-term implementation and security of equal opportunities and diversity. It is assigned to Employee Development and Corporate Culture as a driver and competent partner. It offers employee training activities to raise awareness and increase knowledge about diversity and equal opportunities across all hierarchical levels.

Management plays a key role in anchoring awareness of the importance and added value of equal opportunities and diversity in management and the workforce. Management at Porsche AG is constantly made aware of matters relating to equal opportunities and diversity within the Volkswagen Group's Together for Integrity program, which is implemented at Porsche AG under T4I@Porsche. One of these formats is the Porsche Leadership Lab along with other leadership programs.

In 2022, the diversity toolbox helped managers at Porsche AG stand up for diversity and equal opportunities in their day-to-day work and management routines. This uses a range of measures, tools and stimuli to enable managers and their teams to experience the diversity of views in all dimensions and to question traditional ways of thinking and behaving.

Several virtual and hybrid training formats were added to Porsche AG's existing measures in the reporting year, e.g., initiatives marking International Women's Day with the motto "Unconscious Bias", diversity modules for personnel development programs and a learning module on the topic "German General Equal Treatment Act: Recognizing and Avoiding Discrimination".

Porsche AG also expanded its International Diversity Community further in the reporting year. This forum is run by selected subsidiaries of Porsche AG and their diversity managers worldwide and provides instruments and stimuli to help put the diversity of views into practice. As part of the Porsche Strategy 2030, the International Diversity Community aims to strengthen the global view on the Diversity and Equal Opportunities aspect of the sustainability strategy.

The diversity networks handbook, which has been in place at Porsche AG since 2021, allows for the creation of employee networks across protected diversity characteristics and defines corresponding framework conditions.

The Porsche women's network is a key platform for exchanging experiences across departments. It offers a number of dialogue formats and varied methods of support, e.g., peer consulting, impetus on self-empowerment or insights into the day-to-day working life. This enables greater visibility for women at Porsche AG, their networking as well as taking female perspectives into account.

The Proud@Porsche community for representatives, supporters and interested parties of the "sexual orientation" diversity dimension is an integral part of the Porsche AG culture too. This network stands up for the concerns of people of all sexual orientations within and outside Porsche AG. For the first time in the reporting year, the Proud@Porsche community together with the Member of the Executive Board responsible for Human Resources and other representatives of Porsche AG were present at the Christopher Street Day parade in Stuttgart.

Porsche Mentoring is a format for a comprehensive exchange of experiences and changing views on both sides. In this program, managers support the professional and personal development of young talent.

The diversity networks and the mentoring program are open to all employees of Porsche AG and selected subsidiaries around the world.

Porsche AG also campaigns for a diverse and inclusive togetherness outside of its work sites. The “Porsche helps” platform facilitates employees who want to get involved in voluntary activities, for example, one-off engagements, team events or major events at social organizations. The aim is to do good together and to gain new perspectives, experiences and skills. In the reporting year, team events were introduced, and some major events were expanded.

RESULTS

Porsche AG came sixth in the Women Career Index in 2022.

The Porsche women’s network recorded significant growth numbers in the reporting year. The Proud@Porsche community also became an official employee network in the reporting period.

More than 240 mentor tandems were actively involved in the mentoring format in the reporting year.

The Trendence Institute presented “Porsche helps” with the Trendence Award in the category “Companies helping people”.

Despite a slight decrease in the gender quota at the first management level in the reporting year, Porsche AG still considers itself on track to meet the target by 2025.

Women in management positions — actual values for statutory gender quota[1]

%	2022	2021	2020
First management level	16.1	16.9	14.8
Second management level	15.7	15.1	11.9

[1] Information relates to Porsche AG.

Stakeholder dialogue

TARGETS

The aim of the Porsche AG Group’s overarching stakeholder management system is to systematically capture the interests of various stakeholders as well as to derive key social trends and key topics from their interests and points of view. A major aspect is the active contribution to sustainability networks. The Porsche AG Group intends to join additional alliances to those it already has in order to get into contact with groups of stakeholders there. In the Porsche AG Group, the Politics and Society department coordinates the stakeholder management.

Stakeholder management at the Porsche AG Group includes continuously identifying relevant groups of stakeholders, analyzing their interests and opinions and enabling direct dialogue. As a result of this, the Porsche AG Group is expanding its views and recognizing trends. It also receives impetus for improvements and innovations, exchanges expertise and finds cooperation partners. In these dialogues, however, the Porsche AG Group also identifies potential problems, resistance and conflicts of interest at an early stage, creates a level of understanding and takes countermeasures. The Porsche Sustainability Council plays a key role here. More information can be found in the → “Sustainability management” section.

DUE DILIGENCE PROCESS

The complaint management system is the central port of call for suggestions for improvement and complaints from internal and external groups of stakeholders at the Stuttgart-Zuffenhausen site. It is centralized in Politics and Society as well as Environment and Construction Management. The Politics and Society department also provides the markets with international consulting services on the systematic recording of complaints relating to social or political matters. This also applies to the identification of measures.

The Porsche AG Group uses extensive surveys to learn about its stakeholders’ opinions on sustainability and to include them in its strategy as part of the materiality assessment. To date, the Porsche AG Group has performed these stakeholder surveys every two years, most recently in 2021. More detailed conversations with selected stakeholders take place as needed.

MEASURES

The Porsche AG Group was also engaged in proactive dialogue with its stakeholders and continuously expanded this dialogue in 2022.

The most important sources of information about the Porsche AG Group for thought leaders, decision makers and customers include the Porsche magazine Christophorus, the online Newsroom with its Twitter and Instagram channels, the web-based TV channel 9:11 Magazine, the 9:11 Porsche podcasts and the Porsche website.

All internal communications at Porsche AG are published in digital and printed formats through the Carrera media. The Carrera Online web pages and the Carrera Magazine provide employees with information on the latest developments in the area of sustainability. Regular works and departmental meetings, employee information events, themed weeks and digital events also form part of the extensive array of internal communications. This is one way for employees to contribute their own thoughts and ideas and interact directly with their line managers.

Events such as the neighborhood dialogues held at various production and development sites enable Porsche AG to establish personal contact with local stakeholders. Since 2016, these have given local residents the opportunity to regularly engage with Porsche AG experts and raise specific issues and questions. The pandemic meant that no events with residents could take place on site in the reporting year. However, the email address ↗ nachgefragt@porsche.de can be used for active dialogue with the neighborhood. If necessary, stakeholders can contact the departments responsible for sustainability directly using the email address ↗ sustainability@porsche.com.

The Porsche AG Group is an active participant in the industry dialogue on the German National Action Plan for Business and Human Rights (NAP). Porsche AG has also been a member of the German Environmental Management Association (B.A.U.M.) since 2016. In 2017, Porsche AG also joined the European Business Ethics Network Deutschland (DNWE) and became a signatory to the state of Baden-Württemberg’s WIN Charter for sustainable business, marking its commitment to entrepreneurial responsibility. In 2019, Porsche AG and the Volkswagen Group were the first automobile manufacturers to become a core component of the Value Balancing Alliance.

In the reporting year, Porsche AG joined the world’s largest and most important initiative for sustainable and responsible corporate governance, the UN Global Compact.

The Politics and Society department coordinates all the political topics that are relevant to the Porsche AG Group. It is also responsible for the Porsche AG Group’s political lobbying and holds a transparent and proactive sociopolitical dialogue with representatives from governments, parliaments, authorities, associations, institutions and civil society. The Politics and Society department organizes and also supports visits by politicians and political events as well as providing regular updates on political topics and developments to the Executive Board.

All of the Porsche AG Group’s political activities are coordinated via the Governmental Affairs Steering Committee to ensure a joined-up approach and consistent communications in dialogue with stakeholders.

Group-wide guidelines stipulate the principles of integrity, transparency and traceability for every political activity. It also contains guidelines for contact with political stakeholders and regulates the political lobbying process. All the people responsible for politics at the Porsche AG Group regularly notify the Volkswagen Group’s Public Affairs department of their activities.

RESULTS

The dialogue formats planned for the reporting year could not take place as normal because of the coronavirus pandemic. Instead, the Porsche AG Group increasingly drew on virtual exchange with the key stakeholders in order to obtain direct feedback and input.

In 2022, there was no expenditure related to supporting political party events, advertising in publications affiliated with parties, or external lobbying agencies or services.

GOVERNANCE

The Porsche AG Group’s business practices are based on integrity, transparency and responsibility. Innovations create new customer experiences, optimize added value and help reach sustainability targets. The Porsche AG Group sees digitalization as an opportunity for further development and is taking on responsibility as a partner in society with the Corporate Digital Responsibility strategy. Customer and vehicle safety is of utmost importance to the Porsche AG Group. The company simultaneously has a clear focus on long-term customer satisfaction.

Compliance and integrity

COMPLIANCE

Targets

The Executive Board adopted general compliance targets based on the general company objectives, the corporate strategy and Porsche AG’s vision and mission. These targets include ensuring compliant behavior and upholding Porsche AG’s reputation and protecting the company, its bodies and employees from legal and disciplinary consequences. In addition, Porsche AG wants to continuously promote a responsible and value-based compliance culture. The Code of Conduct as well as group guidelines are in place to help achieve these objectives.

The Code of Conduct at Porsche AG summarizes the most important principles and expectations about acting lawfully, sustainably and with integrity at Porsche AG. For example, dealing with conflicts of interest, combating any form of corruption, appropriate behavior within the group and towards customers, business partners and public officials as well as taking responsibility for the environment and society.

The guidelines define and regulate the compliance requirements in three aspects:

1. As a member of society: human rights; equal opportunities and equal treatment; product conformity and product safety; environmental protection; donations, sponsorships and charity; communication and marketing; political lobbying
2. As a business partner: conflicts of interest; gifts, hospitality and invitations; prohibition of corruption; dealings with officials and holders of political office; prohibition of money laundering and terrorism financing; accounting and financial reporting; taxes and customs; fair and free competition; procurement; export control; prohibition of insider trading
3. At the workplace: occupational safety and healthcare; data protection; security and protection of information, know-how and intellectual property; IT security; handling company assets

The additional Code of Conduct for Business Partners governs Porsche AG's expectation that its business partners will comply with the law as applicable, acknowledge the principles of ethical conduct and acting sustainably.

The Executive Board also adopted the company compliance management guideline. Porsche AG thus complies with its entrepreneurial responsibility and meets the statutory obligation to adhere to statutory requirements as well as internal guidelines.

Porsche AG's compliance management system (CMS) forms the preventive framework for all principles, measures and processes not related to a specific person, which serve to ensure and implement compliance in six compliance topics. This aims to prevent breaches of the law and/or policy violations in these topics or to at least make them significantly more difficult.

Due diligence process

Porsche AG uses a compliance monitoring system to check adherence with specific compliance requirements relating to anti-corruption, anti-trust law and prevention of money laundering in the specialist departments. In addition to the areas listed, monitoring primarily focused on the implementation of risk-mitigating measures in the reporting year. The identified potential for improvement has been included in the relevant departments' action plans. The monitoring also provided extensive findings for the CMS, which will be taken into account in Porsche AG's compliance program for 2023.

Porsche AG also carries out compliance risk analyses in the compliance topics mentioned above. In the reporting year, Porsche AG continued these for other key departments.

Measures

Porsche AG introduced the compliance management system in 2012. It covers all principles, measures and processes not related to a specific person, with which Porsche AG wants to ensure compliance and achieve the compliance goals mentioned earlier.

A compliance organization made up of the Chief Compliance Officer and those responsible for specific compliance topics is responsible for developing suitable targets and measures. The Chief Compliance Officer provides the Executive Board and the Supervisory Board's Audit Committee with an annual report on the progress of implementing the CMS as well as on the significant measures and activities. According to the company compliance management guideline, the Executive Board of Porsche AG decides on the local set-up and further development of the CMS, based on a recommendation from the Chief Compliance Officer.

In 2022, compliance risk analyses were carried out in the compliance topics of active and passive corruption (including fraud, embezzlement and conflicts of interest), anti-trust law and prevention of money laundering at Porsche AG. These were also performed for six of Porsche AG's other main departments in the reporting year, whereby risk analyses were available for 59 of 64 relevant main departments of Porsche AG by the end of 2022.

The preventive measures that have already been established mainly include the compliance requirements (e.g., guidelines for Porsche AG itself). There are also information and training sessions available for employees on relevant compliance topics as well as confidential compliance advice: Employees can ask any compliance-related questions at a centralized compliance helpdesk. Furthermore, they have the possibility to report potential violations to an internal whistleblower system via fixed internal reporting channels. This whistleblower system is regulated in the group guideline of the same name. The two guidelines also explicitly bring the whistleblower system to people's attention. Porsche AG also publishes detailed information about this system on its intranet and the internet. Externally, two ombudsmen are available to employees, customers and business partners of Porsche AG as well as public officials or other external parties. They can be reached free of charge and at any time via various reporting channels and they also accept anonymous reports about potential violations.

In the reporting year 2022, those responsible for compliance topics carried out numerous communication measures at Porsche AG. There were also in-person and virtual appointments for employee training as well as digital learning modules at Porsche AG and the relevant German subsidiaries.

Results

Within the compliance organization's work, the focus in 2022 again was on the specialist support of and participation in compliance projects of the Volkswagen Group as well as in initiatives and projects of Porsche AG.

Once again, the majority of the employee requests to the compliance helpdesk related to dealing with invitations and gifts. The number of reports of potential violations was up on the prior-year level.

In accordance with the group guideline on the prevention of money laundering, Porsche AG submitted three suspicious activity reports to the responsible anti-money laundering authorities in the reporting year.

INTEGRITY

Targets

Correct conduct only when there are laws, regulations and requirements in place is not sufficient for long-term success. If there are no explicit rules or if conflicting objectives arise, one needs integrity as an inner compass on how to act in the right way. The topic is also gaining in importance because increasingly shorter innovation cycles, a changing automotive industry and a dynamic environment require entrepreneurial speed more and more frequently.

Integrity management at Porsche AG has set itself the target of anchoring integrity in the corporate culture for the long term. Managers and employees should be able to act in accordance with ethical principles, with responsibility, from conviction and steadfastly. Porsche AG wants to strengthen the confidence of its employees, customers, shareholders and partners. In order to promote this value- and attitude-based culture in the best possible way, integrity management at Porsche AG is enshrined within the Human Resources portfolio in the Executive Board in Employee Development and Corporate Culture.

Integrity is a core value in the Porsche Code — the company's leadership model — and provides a solid basis for the organization. The Porsche AG Code of Conduct not only emphasizes the importance of honest and ethical conduct and acting with integrity on the part of each individual, but also explicitly highlights the role model function of members of the Executive Board and managers.

Due diligence process

Integrity is firmly entrenched in the personnel processes on onboarding, recruiting, personnel development, remuneration and disciplinary actions. Minimum standards are determined in the group guideline on HR compliance.

The topic of culture and integrity was rolled out internationally at the Porsche AG Group by the Volkswagen Group as part of its Together4Integrity (T4I) program in 2018. These long-term measures aim to further strengthen the culture of integrity.

The package of measures and the implementation time may vary depending on the local circumstances. A central reporting system informs on the status of implementation of the projects in the relevant group companies. The status of implementation is also a regular reporting topic in the T4I meetings.

In addition, Porsche AG also uses results from the employee survey to derive measures for managing integrity. A poll about acting with integrity and compliant conduct is part of the annual mood barometer. Among other things, this gives insights into the development of the integrity culture. The results of the mood barometer are then discussed in the organizational units. This mandatory discussion slots into the team dialogues on culture and values in the company — a format in which managers and employees work on measures to improve collaboration together. Training formats on the topic of integrity or with content on integrity are also available.

Measures
Topics relating to integrity are addressed as early as during the recruiting process. There is also a particular focus on integrity during the development path to a manager covered by collectively bargained wage agreements as well as to and within management positions. An integrity check is also part of all decision-making motions of Porsche AG's top bodies. The value attached to integrity can also be seen in the semiannual reporting of the implementation standards to the Compliance Council, in the ad hoc reporting to the Executive Board as well as in the annual integrity report in the Supervisory Board.

Integrity is integrated into Porsche AG's training formats targeted at specific groups; employees can also find bundled information about this on the intranet. Furthermore, comprehensive internal communication measures keep the workforce constantly aware of the subject.

The interdisciplinary multiplier network on brand, culture and integrity provides a platform for sharing experiences, stimuli and presentations. It also helps its ambassadors anchor the topic of integrity in the specialist departments. Managers can access a toolbox for integrity in their individual departments and apply this in day-to-day operations.

In the reporting year, all managers with disciplinary responsibility from Porsche AG, Porsche Logistik GmbH and Porsche Dienstleistungs GmbH were given the opportunity to take advantage of in-depth formats on the topic of integrity as part of the Leadership Lab's transfer phase — for example on psychological security as a requirement for a "speak-up culture".

Results
The T4I measures relating to culture and integrity are virtually completed. The Internal Audit department also conducted a final review of Porsche AG's measures and found them to be plausible.

In the context of the new development path to management, Porsche AG enhanced its training for newly appointed and newly hired managers of Porsche AG and the relevant national group companies in the reporting year and launched this in the fourth quarter. The training centers around a competence model, focusing on the skills needed to make decisions with integrity. It also offers an orientation and application aid for moral dilemmas. The model has been used in training sessions on integrity for managers at Porsche AG covered by collectively bargained wage agreements since the third quarter of the reporting year.

New dialogue formats specifically for managers were introduced in the reporting year. For instance, they may use a workshop format, in which the team actively deals with situations and decisions in daily life that require acting with integrity.

In the mood barometer for 2022, the question about each individual's opportunity to act with integrity was answered with the highest rating of the five-stage scale.

Innovations
TARGETS
Innovations are a key factor for the Porsche AG Group's long-term success. They contribute significantly to differentiation between the vehicles, improve value creation processes and assist the company in achieving selected sustainability targets from the Porsche Strategy 2030. The aim is to bring as many targeted innovation projects to series development as possible.

DUE DILIGENCE PROCESS
The Innovation Management team at Porsche AG is organized as a cross-departmental team. Each department — from development to procurement — has an innovation manager. The Innovation Board met one time during the reporting year as a decision-making and control body for innovations from the "customer", "product", "company" and "sustainability" categories.

Porsche AG measures the success of innovation projects using a transfer rate that indicates the percentage of early-stage projects that go into additional processes, for example, series development.

MEASURES
At Porsche AG, the Innovation Management team has been responsible for structuring, validating and pursuing innovative project ideas since 2017. It constantly identifies ideas from the entire Porsche AG Group, provides help with methods for the further development and supports the implementation — for example with investments or arranging contacts to potential development partners inside and outside the company.

Collaboration with start-ups and universities is a top priority for the Innovation Management team. For example, Porsche AG is a partner to the CODE University of Applied Sciences in Berlin and the Leipzig Graduate School of Management. The company also launches initiatives and invests directly in up-and-coming companies to expedite digitalization. In fiscal year 2022, Porsche AG added UP.Labs, a new model for promoting innovative start-ups, to its partner network.

The Porsche Strategy 2030 explicitly names the strategy field "Innovative capabilities" as part of the "High-Performance Organization" cross-cutting strategies. This included five topics in the reporting year:

- Developing the content of the Porsche AG Group's innovation agenda further
- Working closer together with venture capital interests in early-stage projects
- Connecting innovative activities in the Chinese market more strongly with local activities
- Working more strongly together with strategic partners
- Increasing the number of innovation projects with a sustainability aspect

Porsche AG has firmly entrenched the topic of sustainability in the innovation agenda in the reporting year and provided it with a separate budget. Innovative activities in this area are, for example, focused on sustainable materials, recycling, lightweighting, reducing waste or more efficient production processes.

RESULTS
In the reporting year, Porsche AG once again implemented innovation projects in the "customer", "product", "company" and "sustainability" categories across the company — a major contribution to the Porsche AG Group's future viability. Examples for successfully implemented innovation projects in the reporting year are the development and expansion of the Web3 business model including non-fungible tokens, the connection of video game content and driving experiences in the "Virtual Roads" project or the focused use of artificial intelligence in corporate processes, to name but a few. In addition, projects in the area of sustainable product substance, for instance by successively increasing the share of recycled materials in structural components, were implemented by the Innovation Management team.

New mobility concepts
TARGETS
The Porsche AG Group is pursuing the goal of offering its customers mobility solutions with flexible contractual terms in selected markets in accordance with a roll-out plan that is adopted annually — regardless of whether customers need a vehicle for several years or only several days. In the reporting year, the focus was on the markets in Germany, the US, Canada, Australia, Italy, Switzerland and Japan.

In addition, Porsche AG wants to further develop its company mobility management system and make its own employees' commutes and business trips more sustainable.

DUE DILIGENCE PROCESS
The Mobility Germany Steering Committee, which is made up of members of management of Porsche Deutschland GmbH and Porsche Financial Services GmbH Deutschland, monitor how Porsche Drive products in Germany meet their objectives. There are regular reports on the performance of the products and customer insights to this committee. The Porsche AG Group has already set up similar committees in Switzerland, the US and Italy — other markets are expected to follow.

The mobility business division is managed in the local markets and at Porsche Financial Services GmbH in Germany by the company's own bodies. The Mobility Steering Committee was newly created as a central body for the operational management of the mobility business between importers and the Porsche Financial Services companies in the local market.

The Strategy Workshop Mobility takes place several times a year: This is where Porsche AG and companies of Porsche Financial Services GmbH come together to vote on the strategy, project plans, products and other elements from the mobility business division. Additional interfaces in the area of mobility are provided by committees in the Sales and Marketing department with Executive Board involvement as well as the Strategic Council.

The mobility business division is firmly anchored as a strategic field in the Porsche Strategy 2030.

Porsche AG measures how the initiated projects affect the targets set by regularly surveying employees and performing traffic flow analyses. As the mandatory mask-wearing in public transport due to the pandemic was expected to distort mobility behavior, Porsche AG has not carried out this survey since 2020.

MEASURES
In light of the changed customer desires, the new mobility offerings under the Porsche Drive umbrella enable flexible, digital and individual vehicle use. Porsche Drive primarily focuses on aligning user needs for flexibility with electromobility.

In the reporting year 2022, Porsche Drive Rental products ranged from rentals on a daily basis as well as the Porsche Drive subscription with a monthly cancellation option, closing the gap between short-term rental (up to 28 days) and the traditional leasing business (from 12 months). With Porsche Drive Flex, customers can cancel monthly and also have an option to change vehicles.

In close cooperation with Porsche AG, importers, subsidiaries of Porsche Financial Services GmbH and other internal and external partners, the mobility offerings are also being developed and scaled for additional international markets.

Another focus is on the expansion of a sustainable mobility offering for Porsche AG employees. Porsche AG has implemented a number of measures for this since 2015: Employees receive a monthly subsidy for a local transport season ticket targeting commuters as well as for a Deutsche Bahn Jobticket. Porsche AG also introduced a company cycling scheme back in 2019. To make the transport options even more flexible, a digital, static parking guidance and information system was installed by Porsche AG in 2021. A company-wide mobility dashboard was established in 2021, notifying employees of available parking spaces, public transport connections or traffic volumes in real time.

Porsche AG is planning to expand the range of sustainable and alternative mobility forms at its national sites. As part of this, Porsche AG is promoting the electrification of its motorized site traffic and increases the share of electric vehicles in its fleet every year — including in 2022. At the same time, Porsche AG is extending the internal charging infrastructure and powers it with certified green electricity.

RESULTS

In the reporting year, the Porsche AG Group launched pilot projects on Porsche Drive Rental in Australia and Italy. It carried out a pilot project on the Porsche Drive subscription in Switzerland. The Porsche AG Group expanded the Porsche Drive Flex pilot projects to three locations in Germany.

In the reporting year, Porsche AG added extra information to the existing mobility dashboard and now shows employees where charging stations at the Stuttgart-Zuffenhausen site are, for example.

Porsche AG also introduced a carsharing/commuting app and expanded its offering for bikes, e.g., bike service points.

Digitalization, Data Protection and Corporate Digital Responsibility

TARGETS

The digital transformation is enshrined in the Porsche Strategy 2030 as a cross-cutting strategy. The foundations for successful digitalization are also defined here: futureproof IT architecture as well as cloud and platform solutions, IT security, artificial intelligence and data strategies as well as new, agile procedures and organization forms.

Corporate Digital Responsibility (CDR) is one of the goals in the strategy of Porsche AG and will therefore be expanded further. CDR at Porsche AG equals corporate responsibility in the digital transformation era. Corporate responsibility is a major component for making digitalization as aligned to the common good as possible. Based on ethical data concepts, CDR brings the digital transformation into service for employees, customers and society.

Porsche AG takes its responsibility towards customers and society extremely seriously. The topics of data protection and CDR are therefore closely interconnected with the strategy and core processes of Porsche AG. The aim is that all products are developed with data protection in mind and designed from the outset in a way that ensures customers can be sure that their data is safe.

By adopting its data protection strategy, Porsche AG set itself ambitious targets for privacy. Privacy — particularly the right to digital self-determination — is a core component of the customer's driver experience. Protection of personal data is therefore an utmost priority at Porsche AG.

DUE DILIGENCE PROCESS

Porsche AG has established fixed routines and structures to constantly measure the progress and target achievement of digitalization. The Executive Board Digitalization Committee adopts and manages the digital strategy with fields of action such as products and services, customer relationships, corporate processes, new business fields and data protection or security. This committee is reported to quarterly.

Porsche AG records its strategic projects in a central strategic database. This does not only serve to define targets, organize projects and keep up to date on progress: Status reports can also be created via the database, which are also part of the regular reports to the Executive Board. The numerous agile teams also regularly report to their line managers. Regular appointments and prioritization tools such as Kanban and Weighted Shortest Job First (WSJF) manage priorities in day-to-day working life.

An internal control system ensures adherence with recognized national and international data protection standards in internal processes. It aims to ensure that this approach is continuously enhanced by performing a regular review of the data protection management system. This is intended to enable the quick integration of new data protection requirements into processes and adherence to regulatory data protection requirements.

The data protection strategy combines data-driven innovations, ethical handling of data and compliance with statutory requirements. Following a market survey in 2021, Porsche AG positioned the topic of data protection globally and continually enhanced it in the reporting year.

MEASURES

Porsche AG is driving digitalization forward in all areas of the company — be it in its vehicles and related services, for charging electric models or communicating with the vehicle via the Porsche app or the numerous digital interactions with customers. A large number of activities and projects in internal company processes are also expediting the digital transformation.

Due to the rising number of digitalization projects, the decision was made in 2019 to make cooperation between the areas of the company more agile and scaled. In order to give the agile work methods in all the digital product teams an overarching framework, the Scaled Agile Framework (SAFe) was introduced.

Furthermore, Porsche AG set up a team to cover data and artificial intelligence in 2022. The Agile Release Train (ART) for vehicle data analytics is an agile, cross-department collaboration model that provides a central delivery organization for all volumes of the vehicle data analysis. The ART offers solutions for all stakeholders along the entire product life cycle: The model provides the backbone technology required for product quality, product monitoring, customer support and product development.

A project on Corporate Digital Responsibility was initiated across all specialist departments in 2022. The duration of the project as well as the findings derived from it go beyond the reporting year.

Personal data is safeguarded on the basis of a data protection management system which is organized globally and managed centrally within Porsche AG.

RESULTS

Porsche AG again made significant progress in 2022 with the measures listed. For example, Porsche AG made improvements to the IT architecture and thus simplified collaboration with external partners: Porsche Connect Partner Services provide programming interfaces or Application Programming Interfaces (APIs) for vehicles; third parties can thus receive — with the user's consent — access to data and functions. Porsche AG expanded these functions in the reporting year, for instance, around the management of the charging process.

In the area of data and artificial intelligence, Porsche AG developed and established additional application options in 2022.

Porsche AG further enhanced the digital product organization by introducing the Scaled Agile Framework (SAFe) in the reporting year. The plan is to continue and roll this out in 2023.

In the area of privacy and data protection, Porsche AG started the rollout of a global data privacy management system, which improves the processing of personal data. Central cornerstones of this are a global data protection organization, the company's own Porsche privacy management system as well as fast and capable governance.

In the reporting year, no complaints regarding data privacy incidents were lodged with Porsche AG, either externally or by any authorities.

Customer and vehicle safety

TARGETS

Vehicle safety is of the utmost importance to Porsche AG, with the safety of the vehicle's occupants being the top priority. In addition, making sure that other road users are also kept safe is another crucial aim. The objectives of passenger protection are constantly derived from the laws in the target market on vehicle safety as well as the occurrence of accidents. In addition, compliance with the Porsche safety standard (comprising meeting statutory requirements and Porsche-specific requirements) is part of the safety strategy that applies until 2030, which the Executive Board adopted in 2021.

DUE DILIGENCE PROCESS

Responsibility for the functional targets being met lies with the vehicle safety departments. However, the relevant project coordinator for vehicle safety handles overall product maturity tracking, which Porsche AG uses to review target achievement with regard to the vehicle safety requirements. Final approval of the function is given by the responsible head of the specialist area.

MEASURES

The Porsche AG Group's response to vehicle safety extends beyond merely meeting the legal requirements. This is why the internal safety standard covers more than just conformity with all global laws on vehicle safety and also includes additional specific vehicle safety requirements. A requirements list describes how the safety standard should be implemented and complied with according to the safety strategy, regardless of model and market. During the technical development process, the control for the design of the vehicle looks at achieving the targets relating to overall vehicle, structural, passenger, fuel and high-voltage safety. Development tools are component trials, full vehicle testing and full vehicle simulations.

All road-legal vehicles are tested for safety using stricter quality management systems and controls. These comprise development and production processes as well as the after sales area.

Porsche AG is constantly monitoring the changing global legislation as well as the activities of the consumer protection institutions. It also performs a continuous competition analysis on the current status of technology.

Porsche AG expanded its accident research further in the reporting year, making a decisive contribution to products' performance and field behavior. Collaboration started with the first Porsche customer centers in the greater Stuttgart area.

Expert committees analyze all information and findings from the accident research and the activities of the consumer protection institutions. Those responsible create forecasts for future requirements of the legislator and consumer protection. Porsche AG uses these to continuously adjust the safety standard. Every year, Porsche AG prepares a current publication of the generic Porsche requirements list on vehicle safety as well as the generic legal matrix. It uses this to generate project-specific versions.

Porsche AG discusses and agrees upon the requirements and approaches to vehicle safety in several functional corporate working groups in the Volkswagen Group. The Safety working group comprising safety officers for all of the brands meets three times a year.

Porsche AG has an overview of the challenges posed by the structural change in the automotive industry, constant growth and tougher technical regulatory framework conditions thanks to its technical conformity specialist department. The unit informs and advises other specialist departments in a targeted manner and focuses on strengthening awareness about conformity, creating transparency across existing and new requirements worldwide as well as promoting long-term structures for process safety, stability and quality.

Vehicle safety is a decisive criterion for Porsche AG from the outset in the development of vehicles. Everyone who is responsible for the safety of individual vehicle components and systems collaborates in a central function. With regard to "front protection" for example, the relevant experts come together to focus on the structure and aggregate design in terms of energy management and deceleration characteristic, the development of restraint systems and primary safety components including components such as airbags and seatbelts. All of the necessary development tools such as simulations, component trials, system and full vehicle testing are also brought together. The functional properties are further tuned in multiple iterations on the basis of simulations and tests. This process is continuously improved all the way through to production maturity.

RESULTS

Porsche AG successfully implemented and approved the Porsche safety standard for its Cayenne series in 2022, as was also the case for all previous series. It also secured its route to market. For example, these vehicles received approval from the authorities as part of the standard operating procedure. Porsche AG proved that it meets the legal requirements worldwide.

Long-term customer relations and satisfaction

TARGETS

Extension of digital customer care

Porsche AG aims to be able to reach its customers around the clock, whatever their location, and vice versa. For this purpose, Porsche AG is stepping up its activities in the area of online sales and enhancing digital offerings with a clear customer focus. Porsche AG wants to hold the top position in selected customer studies.

A central goal of the Porsche Strategy 2030 is to excite customers. Porsche AG does not just want to meet customers' expectations but to exceed them. The customer excitement index is used to measure how enthusiastic customers are along their journey with the Porsche AG Group. In the future, this should be used as a routine procedure at the relevant points on the customer journey, including digital contact points.

DUE DILIGENCE PROCESS

The Executive Board established the product quality and customer satisfaction forum many years ago. This is made up of the entire Executive Board and selected heads of specialist departments. It presents information on these two topics and makes customer-oriented decisions. All levels from retail to the Executive Board are consistently working on measures for customer satisfaction in a multistep process. In this way, Porsche AG can learn about market-specific topics that are highly relevant for customer satisfaction directly from retail and the dealer organizations.

Porsche AG wants to use the customer excitement index as a control instrument in the product quality and customer satisfaction forum from the next reporting year. This is based on customers' expectations and differentiates between "unsatisfied" customers, whose expectations were not met, "satisfied" customers, whose expectations were met, and "excited" customers, whose expectations were exceeded. Only those in the "excited" category are included in the indicator. In the reporting year, Porsche AG started a pilot project on this in selected focus markets. The new indicator is already being measured and monitored.

In light of the dynamic development of products and services, an international, fast customer review system for ideas and concepts is indispensable. In the Porsche Advisors Club, customers in the four markets of Germany, China, the US and the UK answer questions on an ongoing basis. In addition to traditional tools such as online surveys, Porsche AG also uses a range of digital communication options such as discussion forums, short surveys or online communication between Porsche employees and customers.

MEASURES

In the reporting year, Porsche AG added a number of new functions to its customer relationship management system (CRM), primarily aimed at strengthening the omnichannel approach. This primarily includes the further expansion of customer acquisition and retention processes in the area of online sales. Customers around the world can now find their dream vehicle in the Porsche vehicle finder for new and used cars. In many markets, they can also order direct from the dealer online. They give direct feedback on their vehicle experience on the digital marketplace. This gives Porsche AG an increasingly more comprehensive picture of its customers' preferences, which it then systematically uses to enhance its digital offering.

There is a particular focus on enabling as seamless an interplay as possible between the digital customer touchpoints and the interactions in stationary retail. For instance, Porsche AG has modernized and integrated various online forms for customer contact in such a way that the dealer organization receives the data in the CRM system virtually in real time and can automatically update the customer data. This not only eases the burden of manual entry work, but also maps market-specific follow-up processes. For example, Porsche AG uses real time customer satisfaction surveys.

In addition to the vehicle finder function, Porsche AG also expanded the option to buy self-configured vehicles online in the reporting year. For this, the Porsche Car Configurator was redesigned from scratch and numerous additional functions and views were added. Customers can now preorder their dream vehicle from the dealer of their choice direct from the configurator. The purchase is then concluded in the Porsche center. Porsche AG is only offering the new functions in Germany for now; additional markets will follow.

The omnichannel approach also strengthens the further expansion of the customer excitement index. In the reporting year, Porsche AG added additional touchpoints to the My Porsche customer platform: for example, about experiences with charging electric vehicles or with the digital co-pilot Porsche Connect for additional smart services or feedback on product quality. Porsche AG now measures customer excitement along the entire customer journey.

Porsche AG redefined and further optimized the customer care process in the reporting year, so as to be able to react to urgent customer requests even quicker. In addition to the global dealer organizations, the customer interaction center (CIC) is now a centralized digital customer contact point, especially in the area of e-commerce.

RESULTS

The My Porsche portal is a key digital contact point to the customer. Since the reporting year, customers have been able to add additional Porsche vehicles directly to their customer profile using a proof of ownership process. While this check and registration of vehicle ownership used to be in paper form via a customer interaction center, it is now digitalized.

Porsche AG further increased the range of the My Porsche customer portal in the reporting year. The new My Porsche app is now available in several countries.

Using the customer excitement index that was introduced in the reporting year, Porsche AG can measure customer excitement from 2023 onwards — a basic requirement for continuous improvement.

OPPORTUNITIES AND RISK REPORT

BASIC INTRODUCTION

Promptly identifying the risks and opportunities arising from operating activities and taking a forward-looking approach to managing them is crucial to the long-term success of the Porsche AG Group. A responsible approach in dealing with corporate risks to achieve our objectives is just as important as duly identifying opportunities as a way of ensuring competitiveness. For this purpose, the Porsche AG Group has management and control systems in place that are embedded in a comprehensive risk and opportunities management system.

The Porsche AG Group has implemented a comprehensive risk management system (RMS). The aim of the RMS is to identify potential risks at an early stage and manage them using suitable measures. In this way, the threat of loss to the company should be averted and any risks that might jeopardize its continued existence recognized in good time.

On the other hand, as part of our opportunity management, the Porsche AG Group identifies and implements opportunities by systematically monitoring, assessing and operationalizing them and ultimately converting them into measurable revenue, cost and liquidity potential.

Risks and opportunities that have already been identified are discussed in the report on expected developments, to the extent that their occurrence is considered to be probable. The following explanations about risks and opportunities presented below include potential future developments or events that may lead to a positive (opportunity) or negative (risk) deviation from the forecast for the Porsche AG Group.

Below, the report first describes how the risk/opportunity management system functions, then it takes a closer look at the risk strategy and finally explains the specific situation of risks and opportunities as of December 31, 2022.

The Porsche AG Group's risk management system aims to identify and appropriately manage risks in respect of both achieving strategic and operational targets as well as complying with legal and internal requirements.

Regular reporting on risk management supports Porsche AG's Executive Board in identifying developments jeopardizing the company's ability to continue as a going concern in a timely manner.

The risk management system and the implementation of and adherence to the defined minimum standards in the operational areas is monitored on an ongoing basis by the Porsche AG Group's Internal Audit department.

Structures and procedures of risk management

The Porsche AG Group's risk management is organized along decentralized lines. Alongside the central risk management function as a method and reporting center, each main department of Porsche AG and each subsidiary is represented by designated risk managers, who manage the implementation of and adherence to baseline standards. The decentralized organizational structure is designed to emphasize the importance of risk management in the local operating units and ensure risks are managed effectively.

The consolidated group of the risk management system corresponds to the consolidated group of the consolidated financial statements. If it makes sense from a risk perspective, the risk consolidated group can be expanded to include further subsidiaries.

In line with the decentralized organizational structure, risks are identified, assessed and managed at the subsidiary and specialist department level as the risk owners. The reported net risks (risks after risk mitigation measures) are generally tested for their plausibility by central risk management and key functions and reviewed in respect of their completeness in the Risk Council. The risk situation for the respective quarter and the overall risk are reported to the Executive Board. Risks from the sustainability environment (ESG) are also integrated into these processes. A core element of risk management is that risks can be reported and updated without delay via the group-wide reporting channels that have been set up. An ad hoc reporting process outside of the standard processes is in place for large-scale risks. In this regard, the risk managers are supported by central risk management. Alongside defining group-wide minimum standards on risk management in the form of policies, central risk management is responsible for consolidated and aggregated risk reporting to the Executive Board and Supervisory Board.

All acute risks are generally relevant for reporting to the Executive Board which, should they occur, could cause cumulative financial loss in excess of €5 million (level 1), have a negative impact on the Porsche AG Group's reputation in the short-term (level 1) or have consequences under criminal law for at least one employee of the local company of the Porsche AG Group (level 1). The risk evaluation is based on the current fiscal year and the three subsequent fiscal years.

Risks are allocated to risk classes based on the risk evaluation and without taking into account their likelihood of occurrence. Significant acute risks, i.e., risks with cumulative potential financial loss greater than €100 million over the reporting period are quantified in the next step by central risk management. Risk quantification takes place using appropriate probability distributions and IT-supported simulations (Monte Carlo simulation). Depending on their relevance, the risks are reported to Porsche AG's Executive Board and Supervisory Board in an aggregated form or at the level of the individual risk. The risk classes are broken down into financial loss (net measurement), reputational damage and consequences under criminal law.
→Risk classes of the Porsche AG group

The Porsche AG Group has ensured the level of qualification and extensive training of employees involved in the risk management process. In addition, voluntary refresher training is also offered alongside compulsory training. Central risk management reviews the progress of training and the level of coverage on an ongoing basis and reports this on an annual basis to the Risk Council and the Executive Board of Porsche AG.

The Porsche AG Group's internal control system (ICS), which is a key element of the RMS, serves to duly manage operational risks. It also includes risks relating to sustainability.

The ICS is based on various process steps. The first step is for the departments and subsidiaries linked to the risk management system to identify and record operational risks and controls. This is followed by the financial evaluation and assessing the relevance to risk relating to the compliance, anti-fraud, reporting and operational criteria. Risks and controls that have been identified are authorized applying a principle involving at least dual control.

In addition, annual risk-based tests of operating effectiveness are carried out on the controls set up to manage the operational risks. The results of the tests of operating effectiveness are reported to the Executive Board and Supervisory Board of Porsche AG.

The relevant portion of the risk management system in respect of accounting includes measures and controls designed to ensure that information required for the preparation of the financial statements is transmitted in a complete, correct and timely manner. These measures and controls are designed to minimize the risk of the occurrence of errors with a material impact on the presentation of the net assets, financial position and results of operations in the accounting and external reporting.

Risk classes of the Porsche AG Group

Risk classes	Financial loss	Reputational damage	Consequences under criminal law
Level 1	Risk class D ≥ €5 million – €10 million	Market/region – temporary	weak: investigations against employees at the local company
Level 2	Risk class C > €10 million – €100 million	Market/region – sustained	moderate: Investigations against managers – local company
Level 3	Risk class B > €100 million – €1 billion	Porsche AG Group international	strong: Preliminary proceedings against managers – brand/ultimate parent company
Level 4	Risk class A > €1 billion	Overspill to the Volkswagen Group	substantial: Preliminary proceedings against managers – VW Group

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

To ensure the effectiveness of the RMS and the ICS, optimization needs are identified and implemented as part of the continuous monitoring and improvement processes. Internal and experience requirements are taken into consideration equally. This also applies to Porsche AG's compliance management system (CMS), which aims to ensure compliance with the relevant legal provisions and regulations considered there and is continuously monitored and enhanced in a risk-oriented manner, taking into account internal and external requirements.

The findings of the continuous monitoring and improvement process of the RMS/ICS are reported to the Executive Board and the Supervisory Board of Porsche AG. There is also quarterly reporting on the risk situation and reporting once a year on the results of the test of operating effectiveness of the ICS to the Executive Board and the Supervisory Board of Porsche AG. There is regular and ad hoc reporting on Porsche AG's CMS to the Executive Board and Supervisory Board.

Based on this reporting content, the Executive Board and Supervisory Board of Porsche AG are not aware of any indications of the Porsche AG's RMS/ICS or CMS not having been appropriate or effective as a whole in the fiscal year 2022.

Having said that, there are inherent limitations of the effectiveness of every risk management and control system or CMS. For example, even a system that is deemed appropriate and effective cannot ensure that all risks that actually arise or legal violations are identified beforehand nor can the possibility of process disruptions be completely ruled out.

Internal control and risk management system in the context of the group accounting process

The internal control and risk management system relating to accounting includes methods and principles as well as measures and controls derived therefrom, which should ensure that the information required for the preparation of the annual financial statements and consolidated financial statements of Porsche AG and the combined management report of the Porsche AG Group is complete, correct and transmitted in a timely manner. These measures and controls should minimize the risk of a material misstatement in the accounting and external reporting.

The Porsche AG Group's accounting is generally organized along decentralized lines. Accounting duties are largely performed independently by the consolidated subsidiaries. The Volkswagen Group's IFRS Accounting Manual is used to ensure the application of uniform accounting policies. In addition, the Porsche AG Group specifies these provisions in guidelines for the quarterly and annual financial statements, supplemented by further reporting rules.

Control activities at a group level include analyzing and, if necessary, adjusting the data reported in the financial statements presented by the subsidiaries, taking into account the reports submitted by the auditors and the outcome of the meetings on the financial statements with representatives of the individual companies. These discussions address the financial statements of the subsidiaries with regard to specific significant issues. Alongside plausibility checks, other control mechanisms applied during the preparation of the annual and consolidated financial statements of Porsche AG include the clear delineation of areas of responsibility and the application of the principle of dual control.

Data consistency and the plausibility of the contents between the statement of financial position, income statement and notes to the financial statements are essentially verified using a multi-layer validation system "Porsche Corporate Management and Reporting System" (PURe) and based on the group-wide standard system "Volkswagen Consolidation and Corporate Management System" (VoKUs). PURe and VoKUs enables the consolidation and analysis of backward-looking data and Controlling's forward-looking data. VoKUs offers centralized master data management, an overarching authorization concept and uniform reporting. It also provides the required flexibility with regard to changes to the legal environment.

Group-wide guidelines on the design of the internal control system for accounting processes are defined and continuously enhanced in the internal control system relating to the accounting process of the Porsche AG Group. A regular risk analysis and evaluation is carried out in order to identify risks for the accounting process. The necessary controls are then defined and documented and performed in line with group-wide guidelines. The control system contains preventive and detective controls and is integrated into accounting processes at the respective group functions and companies.

The effectiveness of the internal control system in the context of the accounting process is systematically assessed using standardized procedures. Regular tests based on samples are performed. These form the basis of the assessment of whether the controls are appropriately designed and effective. Another component of the standardized procedures is the sustained elimination of identified control weaknesses. At the end of the annual cycle, the companies concerned confirm that the group-wide guidelines have been implemented and the corresponding tests of operating effectiveness have been carried out

The results from the accounting-related ICS are a component of the reporting on the RMS/ICS to the Executive Board and Supervisory Board of Porsche AG.

Opportunity management

Alongside the effective management of risks when making business decisions, opportunities also have to be identified in the best possible manner and persistently realized.

Opportunities management is closely based on strategic targets and is an integral component of the operational structures and procedures in conjunction with the general planning and management processes in the Porsche AG Group. This includes, among other things, revenue and cost optimizations as well as improvement to the products as well as mobility and financial services. For this purpose, the Porsche AG Group is constantly analyzing the environment of its business model in order to identify trends, e.g., from the market, technology, society and environment as well as changes in key factors at an early stage. With the help of scenario analyses – including strategic business planning, the affected business divisions and Controlling – the developments relevant for the business model are considered and assessed so as to derive any potential effects for the Porsche AG Group. The business divisions use this to derive medium- and short-term opportunity potential and operationalize this potential accordingly. In addition to a systematic implementation of its strategy, the Porsche AG Group's long-term competitiveness and future viability is to be ensured through further efficiency and opportunity initiatives, among others. The identification of specific targets from the aforementioned initiatives offer additional potential to generate opportunities.

The stable earnings indicators and cost structures combined with a high level of financial strength provide the Porsche AG Group with the financial headroom for future investments in products, technology and services, even in a challenging environment. The Porsche AG Group is managed by targets and opportunities with a clear focus on a sustainable increase in the value of the company.

Risk strategy

The term risk is defined as the possibility of a negative deviation from a budgeted figure or target. Risks are generally evaluated on a net basis (measurement after risk mitigation measures). The risk management system comprises all relevant risk categories. The following risk categories were set out in the risk management system of the Porsche AG Group.

Strategic risks primarily result from the threat to core potential for success. This includes trends, new competitors or long-term technological changes. These are usually analyzed over the long-term.

Sales risks reflect the fact that planned sales volumes are uncertain in the future and – depending on the planning horizon – could fluctuate somewhat.

Supply risks stem from the possibility that there will be no supply or a supply shortage of parts required from suppliers or quality and/or price risks associated with these.

Financial risks primarily result from uncertainty regarding exchange rates, interest rate developments and other movements on financial markets.

Personnel risks stem in particular from the availability and motivation of staff.

Operational risks result from the unsuitability or failure of internal processes or systems.

The risk categories are set down in the risk strategy. The risk strategy describes how risks arising from the business strategy are dealt with. This also includes dividing the business model up into suitable categories.

In addition, the risk strategy also includes four overarching pillars of managing risks.

- Risk acceptance: knowingly entering into and accepting risks.
- Risk avoidance: knowingly not entering into a transaction in order to avoid the risks it entails.
- Risk reduction: reducing the probability or extent of the damage in order to manage a risk at an acceptable level.
- Risk transfer: transferring a risk to the balance sheet of another economic operators, for example an insurance company.

Risks in the aforementioned categories can lead, both individually, but primarily when acting together in an unfavorable manner, to a situation that could jeopardize the company's ability to continue as a going concern. In order for the interplay of individual risks to be adequately taken into account, central risk management aggregates the material acute individual risks into an overarching overall risk. Risk aggregation is carried out using IT-supported simulations (Monte Carlo simulation).

The risk management system's risk-bearing capacity concept is currently based on the over-indebtedness. The overall risk is evaluated in relation to its impact on operating profit. Subsequently, book equity as available risk capital is compared against the overall risk. The illiquidity perspective is currently being integrated into the risk-bearing capacity concept and successively also taken into account in the risk strategy.

In order to ensure that developments jeopardizing the group's ability to continue as a going concern are recognized at an early stage, the risk-bearing capacity concept contains appropriate limits and the likelihood of these being exceeded is incorporated into reporting. The maximum tolerable amount of the overall risk can be derived using these limits (risk appetite).

In order to avoid repetitions of significant risks that have occurred as far as possible, a root cause analysis (RCA) is carried out. Valuable insights on avoiding errors in the future and lessons learned across specialist departments and entities are derived based on these findings.

For the documentation of the group-wide risk management system and exercising the monitoring function, there is an IT system that reflects all of the risk management processes. It supports the specialist departments and subsidiaries when executing risk management processes and compliance with defined minimum standards.

Overall risk situation

The overall risk is aggregated from the material acute individual risks and compared with equity in the calculation of risk-bearing capacity. The overall risk is reported on a quarterly basis using the value-at-risk at a confidence level of 99% for the current fiscal year and the three subsequent fiscal years. The overall risk contains all of the material acute risks with a cumulative potential financial loss greater than €100 million over the period under review in addition to the sales risk and the overarching operational risks.

The risk-bearing capacity calculation showed that the occurrence of a development jeopardizing the continued existence of the group was sufficiently improbable in fiscal year 2022.

RISK AND OPPORTUNITY SITUATION AS OF DECEMBER 31, 2022

The radar diagram below provides an overview of the significant risk areas as of December 31, 2022. The size of the circles reflects the number of risk reports submitted for each risk area. The position of the circle reflects the risk class of the risks contained therein.

In principle, the risk areas that have already been presented and which will be examined in more detail below also hold opportunities. In addition, the expansion of market shares due to the broad and attractive product portfolio and the growth of existing and the expansion of new business fields could have an advantageous impact. Moreover, the strength of the brand in conjunction with the innovative strength can also support the realization of unit prices and the associated tapping of earnings potential.

Supply risks and opportunities

In fiscal year 2022, there were significant supply risks caused by the shortage of semiconductors, increased prices and a shortage of commodities, quality problems with bought-in parts and disruptions in the supply chain as well as large loss events at suppliers. Production downtime was largely averted by adjusting the production schedule and installing alternative components. Nevertheless, the supply situation will remain tense in 2023.

However, opportunities could arise should, contrary to current expectations, the supply situation and its repercussions develop positively or things return to normality earlier than anticipated.

Risks and opportunities from the Russia-Ukraine conflict

On account of the military escalation of the Russia-Ukraine conflict, there were supply problems in the fiscal year 2022, in particular for wire harnesses for almost all series. In order to maintain supply and therefore continue to manufacture vehicles, duplex manufacturing facilities were set up at short notice for these components at alternative locations by the suppliers.

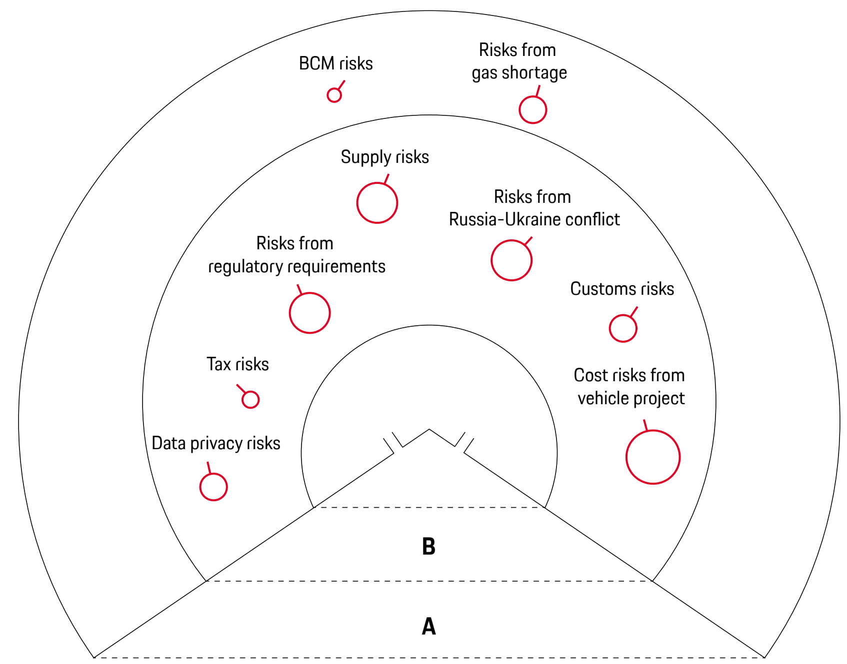
On account of the economic impact resulting from the conflict, e.g., rising inflation and interest rates, there is also the risk of a global decline in unit sales and taxes being levied on luxury goods. In addition, there is also the possibility that Porsche dealerships and/or customers in Russia, based on various decisions, could assert claims for damages due to contractual, quality and warranty issues. The situation and development of the markets are being continuously monitored.

In the current political climate, various countries and groups of states are increasingly imposing sanctions that limit the import and export of goods and technology. Checking and complying with these sanction regulations requires a high level of diligence.

Should, contrary to the previous forecasts, the current situation in the Russia-Ukraine conflict relax, this could reduce the negative effects on the global economy with a corresponding impact on inflation rates, interest, the sales situation and the situation on the Russian market, even resulting in opportunities relating to sales revenue/costs for the Porsche AG Group.

Risk radar of the Porsche AG Group as of December 31, 2022

Risk class **A** (level 4) highest risk class, risk class **B** (level 3)



Risks and opportunities from the gas shortage

The production and development sites of the Porsche AG Group and its suppliers are directly impacted by the effects of the Russia-Ukraine conflict on the gas supply. Price increases and energy saving measures prescribed by law are endangering the supplier network and therefore the supply of parts. A shortage or an interruption to the gas supply could have an impact on the security of supply on electricity markets in Germany and Europe in general. In addition to the correlation with the gas shortage, the German power grid is burdened by a number of other factors, e.g., the shutdown of nuclear power plants and water shortages in other European countries. Consequently, power shortages may have an adverse impact on the operations of the Porsche AG Group and its suppliers, in the winter months in particular. A task force was set up to introduce countermeasures at an early stage.

A more positive political, macroeconomic and weather-related development than that currently expected could ease the gas and electricity supply situation and any supply- and cost-related effects.

BCM risks

There are risks of downtime on account of force majeure or other unforeseen events (e.g., pandemic, fire, floods, cyber attack). Critical resources, e.g., IT applications, employees or buildings, are safeguarded via the business continuity management system (BCMS). The existing protection of the IT infrastructure against the risk of system downtimes and disruptions to processes is currently being adapted to include possible threat scenarios. Any additional IT applications identified within the BCMS framework as critical, which support essential and time-critical business processes, are integrated into the IT protection. The first risk-reduction measures were drawn up and implemented in the course of fiscal year 2022. The implementation of all measures that entails a significant amount of IT effort and cost is part of a program that is expected to run until 2026.

Risks from regulatory requirements

Porsche AG has discovered potential regulatory issues relating to vehicles for various markets worldwide. For one thing, potential issues relating to sport functionalities have been identified. The questions also relate to the permissibility of specific hardware and software components used in type approval measurements. In individual cases, there may also be deviations from the series status. The internal investigations into this matter at Porsche AG have largely been completed. Based on the results of the internal investigation, this is an historical matter. Accordingly, current production is not affected. These issues are not related to the diesel issue. Porsche AG is cooperating with the responsible authorities, including the public prosecutor's office in Stuttgart, which instigated a criminal investigation against twelve (former) employees at Porsche AG. Proceedings against all those accused were closed pursuant to section 153 of the German Code of Criminal Procedure (StPO) in April 2022. Administrative fine proceedings were not instigated against the company.

In June 2022, the US Department of Justice declared that it would not instigate an investigation for the focus topics ("declination").

To date, six different class actions relating to these issues have been filed in the USA. According to the statement of claims, software and/or hardware allegedly used in the affected vehicles resulted in actual exhaust emissions and/or fuel consumption being higher than legally permitted. In January 2021, a consolidated complaint was filed combining the six filed class actions into one lawsuit. The six lawsuits were originally directed against Porsche AG and its US importer subsidiary, Volkswagen AG as well as Audi AG, although not every company is being sued in all of the cases at hand. In December 2021, a draft settlement of US$85 million (including a potential additional payment liability of US$5 million) was negotiated with the representatives of the plaintiffs. The agreement has since been finally approved following the final hearing by the US judge responsible on November 9, 2022. Payment was made in the fiscal year 2022 and the provision utilized in the same amount. An appeal was filed against the agreement in December 2022. However, based on the current assessment, it is unlikely that this will have a significant impact on the financial significance of the settlement overall.

A class action in this regard is also pending in Canada. However, at around 10%, the number of vehicles potentially affected is significantly lower than in the USA. Talks are currently being held with representatives of the plaintiffs. A settlement – most likely in the single-digit million range – is expected for the first quarter of 2023.

Porsche AG concluded a settlement totaling US$6 million with the CARB (California Air Resources Board) in December 2022 on issues including sport functionalities.

The NHTSA (National Highway Traffic Safety Administration) and the EPA are expected to adjust the CO_2 Credits (Corporate Average Fuel Economy ("CAFE"/Greenhouse Gas ("GHG")) for some of Porsche AG's vehicles. The expected payments will come to US$7 million.

For the focus topics discussed, provisions were recognized covering the above mentioned risks still expected as of December 31, 2022.

In addition, there are also risks due to new legal requirements in respect on the typing and homologation of vehicles. Non-compliance can lead to a loss of volume, in China in particular.

Local legislation is monitored on an ongoing basis in order to be able to react at an early stage.

Cost risks and opportunities from vehicle projects

As in the past, cost demands from suppliers for various reasons lead to cost risks in vehicle projects in respect of investments and direct material costs. The reasons for this include, for example, increased raw materials prices and other cost increases in connection with manufacturing. Closely monitoring these within the projects and taking countermeasures at an early stage, e.g., by negotiating on the part of procurement, reduces the cost risks.

Significant opportunities may arise from potential additional synergies with new vehicle architectures within the Porsche AG Group but also in association with the Volkswagen Group as well as from technological innovations. These synergy and innovation effects pertain to Development, Procurement and Production in particular.

Tax risks and opportunities

New requirements under tax law inside and outside Germany require the constant adjustment of the relevant declaration processes. Risks of double taxation from the cross-border supply of intragroup goods and services are regularly reduced or eliminated using advanced pricing agreements or other bilateral procedures. Tax risks from tax field audits and their impact on the consolidated financial statements are closely monitored on an ongoing basis. Provisions or liabilities were recognized for potential future payments of tax arrears and for ancillary tax payments arising in this connection. These risks are monitored and managed over the long term by systematically enhancing the Tax CMS that has been implemented.

Should the assessment of tax matters, for example due to a change in a court decision be favorable to the taxpayer and therefore advantageous for the Porsche AG Group, this may also result in opportunities for the earnings of the Porsche AG Group in terms of the provisions already recognized.

Customs risks and opportunities

Based on the free trade agreements that the EU has concluded with various countries, Porsche vehicles can be imported to these countries at reduced rates of customs duties or duty-free, subject to compliance with the local content requirements. New and more stringent local content requirements necessitate an ongoing adjustment of the calculation processes. If local content requirements are not met, the standard rate of customs duty must be applied when importing vehicles.

Changes in trade policy frameworks may also give rise to positive earnings effects for the Porsche AG Group. Potential for lower cost of goods sold or also the possibility to offer products and services at lower prices is offered by a possible removal of tariff barriers, import restrictions or a reduction of direct excise duties.

Data privacy risks

Regulatory requirements for data privacy continued to be tightened in 2022 as a result of international regulations. There are particular challenges especially in the two largest markets, China and North America, because of new, sometimes heterogeneous, data protection laws and the resulting uncertainty surrounding the effect on the business activities of the Porsche AG Group. The Porsche AG Group meets these challenges over the long term by continuously stepping up cooperation with local companies and systematically enhancing the data protection management system.

Non-financial risks

Pursuant to section 289c HGB, a review is carried out in the reporting process of opportunities and risks that have an impact on non-financial aspects set out in the law. Significant opportunities and risks within the meaning of this law include those associated with the Porsche AG Group's business activities, business relationships, products and services and which are very likely to have serious consequences for the non-financial aspects pursuant to the German Act to Implement the CSR Directive (CSR-RUG). In the reporting year, no significant non-financial risks were identified in the course of the review based on the risk inventory reported in fiscal year 2022.

FINANCIAL RISK MANAGEMENT AND METHODS AS WELL AS OPPORTUNITIES

Due to the international activities in the automotive and financial services segments, financial risks arise that affect the net assets, financial position and results of operations of the Porsche AG Group. These risks are broken down into market risks, credit and default risks and liquidity risks. There were no reports of risk classes A and B for these risk categories of the Porsche AG Group in the reporting year. The risks are regularly monitored, reported and centrally managed using financial instruments. The primary aim of using financial instruments is to limit the financial risk exposures in order to ensure the Porsche AG Group's continuing existence and its earnings power.

The principles and responsibilities for managing and controlling the risks that could arise from these financial instruments are defined by the Executive Board and monitored by the Supervisory Board. Internal guidelines exist within the Porsche AG Group that clearly define the risk management and control processes. These guidelines regulate, among other things, the use of financial instruments or derivatives and the requisite control procedures, such as a clear segregation of functions between trading and settlement. In addition, it is also stipulated that financial transactions should always be based around the needs of the underlying transaction. Consequently, transactions are not concluded for speculative purposes. The treasury department identifies, analyzes and monitors risks group-wide. The underlying guidelines and the supporting systems are checked regularly and brought into line with current market and product developments.

Derivative financial instruments are mainly used to control currency and interest rate risks. The counterparties for the exchange/interest rate hedges are Volkswagen AG and major national and international financial institutions. Cooperation is subject to uniform regulations and continuous monitoring.

Alongside counterparty credit risks, in particular accounting risks relating to the financial instruments entered into for hedging purposes also have to be analyzed. The risk of effects on the presentation of results of operations in the income statement is limited by means of hedge accounting.

More information is provided in the notes to the consolidated financial statements on the hedging policy, hedging guidelines, default and liquidity risks as well as the quantification of the aforementioned hedging activities and the market risks within the meaning of IFRS 7.

Market price risks and opportunities

During the course of its general business activities, the Porsche AG Group is exposed to foreign currency, interest rate and residual value risks, as well as risks relating to shares, bonds and raw materials prices. It is company policy to exclude or limit these risks where possible by entering into hedging transactions. All necessary hedging transactions are executed or coordinated centrally by the treasury department.

Should, contrary to current planning assumptions, market prices develop positively, this may also result in corresponding opportunities for the Porsche AG Group.

CURRENCY RISKS

The currency risk in the automotive segment results in particular from transactions as part of operating activities that do not take place in the functional currency of the respective group company. Currency risks are hedged through the use of exchange rate hedging instruments for a period of up to five years. The main hedging instruments used are forward exchange transactions and currency options. The volume of exchange rate hedges is determined on the basis of the planned sales figures in the respective foreign currency, taking into account procurement volumes.

In 2022, hedges were entered into in the following currencies as part of currency risk management: Australian dollar (AUD), Brazilian real (BRL), British pound sterling (GBP), Canadian dollar (CAD), Chinese renminbi (CNY), Hong Kong dollar (HKD), Japanese yen (JPY), Mexican peso (MXN), Norwegian krone (NOK), Polish zloty (PLN), Russian ruble (RUB), Singapore dollar

(SGD), South Korean won (KRW), Swedish krona (SEK), Swiss franc (CHF), Taiwan dollar (TWD), and US dollar (USD).

Currency risk in the financial services division mainly results from assets denominated in a currency other than the functional currency, and from refinancing as part of operating activities. These risks are partly reduced by entering into cross-currency interest rate swaps.

INTEREST RATE RISKS

Interest rate risk in the automotive segment results from changes in market interest rates, primarily for medium- and long-term interest-bearing receivables and liabilities. Floating-rate items are included in cash flow hedges and some are hedged by means of interest rate swaps.

Interest rate risk in the financial services division mainly results from changes in market interest rates, primarily for medium- and long-term floating-rate liabilities and from non-maturity-matched refinancing. This risk is reduced by entering into interest rate hedges and cross-currency interest rate swaps.

RESIDUAL VALUE RISKS

The residual value risk inherent in the leasing business in the financial services division results from a negative deviation between the residual value calculated when the agreement is concluded and the market value of the leased vehicle when it is sold following expiry of the agreed lease period. In some markets, such as North America and to some extent in Germany, this residual value risk is borne by Porsche financial services companies. The market price of used vehicles constitutes the key risk variable in this context. Operational risk management is provided via ongoing monitoring of the development of used vehicle prices by means of data available outside the company, among others. Residual value forecasts are used to check the appropriateness of the loss allowance and the residual value risk potential. The effects from a change in used vehicle prices are quantified using a sensitivity analysis.

EQUITY AND BOND PRICE RISKS

The special funds launched using surplus liquidity are exposed in particular to equity and bond price risk that may arise from fluctuations in quoted market prices, stock exchange indices and market interest rates. The risks to which the special funds are exposed are generally countered by the Porsche AG Group by ensuring a broad diversification across a range of products, issuers and regional markets when making investment decisions, as stipulated in the investment policy. The risk management system in place is partially based on a minimum value threshold and, if the market situation is appropriate, exchange rate hedges are entered into.

COMMODITY RISKS

There are also risks relating to raw materials in the automotive segment in respect of the availability of raw materials and the development of prices, among other things. Possible risks from the development of prices of raw materials and energy are analyzed on an ongoing basis in order to be able to act swiftly to any changes on the market.

Credit and default risks

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims against the respective counterparty.

In the Porsche AG Group, the credit and default risk from financial services contracts is borne in certain markets by the local Porsche financial services companies. These risks are typically managed using a rating and scoring system and there are policies that set out the decision-making rules and competencies when assessing applications locally. The portfolio is measured on an ongoing basis and taken into account when recognizing loss allowances (IFRS 9).

In addition, default risks in the area of receivables are reduced using intensive receivables management and actively carrying out corresponding dunning processes. The maximum credit and default risk is also reduced by collateral held. Vehicles, collateral assignments, guarantees and cash are used as collateral.

Channeling excess liquidity into investments also exposes the group to counterparty risks. Partial or complete default by a counterparty, for example in respect of their obligation to repay interest and principal, would have a negative impact on the Porsche AG Group's net assets, financial position and results of operations. In order to manage these risks, the Porsche AG Group has set out guidelines to ensure that transactions are concluded only in approved financial instruments, only with approved counterparties and only on the admissible scale.

Liquidity risks

The Porsche AG Group depends on being able to sufficiently cover its financing needs. There is a possible liquidity risk in not being able to ensure the required capital by raising funds or financing this at appropriate conditions, which in turn could have a significant negative impact on the Porsche AG Group's net assets, financial position and results of operations. The solvency and liquidity of the Porsche AG Group are continuously secured by rolling liquidity planning, a cash liquidity reserve, guaranteed credit lines and by taking out loans. There is a master loan agreement with the Volkswagen Group. In certain countries (e.g., China), the Porsche AG Group can only use local cash funds for cross-border transactions pursuant to exchange controls. There are no other material restrictions.

The Porsche AG Group mainly generates liquidity through its business operations, external financing and the securitization of receivables. The funds are chiefly used to finance net working capital and capital expenditures and to cover the finance requirements of the leasing and sales financing business. Operational liquidity management uses cash pools in which material cash and cash equivalents are pooled on a daily basis. There is a cash pool in place with Volkswagen AG. This enables liquidity surpluses and shortfalls to be controlled in line with requirements. The maturities of financial assets and financial liabilities as well as forecasts of cash flows from operating activities are included in short and medium-term liquidity management.

SUMMARY

The overall risk and opportunity situation for the Porsche AG Group is the sum of the aforementioned categories of risks and opportunities and topics. Based on the information and assessments currently available, a development jeopardizing the group's ability to continue as a going concern is sufficiently improbable in fiscal year 2023.

REPORT ON EXPECTED DEVELOPMENTS

As a consequence of global political events, the global economy is expected to grow in 2023, but at a slower pace. The Porsche AG Group assumes that global demand for passenger cars will develop differently from one region to another, but overall growth will be noticeably higher than the prior-year level. However, at the same time the Porsche AG Group believes it is well positioned with its attractive product portfolio combined with its vision for a digital, electrified future to rise to the future challenges of the mobility business. Our business model bridges the gap between performance, luxury and sustainability.

Below we describe the expected development of the Porsche AG Group taking into account the conditions in which it does business. In line with the group's internal management system, the forecast period covers one year and contains all knowledge available at the time of preparing the financial statements that could have a significant impact on the business development of the Porsche AG Group. Risks and opportunities that could give rise to a deviation from the forecast development are set out separately in the risk and opportunities report. The forecast as well as the risk and opportunity report contain forward-looking statements based on the estimates and expectations of the Porsche AG Group – these can be influenced by unforeseeable events. As a result of this, the actual business development may deviate, both positively and negatively, from the expectations described below as a result of changes in the political and economic framework.

The assumptions used in preparing this forecast report are based, inter alia, on current estimates by external institutions; these include economic research institutes, banks, multinational organizations and consultancy firms.

THE GLOBAL ECONOMY AND GROWTH TRAJECTORY

The Porsche AG Group's planning is based on the assumption that growth in global economic output will lose some of its momentum in 2023. The persistently high rate of inflation in many regions and the resulting restrictive monetary policies of the central banks are expected to have an increasingly negative impact on private demand. There is still a risk of the emergence of new variants of the SARS-CoV-2 coronavirus as well as in regional outbreaks of the infection and the associated political countermeasures. Other risks are seen in turbulence in the financial markets, in protectionist tendencies and structural deficits in individual countries. In addition to the Russia-Ukraine conflict, growth prospects will be negatively impacted by ongoing geopolitical tensions and conflicts in other regions. The Porsche AG Group expects that both the advanced economies and emerging markets will record positive growth on average in 2023, albeit with below-average GDP growth rates.

Economic and political conditions globally have a huge impact on demand for Porsche vehicles and services, in particular in the region China including Hong Kong, Europe (including Germany) and North America.

Numerous factors can influence how economic conditions develop, including for instance macroeconomic policy, trade policy and conflicts, business and consumer sentiment, monetary policy, inflation and price trends for raw materials. Furthermore, public and private debt levels and government policies targeting public spending (such as fiscal austerity policies) as well as geopolitical developments (e.g., political tensions in East Asia) can likewise have an impact on economic conditions. Demand for vehicles for personal use generally depends on consumers' net purchasing power, their confidence in future economic developments and changes in economic trends – although it should be noted here that the net purchasing power of customers of luxury brands is significantly higher than in other segments. For 2023, this forecast therefore anticipates that economic conditions will remain stable overall

Germany
For Germany, the Porsche Group anticipates that in 2023 the GDP will be in line with the prior year and that on average over the year inflation will remain high. The situation on the German labor market will most likely worsen somewhat in 2023.

Europe
For 2023, the Porsche AG Group expects the economic development in Western Europe to remain relatively constant. For consumers and companies, the biggest challenge will be the relatively high inflation rate, although this will start to fall over the year.

While the economic output of Eastern Europe – and Russia in particular – is expected to continue to fall slightly following the collapse in the reporting year, the growth rate for Central Europe is expected to be stable with prices remaining high.

North America excl. Mexico
The Porsche AG Group expects GDP in the USA in 2023 to be in line with the prior year and there is likely to be a negative effect on labor market there. The US Federal Reserve is expected to put an end to the constant increases in key interest rates that it started in the reporting year. How inflation and the labor market develop combined with the general economic situation will play a key role in this policy decision. Economic growth in Canada is also expected to be stable.

China incl. Hong Kong
The company expects the economy in China to grow slightly in 2023 compared to the lower expansion rate seen in the reporting year.

DEVELOPMENT IN THE PASSENGER CAR MARKETS

Our forecast for 2023 is based on the assumptions that although development in the passenger car markets in the individual regions will be mixed, overall it will be positive. We expect the global sales volume of new vehicles to be up noticeably on the reporting year overall, without however reaching the pre-pandemic level. This assessment is made on the basis of the situation involving the Covid-19 pandemic or the Russia-Ukraine conflict not escalating further, overcoming market shortages of intermediates, in particular semiconductors, and raw materials as well as ensuring the supply of energy.

Germany
In the German passenger car market, the volume of new registrations in 2023 is expected to noticeably exceed the reporting year due to catch-up effects and high order backlogs.

Europe
For the markets in Western Europe, a significantly higher volume of new passenger car registrations is expected for 2023 compared to the reporting year. Easing supply bottlenecks and reduced inflationary pressure as economic performance continues to recover, alongside a high order backlog and pent-up demand, are expected to lead to a significant recovery compared to 2022 levels. 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. In the main markets of this region, a significant increase in new registrations is expected.

North America excl. Mexico
For the US American market and also for North America as a whole (excluding Mexico), the volume of new passenger car registrations in 2023 is expected to moderately exceed the reporting year figure. It is to be expected that in particular models from the SUV segments will again be in great demand.

China incl. Hong Kong
For the passenger market in China, the Porsche AG Group anticipates that the new registrations will be slightly above the level of the prior year. This trend could be adversely affected if the Covid-19 pandemic to flares up again as restrictions are largely lifted or if geopolitical tensions intensify. The trade conflict between China and the USA is expected to impact business and consumer confidence if a solution is not in sight.

For the 2023 forecast, it can be assumed that new registrations of the Porsche AG Group will increase moderately overall compared to the prior year.

COVID-19 PANDEMIC

Over the course of the Covid-19 pandemic, most countries around the world have taken measures to stem the spread or to contain the SARS-CoV-2 virus. These measures had a negative impact on global supply chains on the one hand and on sales figures on the other. Overall, the regional and global economy was severely hit by the extent and duration of the Covid-19 pandemic and the measures taken to contain it in the reporting year. The zero Covid strategy in China played a decisive role in this as the very strict quarantine and lockdown measures that were applied had far-reaching repercussions. Numerous Porsche dealers had to close temporarily as a result. Some suppliers also had to partially suspend production and could no longer export from China. The restrictions extended to the transportation of goods from and to important shipping hubs, for example the port of Shanghai with immense repercussions for global supply chains and logistics flows. If the Covid-19 pandemic were to flare up again in several countries including China, strict restrictions might again be imposed, again weighing heavily on private households, businesses and governments, and lead to a general deterioration of the economic situation. Coupled with restrained consumer sentiment and the general business climate this could lead to a drop in demand for vehicles and services, even in the generally less susceptible luxury segment.

For the 2023 forecast it is to be expected that, compared to the reporting year, there will be no further supply chain constraints and no further limitations of automotive sales as a result of the Covid-19 pandemic in the Porsche AG Group's key markets.

RUSSIA-UKRAINE CONFLICT

The continuing Russia-Ukraine conflict and the sanctions and export controls imposed as a result and the countermeasures taken have impacted the global economy, the capital markets and international trade during the reporting year, and continue to do so. Moreover, supply chains, the supply and prices of commodities including energy raw materials as well as the supply of parts and components have also been hit by the consequences of the conflict.

The sale of Porsche vehicles and spare parts to Russia and Belarus, which is affected by EU sanctions, was discontinued shortly after the outbreak of the conflict.

In December 2022, an agreement was made to sell the remaining business entities in Russia to an independent investor outside the group. The legal transfer is subject to approval of the transaction by the Russian authorities. It is currently expected that the legal transfer of ownership will take place and the final purchase price will be determined in the first quarter of 2023.

For the purpose of the 2023 forecast, it is assumed that the situation in the Russia-Ukraine conflict will not deteriorate further compared to the reporting year and that the global sales figures of the Porsche AG Group will not be adversely affected by this.

DISRUPTION TO GAS AND ENERGY SUPPLY

The security of supply with energy raw materials is generally subject to the risk of ongoing geopolitical tensions and conflicts – in this case the Russia-Ukraine conflict in particular. A possible gas shortage or disruption to the power supply in Europe could have a severe negative impact, in particular in connection with the supply of energy and other raw materials and parts for production.

For 2023, it is assumed that there will be no production stoppages or plant closures impacting our own company or our suppliers due to gas shortages, government restrictions or disruptions in natural gas/electricity supplies. In addition, the 2023 forecast is also based on the assumption that there will not be any further increases in energy prices compared to the reporting year.

AVAILABILITY OF ESSENTIAL PARTS

The availability of raw materials, parts and components, especially semiconductors, largely dictates the extent to which vehicles can be produced in the automotive sector. Semiconductors are of crucial importance primarily for the ever-increasing relevance of connectivity, the production of electrified vehicles as well as for safe and autonomous driving. A global shortage in the supply of semiconductors in particular is currently having an adverse effect on automotive manufacturers around the world. The Porsche AG Group is also impacted by this. In addition, in the reporting year there was a temporary halt in the supply of wire harnesses and further parts/components due to the Russia-Ukraine conflict with a corresponding impact on the production and sales situation of the Porsche AG Group.

The 2023 forecast assumes that the supply chain situation will improve overall compared to the reporting year and that shortages of intermediates, especially essential parts such as semiconductors and wire harnesses, will decrease meaning that all intermediates will be available as required for production purposes. This is subject to the proviso that the underlying conditions (including a flare-up of the Covid-19 pandemic) do not get worse or the Russia-Ukraine conflict does not escalate.

PRICES OF RAW MATERIALS AND OTHER COMMODITIES

As is the case with practically every automotive manufacturer, the Porsche AG Group is also dependent on the global supply of raw materials, which are influenced to a large extent by the development of the global economy. The supply of raw materials came to the forefront as there were supply constraints for intermediates and in some cases a significant increase in prices due to the Covid-19 pandemic and the Russia-Ukraine conflict. The principal raw materials that the Porsche AG Group uses include aluminum, steel, palladium, rhodium, nickel, copper, lithium, cobalt, magnesium, rare earth metals and noble gases (particularly neon), for which average prices rose compared to the prior period in the reporting year on account of the supply constraints. In this regard, the Volkswagen Group hedges part of the risk from price fluctuations.

The forecast for 2023 assumes that the development of prices for the most important raw materials and goods will remain volatile on the whole compared to the reporting year, however, on average this should not lead to a further price increase.

FOREIGN CURRENCY RATES

On account of the global nature of our business activities, the results of operations of the Porsche AG Group are exposed to the risks and opportunities of exchange rate fluctuations. Fluctuations in the exchange rate of the euro (EUR) compared to the Chinese renminbi (CNY), US dollar (USD) and the pound sterling (GBP) are of particular importance in this regard. In the event of changes in the exchange rates of these currencies, both transaction-based and translation-based exchange rate effects could impact the company's net assets, financial position and results of operations. In line with the nature of its business, the Porsche AG Group follows a rather conservative, yet nevertheless flexible hedging policy to reduce the net currency risk by using appropriate instruments.

The net exposure in the major currencies for 2023 has been largely hedged. The 2023 forecast is based on the assumption that exchange rates will remain within a range comparable to that of the reporting year.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

The business model of the Porsche AG Group is based on the production and sale of vehicles in the luxury segment as well as mobility services. To encounter the challenges in the mobility business in the future, the company's range of products and services is constantly being expanded. In this respect, future-oriented applications are being used to shape the transformation of Porsche AG more toward electromobility and digitalization. This involves developing the products of tomorrow and investing in a digital, electrified and sustainable future for the company. In the future, these expenses will result in amortization of capitalized development work and investments in property, plant and equipment and intangible assets, which are already reflected in the key business figures.

The forecast for 2023 therefore expects total amortization of intangible assets and depreciation of property, plant and equipment to increase strongly compared to the reporting year.

OVERALL STATEMENT ON ANTICIPATED DEVELOPMENT

The Porsche AG Group's planning for 2023 assumes that average global economic output will continue to grow, albeit at a somewhat lower level compared to the reporting year. This is provided that the Covid-19 pandemic does not flare up again, the Russia-Ukraine conflict does not escalate further or there are no other geopolitical hot spots with a global impact. Risks continue to be seen in protectionist tendencies, turbulence in financial markets, structural deficits in some countries, the real economic impact of high inflation rates around the world, rising interest rates as well as market shortages for intermediates and raw materials including energy.

For the passenger car markets in 2023, a varying development in the various regions of the world is expected, while at the same time there is expected to be noticeable growth overall and increasingly intense competition.

Automotive-related financial services are also expected to be of great importance for global automotive sales in 2023.

For 2023 as a whole, based on the aforementioned assumptions, the Porsche AG Group expects operating return on sales to range between 17% and 19%. This forecast is based on assumed sales revenue in a range of €40 billion to €42 billion.

In the automotive segment, the net cash flow is expected to range between 10% and 12% and the EBITDA margin is expected to range between 25% and 27%.

For our sales revenue forecast for 2023, the company expects fully electric vehicles (BEV share) to account for 12-14% of the total number of new vehicles delivered to customers.

Stuttgart, February 20, 2023

Dr. Ing. h.c. F. Porsche Aktiengesellschaft
The Executive Board

CONSOLIDATED FINANCIAL STATEMENTS

Mission R

CONSOLIDATED INCOME STATEMENT

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2022

€ million	Note	2022	2021
Sales revenue	**1**	**37,630**	**33,138**
Cost of sales	2	–27,084	–24,281
Gross profit		**10,546**	**8,857**
Distribution expenses	3	–2,353	–2,111
Administrative expenses	4	–1,655	–1,426
Other operating income	5	1,894	1,079
Other operating expenses	6	–1,662	–1,085
Operating profit		**6,770**	**5,314**
Share of profit or loss of equity-accounted investments	7	–7	–22
Interest income[1]	8	461	425
Interest expenses[1]	8	–114	–117
Other financial result	9	–40	129
Financial result		**299**	**415**
Profit before tax		**7,069**	**5,729**
Income tax income/expense	10	–2,112	–1,691
Current		–1,927	–1,528
Deferred		–185	–163
Profit after tax		**4,957**	**4,038**
thereof profit attributable to shareholders	25	4,950	4,032
thereof profit attributable to non-controlling interests	11	7	6
Profit transferred to Porsche Holding Stuttgart GmbH	25	–3,979	–1,858
Basic/diluted earnings per ordinary share in €	**12**	**5.43**	**4.42**
Basic/diluted earnings per preferred share in €	**12**	**5.44**	**4.43**

[1] The prior-year figures were adjusted.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2022

€ million	2022	2021
Profit after tax	**4,957**	**4,038**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	2,227	877
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–668	–261
Pension plan remeasurements recognized in other comprehensive income, net of tax	1,559	616
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	22	43
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	1	0
Items that will not be reclassified to profit or loss	**1,582**	**659**
Foreign exchange differences		
Unrealized currency translation gains/losses	231	397
Transferred to profit or loss	0	0
Exchange differences on translating foreign operations, before tax	231	397
Deferred taxes relating to exchange differences on translating foreign operations	–	–
Exchange differences on translating foreign operations, net of tax	231	397
Hedging		
Fair value changes recognized in other comprehensive income (OCI I)	–40	–1,523
Transferred to profit or loss (OCI I)	892	–75
Cash flow hedges (OCI I), before tax	852	–1,598
Deferred taxes relating to cash flow hedges (OCI I)	–253	480
Cash flow hedges (OCI I), net of tax	599	–1,118
Fair value changes recognized in other comprehensive income (OCI II)	–982	–391
Transferred to profit or loss (OCI II)	315	570
Cash flow hedges (OCI II), before tax	–667	179
Deferred taxes relating to cash flow hedges (OCI II)	202	–54
Cash flow hedges (OCI II), before tax	–464	125
Fair value valuation of debt instruments that may be reclassified to profit or loss		
Fair value changes recognized in other comprehensive income	–	–
Transferred to profit or loss	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	–	–
Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	–	–
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	0	1
Items that may be reclassified subsequently to profit or loss	**366**	**–595**
Other comprehensive income, before tax	2,666	–101
Deferred taxes relating to other comprehensive income	–719	165
Other comprehensive income, net of tax	**1,947**	**64**
Total comprehensive income	**6,904**	**4,102**
thereof profit attributable to shareholders	6,898	4,095
thereof profit attributable to non-controlling interests	6	7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT AS OF DECEMBER 31, 2022

€ million	Note	Dec. 31, 2022	Dec. 31, 2021
Assets			
Non-current assets		**27,488**	**32,830**
Intangible assets	13	7,473	6,190
Property, plant and equipment	14, 35	8,924	8,763
Leased assets	15, 35	3,854	3,954
Equity-accounted investments	16	623	573
Other equity investments	16	636	313
Financial services receivables	19	4,382	3,461
Other financial assets	20	753	8,596
Other receivables	21	100	113
Deferred tax assets	22	742	867
Current assets		**20,186**	**18,552**
Inventories	17	5,504	4,517
Trade receivables	18	1,290	1,199
Financial services receivables	19	1,538	1,081
Other financial assets	20	5,493	5,353
Other receivables	21	728	579
Tax receivables	22	87	155
Securities and time deposits[1]	23	1,795	982
Cash and cash equivalents[1]	24	3,719	4,686
Assets held for sale		31	–
Total assets		**47,673**	**51,382**

[1] As of December 31, 2022, time deposits with an original contractual term of more than three months were allocated to "Securities and time deposits"; as of December 31, 2021, these were contained in "Cash and cash equivalents" (€359 million), which had been recorded under "Cash, cash equivalents and time deposits" in the prior year.

€ million	Note	Dec. 31, 2022	Dec. 31, 2021
Equity and liabilities			
Equity	**25**	**17,027**	**22,935**
Subscribed capital		911	45
Capital reserves		3,822	14,225
Retained earnings		12,387	9,146
Other reserves		–101	–489
Equity attributable to Porsche AG shareholders		17,019	22,927
Non-controlling interests		8	8
Non-current liabilities		**14,033**	**15,368**
Provisions for pensions and similar obligations	26	3,668	5,525
Other provisions	27	1,138	1,184
Deferred tax liabilities	32	1,605	782
Financial liabilities	28	6,016	6,599
Other financial liabilities	30	872	633
Other liabilities	31	734	645
Current liabilities		**16,613**	**13,079**
Provisions for taxes	32	167	126
Other provisions	27	2,812	2,189
Financial liabilities	28	3,464	3,128
Trade payables	29	2,899	2,447
Other financial liabilities	30	5,287	3,638
Other liabilities	31	1,908	1,486
Tax payables	32	64	65
Liabilities associated with assets held for sale		12	–
Total equity and liabilities		**47,673**	**51,382**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2022

				OTHER RESERVES							
					HEDGING						
€ million	Subscribed capital	Capital reserves	Retained earnings	Currency translation	Cash flow hedges (OCI I)	Deferred costs of hedging (OCI II)	Equity and debt instruments	Equity-accounted investments	Equity before non-controlling interests	Non-controlling interests	Total equity
Balance at Jan. 1, 2021	**45**	**13,754**	**6,302**	**–173**	**757**	**–465**	**0**	**–1**	**20,219**	**5**	20,224
Profit after tax	–	–	4,032	–	–	–	–	–	4,032	6	**4,038**
Other comprehensive income, net of tax	–	–	616	396	–1,118	125	43	1	63	1	**64**
Total comprehensive income	**–**	**–**	**4,648**	**396**	**–1,118**	**125**	**43**	**1**	**4,095**	**7**	**4,102**
Disposal of equity instruments	–	–	54	–	–	–	–54	–	–	–	**–**
Capital contribution	–	471	–	–	–	–	–	–	471	–	**471**
Profit transfer and dividends payment	–	–	–1,858	–	–	–	–	–	–1,858	–4	**–1,862**
Capital transactions involving a change in ownership interest	–	–	–	–	–	–	–	–	–	–	**–**
Other changes	–	–	–	–	–	–	–	–	–	–	**–**
Balance at Dec. 31, 2021	**45**	**14,225**	**9,146**	**223**	**–361**	**–340**	**–11**	**0**	**22,927**	**8**	**22,935**
Balance at Jan. 1, 2022	**45**	**14,225**	**9,146**	**223**	**–361**	**–340**	**–11**	**0**	**22,927**	**8**	**22,935**
Profit after tax	–	–	4,950	–	–	–	–	–	4,950	7	**4,957**
Other comprehensive income, net of tax	–	–	1,559	231	599	–464	22	1	1,948	0	**1,947**
Total comprehensive income	**–**	**–**	**6,509**	**231**	**599**	**–464**	**22**	**1**	**6,898**	**6**	**6,904**
Disposal of equity instruments	–	–	–	–	–	–	–	–	–	–	**–**
Capital contribution	–	3,057	–	–	–	–	–	–	3,057	–	**3,057**
Profit transfer and dividends payment	–	–	–3,979	–	–	–	–	–	–3,979	–6	**–3,986**
Capital transactions involving a change in ownership interest	–	–	–	–	–	–	–	–	–	–	**–**
Change from distribution in kind due to spin-off assets	–	–11,679	–204	–	–	–	–	–	–11,883	–	**–11,883**
Other changes[1]	866	–1,781	916	–	–	–	–	–	–	–	**–**
Balance at Dec. 31, 2022	**911**	**3,822**	**12,387**	**454**	**238**	**–804**	**11**	**0**	**17,019**	**8**	**17,027**

[1] Other changes contain reclassifications within equity, see → **25. EQUITY**.

Equity is explained in note → **25. EQUITY**.

CONSOLIDATED STATEMENT OF CASH FLOWS

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2022

€ million	2022	2021
Cash and cash equivalents at beginning of period	**4,327**	**4,344**
Profit before tax	7,069	5,729
Income taxes paid	–2,368	–1,552
Depreciation, amortization and impairment losses[1]	3,189	3,214
Gain/loss on disposal of non-current assets	5	35
Share of profit or loss of equity-accounted investments	52	23
Other non-cash expense/income	–42	–222
Change in inventories	–1,010	–152
Change in receivables (excluding financial services)	–252	–409
Change in liabilities (excluding financial liabilities)	1,052	543
Change in pension provisions	366	471
Change in other provisions	572	539
Change in leased assets	–536	–931
Change in financial services receivables	–983	–872
Cash flows from operating activities	**7,114**	**6,416**
Investments in intangible assets (excluding capitalized development costs) and property, plant and equipment	–1,710	–1,442
Additions to capitalized development costs	–1,951	–1,601
Acquisition of subsidiaries	–257	–23
Acquisition of other equity investments	–278	–328
Disposal of subsidiaries	66	0
Disposal of other equity investments	18	0
Cash received from disposal of intangible assets and property, plant and equipment	8	21
Change in investments in securities and time deposits[2]	–481	–283
Change in loans[2]	–2,021	–2,308
Cash flows from investing activities	**–6,606**	**–5,965**
Capital contributions	3,057	471
Profit transfer and dividends	–3,361	–1,864
Capital transactions with non-controlling interests	–	–
Proceeds from issuance of bonds	4,319	5,243
Repayments of bonds	–4,745	–3,814
Changes in other financial liabilities	–245	–444
Repayments of lease liabilities	–115	–110
Cash flows from financing activities	**–1,089**	**–518**
Effect of exchange rate changes on cash and cash equivalents	–2	50
Net change in cash and cash equivalents[3]	**–583**	**–17**
Cash and cash equivalents at end of period	**3,745**	**4,327**
Cash and cash equivalents at end of period	3,745	4,327
Securities and time deposits and loans	6,483	4,079
Gross liquidity	**10,228**	**8,406**

1 Offset against reversals of impairment losses.
2 In the prior year, the time deposits with a term of more than three months were recognized together with the change in loans.
3 Change in presentation in the prior year. The change in cash and cash equivalents contains the effect of exchange rate changes on cash and cash equivalents.

The statement of cash flows is explained in note → 33. STATEMENT OF CASH FLOWS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT AS OF DECEMBER 31, 2022

BASIS OF PRESENTATION

Dr. Ing. h.c. F. Porsche Aktiengesellschaft ("Porsche AG") has its headquartered at Porscheplatz 1 in 70435 Stuttgart, Germany, and is registered at the Stuttgart Local Court under HRB no. 730623. The fiscal year is the calendar year.

Porsche AG and its subsidiaries are included in the consolidated financial statements of Volkswagen Aktiengesellschaft, Wolfsburg (Volkswagen AG), which are published in the Bundesanzeiger [German Federal Gazette].

Pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, Porsche AG has prepared its consolidated financial statements for fiscal year 2022 in accordance with the international accounting standards adopted by the European Union, the International Financial Reporting Standards (IFRSs). All the IFRSs adopted by the EU and required to be applied have been complied with.

Moreover, the provisions pursuant to section 315e (1) of the German Commercial Code (HGB) that Porsche AG is also required to apply, and the German Corporate Governance Code have been complied with when preparing the consolidated financial statements.

The accounting policies were generally the same as those applied in the prior year.

The consolidated financial statements are prepared in euros. Unless stated otherwise, all figures are stated in millions of euros (€ million).

All amounts are rounded in line with common business practice; this can lead to minor differences in total amounts. Figures of €0.00 are presented as "€– million"; figures between €0.00 and €500,000.00 are rounded in line with common business practice and presented as "€0 million".

The income statement has been prepared using the function of expense method, as is common international practice.

Preparation of the consolidated financial statements in accordance with the above standards requires assumptions to be made regarding some items that affect the amounts reported in the consolidated statement of financial position or consolidated income statement as well as the disclosure of contingent assets and liabilities. The consolidated financial statements give a true and fair view of the net assets, financial position and results of operations and the cash flows as of December 31, 2022.

The consolidated financial statements were issued for publication by the Executive Board on February 20, 2023. The period subsequent to the reporting date in which adjusting events can be recognized ends on that date.

SIGNIFICANT EVENTS

Initial public offering (IPO)

The preferred shares issued by Porsche AG have been admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) since September 28, 2022; the first trading day was September 29, 2022.

The securities prospectus and the attached consolidated financial statements as of December 31, 2021, 2020 and 2019 as well as the half-year financial report for the reporting period from January 1, 2022 to June 30, 2022 were published on our website at ↗ **https://investorrelations.porsche.com/**.

On December 19, 2022, the preferred shares of Porsche AG were included in the German Stock Index (DAX). The profit and loss transfer agreement in place between Porsche AG and Porsche Holding Stuttgart GmbH as well as the domination agreement in place between these two companies ended pursuant to section 307 AktG as of the end of the fiscal year on December 31, 2022.

Before the IPO, Porsche AG performed two spin-offs according to section 123 of the German Transformation Act (UmwG) effective under civil law and these were entered in the commercial register on July 6, 2022 and July 11, 2022, respectively. Further information can be found in note → **25. EQUITY**.

In recognition of Porsche AG's employees' contribution to the successful IPO, special payments of €186 million were expensed and paid out in the fourth quarter of 2022.

Russia-Ukraine conflict/Russian business (IFRS 5)

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 significant price rises, particularly on the energy and commodity markets. Moreover, significant increases in interest and inflation rates have been observed internationally. Directly after the start of the conflict, the parts supply shortages also intensified. In the Porsche AG Group, this particularly affected the supply of cable harnesses from Ukraine. Thanks to the immediate action taken by Porsche AG to clear these supply bottlenecks from Ukraine, there are no material bottlenecks in this regard at present.

Moreover, various sanctions have been imposed on Russia as a result of the conflict, especially by the EU and the USA. These sanctions restrict economic transactions with Russia and have an impact on the Russian companies of the Porsche AG Group and on sales of vehicles to Russia. The sanctions also affect new financial services business in Russia and could potentially lead to impairment risks for existing leased assets and financial receivables. In light of the EU sanctions, Porsche AG decided to discontinue vehicle exports for the time being. In addition, the respective sanction requirements are also being complied with in relation to the supply of spare parts and the provision of technical information. To date, very few complaints has been received from customers, service providers, or other contract partners. It is not clear at present how the situation will develop further.

In its role as energy exporter, Russia has in turn limited gas supplies to Europe. The resulting increase in commodity prices and further supply shortages are increasing the threat of persistently high inflation. The further tightening of sanctions in response to this led to a reassessment of the risk with regard to the situation in Russia. In December 2022, Porsche AG came to an arrangement with an independent external investor for the sale of three subsidiaries in Russia that were classified as a disposal group held for sale pursuant to IFRS 5. See also the explanation in section → **IFRS 5 - Assets held for sale.**

Triggered by the Russia-Ukraine conflict and its indirect effects as well as the development of the interest and inflation rates, significant assets of the Porsche AG Group were tested for impairment as of December 31, 2022. The impairment test did not reveal any need for impairment beyond the normal measurement. In connection with the measurement of the disposal group held for sale, please see the explanation in section → **IFRS 5 - Assets held for sale.** Given the very dynamic developments, it is, however, not possible at present to make a reliable assessment of the many different effects of the growing supply insecurity affecting energy resources in Europe (e.g., the gas shortage).

As a result of the turbulence on the money and capital markets due to the Russia-Ukraine conflict, income in the mid-two-digit million euro range had to be recognized in the other operating result, primarily from the premature termination of the currency hedge.

Expenses were also incurred in the mid-two-digit million euro range for duplicating locations of Ukrainian suppliers.

Impact of the Covid-19 pandemic

Apart from the effects of the Russia-Ukraine conflict, the global spread of the Omicron variant of coronavirus SARS-CoV-2 led to considerable disruption to everyday life and the economy in a number of regions in the reporting period. In China particularly, local infection outbreaks during the reporting period led to tight restrictions under the zero-Covid strategy being pursued there, resulting in economic constraints and disruption to international supply chains. The abandonment of this strategy caused infections to rise in China as of year-end.

Supply shortages for spare parts

In addition to uncertainty and measures being taken around the world to deal with the Covid-19 pandemic, persistent semiconductor supply shortages, increased prices and a shortage of commodities, quality problems with bought-in parts and disruption in the supply chain as well as large loss events at suppliers and the resulting limited availability of group models with regional differences meant that demand could not be adequately met. Please see here also the explanations in the combined management report for 2022, in particular in the chapters → **Business development**, → **Results of operations, financial position and net assets**, → **Report on expected developments** as well as → **Report on risks and opportunities.**

IFRS 5 – ASSETS HELD FOR SALE

In December 2022, Porsche AG came to an arrangement with an independent external investor for the sale of two Russian distribution companies in the automotive segment, OOO Porsche Russland, Moscow, and OOO Porsche Center Moscow, Moscow, and a Russian company allocated to the financial services segment, OOO Porsche Financial Services Russland, Moscow. Furthermore, an arrangement was made with the independent external investor on the repurchase option, which may be exercised at the earliest five years and at the latest ten years after the sale. The legal transfer of Porsche AG's ownership of the Russian subsidiaries is subject to the approval of the Russian authorities, which is still outstanding as of the reporting date. It is currently expected that the legal transfer of ownership will take place and a final purchase price will be determined within the first quarter of 2023.

The disposal group held for sale was recognized at fair value less expected costs to sell. The main groups of assets and liabilities classified as held for sale are presented below.

€ million	Dec. 31, 2022
Inventories	3
Tax receivables	2
Cash and cash equivalents	26
Assets held for sale	**31**
Other provisions	7
Other liabilities	5
Liabilities associated with assets held for sale	**12**

The cumulative negative currency translation differences of €40 million in connection with the disposal group are contained in other reserves.

A need to recognize an impairment loss of €25 million was determined for the disposal group. The related expense was recognized under other operating expenses.

IMPACT OF CLIMATE CHANGE

Against the background of climate change and the associated tightening of emissions regulations, the transformation of the automotive industry is moving toward electromobility and further digitalization.

When preparing the consolidated financial statements, the Executive Board took into account the potential impact of climate change and future regulatory requirements, in particular the associated transformation toward electromobility. Potential effects, in particular on non-current assets, provisions for emission charges and future cash flows were included, where possible, in the significant estimates and assessments being incorporated into the consolidated financial statements. The impact of the transformation of the business towards electromobility is taken into account in the multi-year operational planning and thus in the calculation of future cash flows when determining the recoverable amount in an impairment test of goodwill and of intangible assets with an indefinite useful life. This applies in particular for the planning of future vehicle models and investments in development costs as well as production facilities. Furthermore, the Porsche AG Group regularly assesses whether these developments give rise to the need for ad hoc impairment tests or for adjustments to the useful lives of other non-current non-financial assets. With reference to increasingly stringent emissions regulations, it is ensured that the various international regulations are taken into account and any obligations are recognized appropriately. This did not result in any material effects on the consolidated financial statements.

For a detailed presentation of how sustainability has been taken into account in the group strategy as well as the management and planning of the group, please refer to the section → Strategic direction of the Porsche AG Group as well as the section → Non-financial statement in the combined management report.

BASIS OF CONSOLIDATION

In addition to Porsche AG, the consolidated financial statements include all significant German and foreign subsidiaries, including structured entities, that are controlled directly or indirectly by Porsche AG. Control exists if Porsche AG obtains power over the potential subsidiary directly or indirectly from voting rights or other rights, participates in positive or negative variable returns from the potential subsidiary and is able to influence those returns. With regard to the structured companies consolidated in the Porsche AG Group, Porsche is able to direct the material relevant activities remaining after the change in the structure even if it is not invested in the structured entity concerned and is thus able to influence the variable returns from its involvement. The main purpose of the structured entities is to facilitate asset-backed securities transactions for the purpose of refinancing the financial services business and to invest financial resources in special securities funds. Subsidiaries are included in the consolidated financial statements from the date on which control is obtained and deconsolidated when control is lost.

Subsidiaries whose business is dormant or insignificant, both individually or in the aggregate, for the presentation of a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Porsche AG Group are not consolidated. They are carried in the consolidated financial statements at cost less any impairments and reversals of impairments required to be recognized.

Significant companies where Porsche AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or where Porsche AG has joint control, directly or indirectly, together with another party (joint ventures), are accounted for at equity. Insignificant associates and joint ventures are generally recognized at their respective acquisition cost, taking into account any impairment losses and reversals of impairments.

The composition of the Porsche AG Group is shown in the table below:

	2022	2021
Parent company and consolidated subsidiaries including special security funds		
Germany	28	28
Abroad	86	85
Subsidiaries carried at cost		
Germany	12	10
Abroad	38	32
Associates, joint ventures and other equity investments		
Germany	31	21
Abroad	43	32
	238	**208**

The list of all the shareholdings, which forms part of the annual financial statements of Porsche AG, is presented in the → 50. LIST OF SHAREHOLDINGS.

The following fully consolidated affiliated German companies with the legal form of a corporation and partnership met the requirements of section 264 (3) and section 264b HGB, respectively, and have as far as possible exercised the option not to publish annual financial statements.

— Porsche Consulting GmbH, Bietigheim-Bissingen
— Porsche Deutschland GmbH, Bietigheim-Bissingen
— Porsche Dienstleistungs GmbH, Stuttgart
— Porsche Digital GmbH, Stuttgart
— Porsche Engineering Group GmbH, Weissach
— Porsche Engineering Services GmbH, Bietigheim-Bissingen
— Porsche Erste Beteiligungsgesellschaft mbH, Stuttgart
— Porsche Financial Services GmbH, Bietigheim-Bissingen
— Porsche Immobilien GmbH & Co. KG, Stuttgart
— Porsche Investments GmbH, Stuttgart
— Porsche Leipzig GmbH, Leipzig
— Porsche Lifestyle GmbH & Co. KG, Ludwigsburg
— Porsche Logistik GmbH, Stuttgart
— Porsche Niederlassung Berlin GmbH, Berlin
— Porsche Niederlassung Berlin-Potsdam GmbH, Kleinmachnow
— Porsche Niederlassung Hamburg GmbH, Hamburg
— Porsche Niederlassung Stuttgart GmbH, Stuttgart
— Porsche Nordamerika Holding GmbH, Ludwigsburg
— Porsche Sales & Marketplace GmbH, Stuttgart
— Porsche Zentrum Hoppegarten GmbH, Stuttgart

Fully consolidated subsidiaries

The changes in the consolidated group during the fiscal year are presented in the table below:

Number	Germany	Abroad
Initially consolidated		
Previously carried at cost	–	1
Acquisitions	–	1
Foundation	1	–
	1	**2**
Deconsolidated		
Sales/other	1	1
	1	**1**

The first-time consolidation or deconsolidation of these subsidiaries did not have any material impact on the net assets, financial position and results of operations, either individually or in the aggregate. From the group's perspective, the non-consolidated structured companies are immaterial. In particular, there are no significant risks for the group.

Investments in associates

From the group's perspective, the associates Bertrandt AG, Ehningen ("Bertrandt"), Rimac Group d.o.o, Sveta Nedelja ("Rimac Group"), and Bugatti Rimac d.o.o, Sveta Nedelja ("Bugatti Rimac"), are material at the reporting date.

BERTRANDT AG

Bertrandt is an engineering partner of companies in the automotive and aviation industry. Its portfolio of services ranges from developing individual components through complex modules to end-to-end solutions. Bertrandt's principal place of business is in Ehningen. Porsche AG's interest amounts to around 29%. Bertrandt is accounted for in Porsche AG's consolidated financial statements using the equity method.

As of December 31, 2022, the quoted market price of the shares in Bertrandt amounted to €118 million (2021: €168 million).

In the fiscal year 2022, an impairment loss of €45 million (prior year: reversal of impairment of €51 million) on the recoverable amount of €122 million (2021: €166 million) was recognized in other income and expenses from equity investments in the item other financial result. The recoverable amount is the value in use (prior year: fair value less costs to sell).

The calculation of the value in use for the purposes of the impairment test is based on a cost of capital of 9.9% (2021: 7.6%).

RIMAC GROUP D.O.O.

In the past year, the Porsche AG Group had already increased its interest in the Croatian technology group Rimac Group d.o.o. with its headquarters in Sveta Nedelja, Croatia, from 15% to 22%. Given the significant influence obtained as a result, it was accounted for using the equity method for the first time. In the course of an additional financing round in the current fiscal year, the Porsche AG Group also made an investment in the two-digit million euro range. The Porsche AG Group and the Rimac Group have thus taken the next step in their collaboration toward the digital and electrified future of mobility. Following the transaction, the Porsche AG Group still holds more than 20% of the Rimac Group and continues to account for it using the equity method. Rimac Group develops and produces high-performance electric vehicle components. Rimac Group also holds shares in Bugatti Rimac.

BUGATTI RIMAC D.O.O.

Porsche AG acquired the shares in Bugatti Rimac d.o.o. in December 2021. The Porsche AG Group holds 45% of the shares and exercises significant influence over the company. It was accounted for using the equity method for the first time in the prior year on a provisional basis. This was concluded in the fiscal year; no material adjustments were made as a result. Bugatti Rimac is headquartered in Sveta Nedelja, Croatia. Bugatti Rimac develops and produces Bugatti and Rimac sports cars.

IONITY HOLDING GMBH & CO. KG

Porsche AG's interest amounts to around 15% (2021: 20%) and since this fiscal year it has a significant influence on account of co-determination rights, which is why IONITY Holding GmbH & Co. KG is classified as an associate and continues to be accounted for at equity. IONITY GmbH & Co. KG has its registered offices in Munich. The company develops and markets a network of fast-charging stations for electric vehicles in Europe. In the prior year, IONITY Holding GmbH & Co. KG was recognized as a joint venture.

Summarized financial information on material associates on a 100% basis

€ million	Bertrandt[1]	Rimac Group[2]	Bugatti Rimac[3]
2022			
Equity interest (in %)	29	21	45
Non-current assets	581	418	337
Current assets	512	489	528
Non-current liabilities	232	36	55
Current liabilities	336	41	540
Net assets	524	830	270
Sales revenue	1,008	66	331
Profit/loss from continuing operations after tax	–2	–105	–33
Profit/loss from discontinued operations after tax	–	–	–
Other comprehensive income	4	–	–
Total comprehensive income	3	–105	–33
Dividends received	1	–	–
2021			
Equity interest (in %)	29	22	45
Non-current assets	610	395	317
Current assets	476	75	366
Non-current liabilities	407	50	67
Current liabilities	155	36	321
Net assets	524	384	296
Sales revenue	846	30	–
Profit/loss from continuing operations after tax	–16	–60	–
Profit/loss from discontinued operations after tax	–	–	–
Other comprehensive income	0	–	–
Total comprehensive income	–16	–60	–
Dividends received	0	–	–

1 Bertrandt AG has a deviating fiscal year. The disclosures for Bertrandt's statement of financial position therefore relate to the September 30, 2022 reporting date; the income statement disclosures for the fiscal year 2022 relate to the period from October 1, 2021 to September 30, 2022, and those for the fiscal year 2021 to the period from October 1, 2020 to September 30, 2021.
2 In the fiscal year 2021 the period from April 1, 2021 to December 31, 2021.
3 In the fiscal year 2021 acquired at the end of December.

Reconciliation of the financial information to the carrying amount of the investment

€ million	Bertrandt	Rimac Group	Bugatti Rimac
2022			
Net assets at Jan. 1	524	384	296
Profit/loss	–2	–105	–33
Other comprehensive income	4	–	–
Changes in reserves	–	550	7
Dividends	–3	–	–
Net assets at Dec. 31	524	830	270
Attributable share of net assets	152	171	121
Consolidation/goodwill/others	–30	61	86
Carrying amount of equity-accounted investments	122	232	207
2021			
Net assets at Jan. 1	541	363	–
Profit/loss	–16	–60	–
Other comprehensive income	0	–	–
Changes in reserves	–	81	–
Dividends	–1	–	–
Net assets at Dec. 31	524	384	296
Attributable share of net assets	152	85	133
Consolidation/goodwill/other	14	63	86
Carrying amount of equity-accounted investments	166	148	219

Summarized financial information on individually immaterial associates

€ million	2022	2021
Earnings after tax from continuing operations	–53	–35
Earnings after tax from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	**–53**	**–35**
Carrying amount of equity-accounted investments	62	39

There are contingent liabilities due to associates of €124 million (2021: €121 million).

CONSOLIDATION PRINCIPLES

The financial statements of the subsidiaries are prepared as of the reporting date of the consolidated financial statements, which is the reporting date of the parent company.

Business combinations are accounted for by applying the acquisition method pursuant to IFRS 3.

Business combinations and deconsolidations

The cost of a business acquisition is measured in accordance with IFRS 3 as the aggregate of the consideration transferred at fair value as of the acquisition date and the non-controlling interests in the entity. The non-controlling interests can be measured either at fair value or at the proportionate share of the acquiree's identifiable net assets, but excluding goodwill. Acquisition-related costs that are not equity transaction costs are expensed and therefore do not constitute a component of cost. Contingent consideration is measured at its fair value at the date of acquisition. The measurement of contingent consideration at the date of acquisition is not generally adjusted to reflect subsequent changes in value.

When subsidiaries are initially consolidated, the identifiable assets and liabilities acquired are measured at their fair value at the date of acquisition. The amounts recognized are amortized in subsequent periods.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and the gain or loss resulting from remeasurement recognized in profit or loss.

Where the cost of a business combination exceeds the fair value of identifiable assets acquired net of liabilities assumed as of the acquisition date, the excess is recognized as goodwill. Goodwill is tested for impairment at least once annually. If the goodwill is impaired, an impairment loss is recognized. If there is no impairment, the amount at which goodwill is recognized remains unchanged from the prior year. Where the cost of a business combination is less than the fair value of identifiable assets acquired net of liabilities assumed as of the acquisition date, the difference is recognized in the income statement after reassessing the fair values.

Any difference arising upon acquisition of additional shares or sale of shares after initial consolidation without loss of control in a subsidiary that has already been fully consolidated is recognized within equity.

The consolidation process involves adjusting the items resulting from the independent accounting and measurement of the individual companies and presenting them as if they were those of a single economic entity. Intragroup assets, liabilities, equity, expenses, income and cash flows are eliminated in full. Group inventories and fixed assets are adjusted for intercompany profits or losses. Deferred taxes are recognized for consolidation adjustments, and deferred tax assets and liabilities are offset where taxes relate to the same tax authority and the same period. In addition, guarantees and warranties assumed by the parent company or one of its consolidated subsidiaries in favor of other consolidated subsidiaries are eliminated.

In the event that control is lost and the parent company continues to hold shares in the previous subsidiary, such shares are measured at fair value on the date of loss of control.

When deconsolidating the previous subsidiary, the difference between the consideration received and the net assets disposed of at the date when control is lost (including any goodwill from acquisition accounting) is recognized in profit or loss. Income and expenses recognized directly in the previous subsidiary's equity for foreign currency effects, securities held for sale, cash flow hedges and equity-accounted shares of the previous subsidiary are derecognized through profit or loss at the date when control is lost. However, any revaluation reserve recognized in accordance with IFRS 3 is not derecognized through profit or loss at that date but transferred to retained earnings within equity.

EFFECTS OF NEW OR AMENDED IFRS

Porsche AG and its subsidiaries have applied all accounting pronouncements adopted by the EU and effective for periods beginning in fiscal year 2022.

As from January 1, 2022, various regulations came into force as part of the Improvements to International Financial Reporting Standards 2020 (Annual Improvements Project 2020). These include clarifications to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (Annual Improvements to IFRSs 2018-2020). As IFRS 1 regulates the first-time application of IFRSs and IAS 41 agriculture accounting, these amendments to accounting standards have no effect on the Porsche AG Group. The amendment to IFRS 9 contains a clarification regarding fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. One example that had repeatedly led to misunderstandings concerning leasehold improvements was deleted from the Illustrative Examples for IFRS 16.

Amendments were also made to IAS 16 that have likewise been applicable since January 1, 2022. According to these amendments, proceeds from the sale of goods produced during the testing of property, plant and equipment are to be recognized in future as income and no longer as a reduction of expenses. This means that the costs and income for goods produced during the testing of property, plant and equipment are now to be recognized separately under expenses and income.

Also effective since January 1, 2022 are amendments to IAS 37. These clarify that when assessing whether a contract constitutes an onerous contract, not only the incremental cost of fulfilling the contract must be included in determining the costs to fulfill a contract but also other costs directly attributable to fulfilling a contract (e.g., pro rata depreciation of property, plant and equipment used to fulfill a contract).

Lastly, a reference to the Conceptual Framework was added to IFRS 3 with clarifications ensuring that the accounting practice previously applied under IFRS 3 can in principle be left unchanged.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform – Phase 2) have been mandatory since January 1, 2021.

The Porsche AG Group is affected by the Interest Rate Benchmark Reform due to its use of IBORs for variable interest rates. Risk management strategies and processes have been implemented to avoid significant risks resulting from the replacement of existing reference interest rates with alternative ones (basis spread risk, liquidity risk, legal risk, operating risk). The Porsche AG Group has closely observed the markets and the findings of the various industry work groups managing the transition to the new reference interest rates. This includes announcements made by the responsible regulatory authorities.

Regarding the financial instruments that use the reference interest rates being replaced, the Porsche AG Group aims to ensure that the mandatory transition to these new interest rates is completed before their official replacement dates, for example by adjusting legacy trades to the new reference interest rates in good time (active approach), thus avoiding having to resort to fallback mechanisms based either on the ISDA 2020 IBOR fallback protocol of the International Swaps and Derivatives Association (ISDA) or on corresponding bilateral agreements with the counterparties of the Volkswagen group (passive approach). With regard to new trades that use the reference interest rates being replaced, corresponding fallback mechanisms have been integrated into the relevant framework agreements with external counterparties using the ISDA 2020 IBOR fallback supplement to the 2006 ISDA definitions, the 2021 ISDA interest rate derivatives definitions and/or the 2018 ISDA benchmark supplement.

The body of financial instruments still affected by a transition to new reference interest rates as of the reporting date consist of derivative and non-derivative financial assets and liabilities. In the Porsche AG Group, these are allocated to the reference interest rates below. In our opinion, the EURIBOR is not affected by a replacement and, accordingly, such financial instruments are not included in the disclosure.

Body of financial instruments affected by the transition to new reference interest rates as of December 31, 2022:

€ million	Non derivative financial assets Carrying amount	Non derivative financial liabilities Carrying amount	Derivatives Nominal amount
USD LIBOR	–	2,095	3,027
CAD CDOR	–	265	239
Total	**–**	**2,360**	**3,266**

The above amendments do not materially affect the Porsche AG Group's results of operations, financial position and net assets.

NEW AND AMENDED IFRSs NOT APPLIED

In its 2022 consolidated financial statements, Porsche AG did not apply the following accounting standards that have been adopted by the IASB as of December 31, 2022 but for which application was not yet mandatory for the fiscal year.

Standard/ Interpretation		Published by the IASB	Application mandatory[1]	Adopted by the EU	Expected impact
IFRS 16	Sale and leaseback transactions	September 22, 2022	January 1, 2024	No	No material impact
IFRS 17	Insurance contracts	May 18, 2017	January 1, 2023	Yes[2]	Detailed explanation below the overview in this table
IFRS 17	Insurance Contracts – Amendments to IFRS 17	June 25, 2020	January 1, 2023	Yes[2]	Detailed explanation below the overview in this table
IFRS 17	First time application of IFRS 17 and IFRS 9 comparison information	December 9, 2021	January 1, 2023	Yes[2]	No material impact
IAS 1	Classification of liabilities	January 23, 2020	January 1, 2024	No	No material impact
IAS 1	Disclosure of accounting policies	February 12, 2021	January 1, 2023	Yes	Adjustment of the relevant disclosures. Essentially extinction of the reproduction of legal requirements.
IAS 1	Long-term liabilities with specific credit terms	October 31, 2022	January 1, 2024	No	No material impact
IAS 8	Definition of accounting estimates	February 12, 2021	January 1, 2023	Yes	No material impact
IAS 12	Deferred taxes on leases and decommissioning and restoration liabilities	May 7, 2021	January 1, 2023	Yes	No material impact

1 Mandatory first-time application from the perspective of Porsche AG and its subsidiaries on the basis of the IFRS effective date, subject to adoption by the EU if the EU endorsement process has yet to be completed.

2 The EU endorsement contains an exception optionally exempting companies from applying a valuation method in certain cases.

IFRS 17 Insurance Contracts

IFRS 17 amends the regulations on the accounting treatment of insurance contracts and replaces the previous IFRS 4 standard. For the first time as of January 1, 2023, the Porsche AG Group will switch to the new regulations of IFRS 17 generally applying the full retrospective method and the modified retrospective method in certain cases. The Porsche AG Group does not currently expect the application of IFRS 17 to result in any significant effects on the results of operations, financial position and net assets.

Voluntary early adoption of the changes before they become mandatory under the transitional provisions of the IASB is not planned.

CURRENCY TRANSLATION

Foreign currency items in the financial statements of the entities included in the consolidated financial statements are measured at the spot exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the average rate on the reporting date. Non-monetary items denominated in a foreign currency measured at historical cost are translated using the exchange rate prevailing on the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate prevailing on the date when the fair value was determined. Exchange rate gains and losses as of the reporting date are recorded in profit or loss.

The financial statements of consolidated subsidiaries prepared in a foreign currency are translated into euros in accordance with IAS 21 using the functional currency concept. The functional currency of the company included in consolidation is the currency of the primary economic environment in which it operates.

Assets, liabilities and contingent liabilities are translated at the closing rate on the reporting date, while equity is translated at historical rates with the exception of income and expenses recognized directly in equity. The income statement is translated using weighted average exchange rates. Exchange rate differences resulting from the translation of financial statements are recognized in other comprehensive income until the disposal of the subsidiary and are presented as a separate item in equity. To the extent the separate item is attributable to the parent company it is reclassified to profit or loss upon disposal.

The following key exchange rates were used for currency translation in the consolidated financial statements:

		Closing rate		Average rate	
	€1 =	Dec. 31, 2022	Dec. 31, 2021	2022	2021
Australia	AUD	1.5706	1.5612	1.5175	1.5748
Brazil	BRL	5.6444	6.3068	5.4444	6.3812
Canada	CAD	1.4440	1.4417	1.3705	1.4833
China	CNY	7.3661	7.1870	7.0814	7.6333
Hong Kong	HKG	8.3210	8.8278	8.2530	9.1980
Japan	JPY	140.6650	130.3200	138.0236	129.8605
Republic of Korea	KRW	1,338.2950	1,344.9650	1,358.1973	1,353.9383
Russia	RUB	76.2868	84.9779	73.2742	87.2288
Switzerland	CHF	0.9852	1.0332	1.0054	1.0815
United Kingdom	GBP	0.8868	0.8400	0.8526	0.8600
USA	USD	1.0677	1.1320	1.0541	1.1834

ACCOUNTING POLICIES

Measurement principles

The assets and liabilities of Porsche AG and the consolidated German and foreign subsidiaries included are accounted for using uniform accounting policies applicable within the Porsche AG Group.

The same accounting policies are used in the case of equity-accounted investments for the purpose of determining the attributable share of the net assets. This is based on the most recent available annual financial statements of the respective company. The comparative information is based in principle on the same accounting policies applied for the reporting period for fiscal year 2022. Where changes have been made, the effect is explained in the relevant notes.

With the exception of certain items such as financial instruments measured at fair value and provisions for pensions and similar obligations, the consolidated financial statements are prepared using the historical cost principle. The methods used to measure the individual items are presented in more detail below.

Intangible assets

Intangible assets not acquired in a business combination are initially recognized at cost in accordance with IAS 38 plus costs directly attributable to the acquisition. The cost of intangible assets acquired as part of a business combination is their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Purchased intangible assets with a finite useful life are amortized, generally on a straight-line basis, over their useful life, taking any impairments into account. Useful lives range from three to five years. Useful lives, residual values and methods of amortization are reviewed, and adjusted if appropriate, at least at the end of the reporting year. If adjustments are made, these are accounted for as changes in estimates.

Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are not amortized. Each individual asset or cash-generating unit is tested at least once a year for impairment. If there is impairment, an impairment loss is recognized. Intangible assets with indefinite useful lives are reviewed once a year to determine whether the indefinite life assessment continues to be supportable. If this is no longer the case, the change in the useful life assessment from indefinite to finite is made prospectively.

Development costs are recognized for products provided that expenditures can be clearly allocated and all other recognition criteria of IAS 38 are met. The capitalized development costs include all direct costs and production overheads directly attributable to the development process incurred after the point in time at which all recognition criteria are met. Capitalized development costs are amortized beginning at the start of use (e.g., start of production) using the straight-line method over the expected product life cycle, taking any impairments into account. Useful lives mainly range from three to nine years. Research and non-capitalizable development costs are expensed as incurred.

The amortization of intangible assets is allocated to the corresponding functional areas.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less depreciation and, if necessary, impairment losses. Investment subsidies received are generally deducted from cost. Measurement at cost is performed on the basis of directly attributable costs and overheads. Special operational equipment is reported under other equipment, furniture and fixtures. Property, plant and equipment is depreciated pro rata temporis on a straight-line basis over the expected useful life. The useful lives of items of property, plant and equipment are reviewed regularly and adjusted if required

Depreciation is largely based on the following useful lives:

	Years
Office and factory buildings	9 to 40
Technical equipment and machinery	7 to 20
Other equipment, furniture and fixtures	3 to 13

Residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Leases

The Porsche AG Group recognizes leases pursuant to IFRS 16. This defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Right-of-use assets/lease liabilities

Where the Porsche AG Group is lessee, it generally recognizes a right-of-use asset and a lease liability in the statement of financial position for all leases. In the Porsche AG Group, the lease liability is measured at the present value of the outstanding lease payments, while the right-of-use asset is generally measured in the amount of the lease liability plus initial direct costs.

The right-of-use asset is generally depreciated on a straight-line basis over the lease term. The lease liability is adjusted using the effective interest method and taking the lease payments into account.

The right-of-use assets recognized in the statement of financial position are reported in those items that the assets underlying the lease would be reported in if they were owned by the Porsche AG Group. The right-of-use assets were therefore presented under non-current assets as of the reporting date, primarily as property, plant and equipment and taken into account in the impairment testing of property, plant and equipment in accordance with the requirements of IAS 36.

There are practical expedients for short-term leases and leases of low-value assets. The Porsche AG Group takes advantage of these and consequently does not recognize right-of-use assets or lease liabilities for such leases. The associated lease payments are recognized directly in profit or loss as an expense. Leases of low-value assets are those where the value of the leased asset does not exceed €5,000 when new. Furthermore, the accounting requirements of IFRS 16 are not applied to leases of intangible assets.

Many leases contain extension and termination options. In determining the lease term, all relevant facts and circumstances are taken into consideration that create an economic incentive to exercise, or not to exercise, the option. Optional periods are taken into account in determining the lease term if it is reasonably certain that the option will be exercised.

Leased assets

The accounting treatment of leases in which the Porsche AG Group is the lessor is based on a classification as operating leases and finance leases. The classification is based on the allocation of the risks and rewards incidental to ownership of the leased asset.

In the case of operating leases, substantially all of the risks and rewards remain with the Porsche AG Group. The leased asset is recognized at amortized cost in the fixed assets of the Porsche AG Group and the lease payments received in the period are recognized as income in profit or loss.

Vehicles leased out under operating leases are recognized at cost and depreciated on a straight-line basis to their calculated residual value over the term of the lease. Impairment losses are recognized for any impairment in value identified as part of the impairment testing carried out in accordance with IAS 36. Depending on the local circumstances and past experience from used vehicle sales, regularly updated internal and external data on the development of residual values are included in the residual value forecast. In doing so, assumptions must primarily be made about future vehicle supply and demand, as well as movements in vehicle prices. These assumptions are based on either qualified estimates or information published by third-party experts. Qualified estimates are based on external data, where available, and take into account additional information available internally, such as past experience and recent sales information.

In the case of finance leases, substantially all of the risks and rewards incidental to ownership are transferred to the lessee. The Porsche AG Group derecognizes the leased asset from its fixed assets and instead recognizes a receivable in the amount of its net investment in the lease.

Capitalization of borrowing costs

Borrowing costs for qualifying assets are capitalized as part of the cost of the asset. A qualifying asset is an asset that necessarily takes at least a year to get ready for its intended use.

Equity-accounted investments

The cost of equity-accounted investments is adjusted to reflect the share attributable to the Porsche AG Group of increases or reductions in equity at the associates and joint ventures after their acquisition, as well as any effects from purchase price allocation. Additionally, the investment is tested for impairment if there are indications of impairment and written down to the lower recoverable amount if necessary. The recoverable amount is determined using the principles described for indefinite-lived intangible assets. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognized.

Impairment testing

At the end of each reporting period, the group assesses whether there is any indication of impairment. An impairment test is performed at least once a year for goodwill, capitalized costs for intangible assets (in particular, where development costs are recognized for products under development) and intangible assets with an indefinite useful life. For intangible assets with finite useful lives, property, plant and equipment as well as leased assets an impairment test is performed only when there is an indication that the asset may be impaired.

The recoverable amount is determined in the course of impairment testing and is generally determined separately for each asset. If it is not possible to determine the recoverable amount for an individual asset because it does not generate cash inflows that are largely independent of the cash inflows from other assets, it is determined on the basis of a group of assets that constitutes a cash-generating unit.

To determine whether goodwill has to be impaired, the corresponding automotive or financial services segment is generally used as cash-generating unit. For intangible assets as well as for property, plant and equipment, the automotive segment forms the cash-generating unit and is the basis for the impairment test. If the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognized to account for the difference.

The recoverable amount of an asset or a cash-generating unit is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense. Value in use is determined using the discounted cash flow method or capitalized earnings method on the basis of the estimated future cash flows expected to arise from the continuing use of the asset and its disposal.

To determine whether goodwill, intangible assets as well as property plant and equipment are impaired, the group uses the value in use.

Value in use is determined based on a multi-year operational plan prepared by management including material assumptions about growth and the volume of unit sales. The planning period generally extends over five years. The planning is based on the assumption that global economic output in 2023 will grow overall albeit at a slower pace. The persistently high rate of inflation in many regions and the resulting restrictive monetary policies of the central banks is set to have an increasingly negative impact on private demand. Risks also continue to arise from protectionist tendencies, turbulence in the financial markets as well as structural deficits in some countries. In addition to the Russia-Ukraine conflict, growth prospects will be negatively impacted by ongoing geopolitical tensions and conflicts in other regions. Furthermore, risks in connection with the emergence of new variants of the SARS-CoV-2 coronavirus, in particular regional outbreaks and related measures, cannot be ruled out. It is assumed that both the advanced economies and emerging markets will record an increase on average, albeit with below-average GDP growth rates. It is also expected that the global economy will recover in 2024 and to grow again by 2027 with stable rates of change. The automotive market and volume planning of the Porsche AG Group reflects the aforementioned regional differences and takes into account the effects of the Covid-19 pandemic, the Russia-Ukraine conflict and the shortages of intermediates and commodities on the initial years of the planning period. The negative impact on earnings expected to arise from 2023 onward from more stringent emissions and fuel consumption legislation and the sustained effects of the Covid-19 pandemic is to be offset by corresponding programs to increase efficiency. In connection with the development of inflation rates, the cost of capital (WACC) used for impairment testing of cash-generating units also changed significantly. The development of operating return on sales assumed for the fiscal year 2023 for the purpose of the impairment test is within the range forecast by the Porsche AG Group.

The recoverable amount is determined based on current planning as well as reasonable assumptions about macroeconomic trends (currency, interest rate and commodity price trends) as well as historical developments. When determining the cash flows, an anticipated growth rate of 1.0% is used as a basis. The growth rate is based on the circumstances specific to the industry and takes into account the specific price and cost situation.

In the case of assets that are not yet available for use, impairment testing is carried out upon initial recognition and subsequently once per year on the basis of the current business plan. Assets already in use are only tested for impairment if there is a triggering event. Value in use is determined for the impairment testing using a market-oriented discount rate for similar risks. The determination of the cost of capital rates is based on a rate of interest for risk-free investments. Furthermore, in addition to a market risk premium, specific peer group information is taken into account on beta factors, leverage ratio and borrowing rate. The composition of the peer groups used to determine beta factors is reviewed on an ongoing basis and modified when necessary.

Any impairment of leased assets from vehicle leasing contracts, determined by impairment testing in accordance with IAS 36, is reflected in impairment losses and adjusted rates of depreciation. Depending on the local circumstances and past experience from used vehicle sales, regularly updated internal and external data on the development of residual values are included in the residual value forecast. In doing so, assumptions must primarily be made about future vehicle supply and demand, as well as movements in vehicle prices. These assumptions are based on either qualified estimates or information published by external experts. Qualified estimates are based on external data, where available, and take into account additional information available internally, such as past experience and recent sales information.

An impairment loss is allocated to the corresponding functional area and is recognized in the income statement in the item “amortization of intangible assets and depreciation of property, plant and equipment and leased assets” if the recoverable amount of the asset is lower than its carrying amount.

A review of whether the reasons for a previously recognized impairment loss still exist is carried out on an annual basis. If the reasons for impairment losses recognized in prior years no longer exist, they are reversed through profit or loss (with the exception of goodwill). The amount reversed cannot result in a carrying amount that exceeds the amount that would have been determined as the carrying amount, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Inventories

Inventories primarily include raw materials, consumables and supplies, work in process and finished goods which are carried at the lower of cost or net realizable value. Measurement at cost is performed on the basis of directly attributable costs and overheads. Borrowing costs are not capitalized. Inventories of a similar nature are generally measured using the weighted average cost method.

Long-term construction contracts

For contracts under which performance is satisfied over time, revenue is recognized in accordance with the stage of completion. The stage of completion is determined as the proportion that contract costs incurred by the end of the reporting period bear to the estimated total contract costs (cost-to-cost method). Contract costs incurred are often the best way to measure the stage of completion of the performance obligation. If the outcome of a performance obligation satisfied over time is not yet sufficiently certain, but the company expects to at least have its costs refunded by the customer, revenue is recognized only to the extent of contract costs incurred (zero profit method). If the expected costs exceed the expected revenue, the expected losses are immediately expensed in full by recognizing an impairment loss on the associated assets and, if necessary, additionally recognizing provisions. As long-term construction contracts regularly involve contingent receivables due from the customer until they are completed or the customer pays, corresponding contract assets are recognized. As soon as the company's performance is complete, a trade receivable is recognized. Any negative balance is reported under other payables. The principle of measuring assets at the lower of carrying amount and net realizable value is observed.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Regular way purchases or sales of financial instruments are accounted for at the settlement date, i.e., the date on which the asset is delivered.

Financial assets are classified and measured on the basis of the entity's business model and the characteristics of the financial asset's cash flows.

Under IFRS 9, financial assets are classified into the following categories:

- financial assets measured at amortized cost,
- financial assets measured at fair value through profit or loss,
- financial assets measured at fair value through other comprehensive income (debt instruments) and
- financial assets measured at fair value through other comprehensive income (equity instruments).

Financial liabilities are classified into the following categories:

- financial liabilities measured at amortized cost and
- financial liabilities measured at fair value through profit or loss.

At the Porsche AG Group, the categories presented above are allocated to the "at amortized cost" and "at fair value" classes.

Financial assets and liabilities measured at amortized cost

Financial assets measured at amortized cost are held within a business model whose objective is to collect contractual cash flows ("hold" business model). The cash flows of these assets relatesolely to payments of principal and interest on the principal amount outstanding. The amortized cost of a financial asset or liability is the amount:

- at which the financial asset or liability is measured at initial recognition,
- minus any repayments of principal,
- taking into account any loss allowances, write-downs for impairment or uncollectability relating to financial assets, and
- plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium, discount), amortized using the effective interest method over the term of the financial asset or liability.

Financial liabilities measured at amortized cost using the effective interest method relate to liabilities to banks, bonds, commercial papers and notes, loans and other liabilities. Gains or losses resulting from changes in amortized cost, including the effects of changes in exchange rates, are recognized through profit or loss. For reasons of materiality, discounting or unwinding of discounts is not applied to current liabilities (due within one year).

Financial assets and liabilities measured at amortized cost are

- receivables from the financial services business,
- trade receivables and payables,
- other receivables and financial assets and liabilities,
- financial liabilities,
- time deposits, and
- cash and cash equivalents.

Financial assets and liabilities measured at fair value

Changes in the carrying amount of financial assets measured at fair value are recognized either through OCI or through profit or loss.

Financial assets that are equity instruments are measured at fair value. Here, the Porsche AG Group primarily exercises the option to recognize subsequent fair value changes through other comprehensive income, i.e., gains and losses from the measurement of equity investments are never recycled to the income statement but instead reclassified to retained earnings on disposal (no recycling). The only exceptions are interests in companies that are not material to the consolidated financial statements and in those that do not conduct business operations. For such interests, reasonable fair values that are free from major fluctuations cannot be reliably determined without undue cost or effort. Thus, such interests are measured at amortized cost. If there are indications of impairment, such interests are remeasured at the lower present value of the estimated future cash flows.

All financial assets not measured either at amortized cost or at fair value through other comprehensive income are allocated to the fair value through profit or loss category. Financial assets measured at fair value through profit or loss are held in particular to generate cash flows by selling financial instruments ("sell" business model).

In the Porsche AG Group, this category mainly comprises

- hedging relationships to which hedge accounting is not applied and
- investment fund units.

All financial liabilities at fair value through profit or loss relate to derivatives to which hedge accounting is not applied.

Fair value generally corresponds to the market or quoted prices (level 1). If no active market exists, the fair value is determined where possible using observable inputs other than quoted prices (level 2). If no observable inputs are available, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models and – as far as possible – is verified by confirmations from the banks that handle the transactions (level 3).

For current receivables and payables, amortized cost generally corresponds to the principal or repayment amount.

The Porsche AG Group does not exercise the fair value option for financial assets and liabilities.

Financial assets and financial liabilities are generally presented at their gross amounts and only offset if the Porsche AG Group currently has a legally enforceable right to set off the amounts and intends to settle on a net basis.

Subsidiaries, associates and joint ventures that are not consolidated for reasons of materiality do not fall within the scope of IFRS 9 and IFRS 7.

Derivatives and hedge accounting

Porsche AG Group companies use derivatives to hedge future cash flows (hedged items). Appropriate derivatives such as swaps, forward transactions and options are used as hedging instruments. The criteria for applying hedge accounting are that the hedging relationship between the hedged item and the hedging instrument is documented and that the hedge is highly effective.

When hedging future cash flows, the hedging instrument is measured at fair value. The designated effective portion of the hedging instrument is recognized in OCI I. In general, changes in the fair value of the non-designated components of a derivative must immediately be recognized in profit or loss. An exception to this principle are fair value changes in the non-designated time values of options, to the extent they relate to the hedged item. In addition, the Porsche AG Group initially recognizes in OCI II changes in the fair value of the non-designated forward components of currency forwards and non-designated cross-currency basis spreads (CCBS) on currency hedges used in cash flow hedging. They are only recognized in profit or loss when the hedged item is recognized in profit and loss. The ineffective portion of a cash flow hedge is immediately recognized in profit or loss.

Derivatives used by the Porsche AG Group for financial management purposes to hedge against interest rate, currency, share and bond risks, but that do not meet the strict hedge accounting criteria of IFRS 9 are classified as financial assets and liabilities at fair value through profit or loss. This also applies to share options. As a general rule, external hedging instruments of intragroup hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category. Assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting. These for example relate to non-designated interest rate hedges.

Receivables from finance leases

Where a Porsche AG Group company is a lessor – generally of vehicles – a receivable in the amount of the net investment in the lease is recognized in the case of finance leases, i.e., where substantially all of the risks and rewards incidental to ownership are transferred to the lessee.

Impairment of financial instruments

Financial assets are exposed to default risk, which is taken into account by recognizing loss allowances or, if losses have already been incurred, by recognizing impairment losses. Default risk on loans and receivables in the financial services segment is accounted for by recognizing specific loss allowances and general loss allowances.

In particular, in accordance with group-wide standards, a loss allowance is recognized on these financial assets in the amount of the expected loss. The actual specific loss allowances for the losses incurred are then charged to this loss allowance. A potential impairment is assumed not only for delayed payments of more than 90 days, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of insolvency proceedings or the failure of financial reorganization measures, but also for receivables that are not past due.

Insignificant receivables and significant individual receivables for which there is no indication of impairment are grouped together into homogeneous portfolios on the basis of comparable credit risk characteristics and allocated by risk class. Average historical default probabilities are used in combination with forward-looking parameters for the respective portfolio are used to calculate the amount of the impairment loss.

Credit risks must be considered for all financial assets measured at amortized cost, as well as for contract assets in accordance with IFRS 15 and lease receivables within the scope of IFRS 16. The rules on impairment also apply to risks from irrevocable credit commitments and to the measurement of financial guarantees.

As a matter of principle, a simplified process, which takes historical default rates into account, and specific loss allowances are used to account for impairment losses on receivables outside the financial services segment.

Deferred taxes

Deferred tax assets are generally recognized for deductible temporary differences between the tax base and carrying amounts in the consolidated statement of financial position as well as on unused tax loss carryforwards and tax credits if it is probable that they will be used. Deferred tax liabilities are generally recognized for all taxable temporary differences between the tax base and carrying amounts in the consolidated balance sheet (temporary concept).

The amounts recognized reflect the anticipated tax expense or credit in subsequent fiscal years based on the tax rate expected to apply at the date of realization. The tax consequences of profit distributions are not generally taken into consideration until the resolution on appropriation of net profit has been adopted.

Valuation allowances are recognized on deferred tax assets that are unlikely to be realized in a reasonable period of time.

Deferred taxes relating to items recognized directly in equity are also recorded in equity.

The measurement of deferred tax assets for tax loss carryforwards is generally based on future taxable income over a planning horizon of five fiscal years. A previously unrecognized deferred tax asset is reassessed on an annual basis and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities for taxable temporary differences associated with equity investments in subsidiaries are not recognized if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the taxes are levied by the same taxation authority, relate to the same taxation period, and there is a legally enforceable right to set off the recognized amounts.

Current taxes
Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be refunded by or paid to the taxation authorities. Tax items are calculated on the basis of the tax rates and tax laws in force as of the reporting date. Provisions are recognized for potential obligations in respect of tax assessments that have not yet been finally reviewed by the tax authorities. Any identified tax uncertainty is measured on the basis of the most likely value to be recognized to reflect the risk, should it materialize.

Current taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

Non-current assets and liabilities held for sale
Under IFRS 5, non-current assets or groups of assets and liabilities are classified as held for sale if their carrying amounts will be mainly recovered through a sale rather than through continuing use. These assets are measured at the lower of their carrying amount or fair value less costs to sell and recognized separately in current assets or liabilities in the statement of financial position.

Share-based payment
Share-based payment comprises cash-settled variable payment plans. Thus, the obligations are accounted for as cash-settled plans pursuant to IFRS 2. For these share-based payments, the obligations are measured at fair value during the term using a recognized option pricing model.

Provisions for pensions and similar obligations
In accordance with IAS 19 (Employee Benefits), the actuarial measurement of pension provisions arising from defined benefit plans is primarily based on the projected unit credit method. This method takes into account not only the pension payments and entitlements known on the reporting date but also anticipated future increases in salaries and pensions.

If pension obligations are funded by plan assets, the obligations and the assets are offset.

Remeasurements from pension plans are recognized in retained earnings in other comprehensive income taking deferred taxes into account. The service cost is reported in personnel costs, while the net interest expense/income from discounting the provisions as well as from the return on plan assets is recognized in interest expenses.

The calculation is based on actuarial reports taking into account biometric assumptions. The interest rate used to discount the provisions is determined on the basis of the return on long-term high-quality corporate bonds on the reporting date.

Other provisions
Under IAS 37, provisions are recognized if a present obligation exists toward a third party as a result of a past event which will probably result in a future outflow of resources embodying economic benefits, and where the amount of this outflow can be reliably estimated.

Provisions are generally measured at the expected settlement amount taking into account all identifiable risks. The settlement amount is calculated on the basis of the best possible estimate. The settlement amount also includes the expected cost increases. Provisions for warranty claims are recognized taking account of the past or estimated future claims pattern and constructive warranties. Non-current provisions are stated at their settlement amount discounted to the reporting date. The interest rate used is a pre-tax rate that reflects current market assessments of when the outflow of resources is due. In the eurozone, an average interest rate of 3.16% (2021: -0.04%) was used. The interest expense resulting from unwinding the discount is presented in interest expenses.

Provisions are not offset against reimbursement claims from third parties. Reimbursement claims are recognized separately in other assets if it is virtually certain that the group will receive the reimbursement when it settles the obligation.

Accruals are not presented as provisions, but under trade payables or other liabilities, based on their nature.

As part of the insurance business, the reinsured used vehicle warranty insurance contracts are accounted for pursuant to the provisions of IFRS 4. Reinsurance acceptances are recognized without delay in the year in which they arise. Provisions are recognized in principle in accordance with the contractual responsibilities of the cedants. Provisions for claims are determined using estimation techniques based on assumptions about the further development of claims. Claims are generally settled within a period of three months.

Liabilities
Non-current liabilities are carried at amortized cost in the statement of financial position. Differences between their historical cost and their repayment amount are accounted for using the effective interest method.

Liabilities to shareholders from puttable shares are recognized in the income statement at the present value of the redemption amount on the reporting date.

Lease liabilities are carried at the present value of the lease payments.

Current liabilities are recognized at their repayment or settlement value.

Revenue and expenses
Revenue, interest and commission income from financial services and other operating income are recognized only when the relevant services have been rendered or the customer has obtained control of the goods or services. Revenue is reported net of discounts, customer bonuses and rebates.

Sales allowances and other variable consideration are measured on the basis of experience and by taking account of current circumstances. Vehicles are normally sold to dealers on payment terms. A trade receivable is recognized for the period between vehicle delivery and receipt of payment. Financing components included therein are only accrued if the period between the transfer of the goods and the payment of consideration is longer than one year and the amount to be accrued is material.

Revenue from receivables from financial services is recognized using the effective interest method. Income from operating leases is recorded on a straight-line basis over the term of the agreement.

Revenue from long-term construction contracts is recognized in accordance with the percentage of completion method.

If a contract comprises several separately identifiable components (multiple-element arrangements), these components are recognized separately in accordance with the principles outlined above. If services are sold to the customer together with the vehicle and the customer pays for them in advance, the group recognizes a corresponding contract liability until the services have been rendered. Examples of services that customers pay for in advance include servicing, maintenance and certain guarantee contracts, as well as mobile online services.

Sales revenue from extended warranties or maintenance agreements is recognized when services are rendered. In the case of prepayments, deferred income is recognized proportionately by reference to the costs expected to be incurred, based on experience. Revenue is recognized on a straight-line basis if there is insufficient experience. If the expected costs exceed the accrued sales revenue, a loss is recognized from these agreements.

For extended warranties granted to customers for a specific model, a provision is generally recognized in the same way as for statutory warranties. If the warranty is optional for the customer or contains an additional service component, the related revenue is deferred and recognized over the warranty term.

Income from assets for which a group entity has a buy-back obligation is not recognized until the assets have finally left the group. If a fixed repurchase price was agreed when the contract was concluded, the difference between the selling and repurchase price is recognized as income ratably over the term of the contract. Until the end of the contract term, the assets are reported in inventories in case of current contract end dates and in leased assets in the case of non-current contract end dates.

Sales revenue is generally measured at the price determined in the contract. If variable consideration (e.g., volume-based bonuses) has been agreed in a contract, the large number of contracts means that revenue is generally estimated using the expected value method. The most probable amount method may also be used in exceptional cases. Once the expected sales revenue has been estimated, an additional check is performed to determine whether there are uncertainties that make it necessary to reduce the revenue initially recognized in order to effectively rule out the risk of subsequently adjusting that revenue downwards. Provisions for reimbursements mainly result from dealer bonuses. In the case of multiple-element arrangements, the transaction price is allocated to the various performance obligations under the contract on the basis of the relative stand-alone selling prices. For reasons of materiality, the Porsche AG Group generally recognizes non-vehicle-related services at their stand-alone selling price.

Revenue is generally recorded separately for each business transaction. If two or more transactions are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole, the criteria for revenue recognition are applied to these transactions as a whole. If, for example, loan or lease agreements in the financial services segment are entered into at below market interest rates to promote sales of new vehicles, revenue is reduced by the incentive arising from the agreement.

In the case of financial instruments measured at amortized cost, interest income and expenses are determined using the effective interest rate.

Production-related expenses are recognized upon delivery or utilization of the service, while all other expenses are recognized as an expense as incurred. The same applies for development costs not eligible for recognition as part of the cost of an asset.

Provisions for warranty claims are recognized upon sale of the related products.

Cost of sales include the costs incurred to generate the sales revenue and the cost of goods purchased for resale. This item also includes the cost of additions to warranty provisions. Research and development costs not eligible for capitalization and amortization of development costs are likewise carried under cost of sales. Interest and commission expenses incurred in connection with the financial services business are also reported in cost of sales.

Dividend income is recognized when the group's right to receive the payment is established.

Contingent liabilities

A contingent liability is a possible obligation to third parties that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. A contingent liability may also be a present obligation that arises from past events but is not recognized because an outflow of resources is improbable or the amount of the obligation cannot be measured with sufficient reliability.

Government grants

Government grants for assets are deducted when determining the carrying amount of the asset and recognized in profit or loss over the life of the depreciable asset by way of a reduced depreciation charge. If entitlement to a grant occurs subsequently, the grant amount attributable to earlier periods is recognized in profit or loss. Government grants that compensate group companies for expenses incurred are generally recognized in profit or loss in the period and allocated to those items in which the expenses to be compensated were incurred.

Significant accounting judgments and estimates

The preparation of consolidated financial statements requires certain assumptions and estimates that have an effect on the recognition, measurement and presentation of the assets, liabilities, income and expenses as well as on the disclosures on contingent assets and liabilities of the reporting period. These assumptions, judgments and estimates reflect all the information currently available. The assumptions and estimates relate to the following principal matters:

The estimation and determination of uniform group useful lives and depreciation methods for fixed assets subject to wear and tear (carrying amount of franchises, industrial rights and other intangible assets on December 31, 2022: €995 million (2021: €880 million); carrying amount of capitalized development costs for products in use as of December 31, 2022: €2,309 million (2021: €2,822 million), carrying amount of property, plant and equipment subject to wear and tear excluding factory and office buildings on December 31, 2022: €2,846 million (2021: €3,217 million)) are based on past experience and are regularly reviewed. A change in estimates results in an adjustment to the residual useful life and, if appropriate, an impairment loss. The review in January 2023 led to a reassessment and extension of useful lives for certain items of property, plant and equipment. These adjustments are expected affect the operating result by €92.0 million in 2023 and by €1.6 million in 2024. The lease term is determined in accordance with IFRS 16 based on the non-cancellable period of the lease and an assessment of whether existing options to extend or terminate the lease will be exercised. The determination of the lease term and the discount rates used affects the amounts to be recognized for the right-of-use assets (carrying amount of right-of-use assets on December 31, 2022: €997 million (2021: €1,028 million)) and the lease liabilities (carrying amount of lease liabilities on December 31, 2022: €1,046 million (2021: €1,063 million)).

Determining the timing for the capitalization of development costs (carrying amount of the capitalized development costs as of December 31, 2022: €6,459 million (2021: €5,301 million)) requires assumptions and estimates of probabilities, particularly with respect to the technical feasibility of the development work and the availability of adequate technical, financial and other resources such that the development can be completed and the development work can be used or sold.

Testing the non-financial assets for impairment (particularly capitalized development costs, investments accounted for at equity or at cost as well as measuring shares not traded in an active market and options on such shares (carrying amount of equity-accounted investments and other investments as of December 31, 2022: €1,259 million (2021: €886 million)) requires assumptions with respect to the future cash flows during the planning period and, possibly beyond it, as well as about the discount rate to be applied. The estimates required to be made for the purpose of deriving the cash flows mainly relate to future market shares, growth in the respective markets and the profitability of the products of the Porsche AG Group.

In connection with testing property, plant and equipment for recoverability (carrying amount of property, plant and equipment as of December 31, 2022: €8,924 million (2021: €8,763 million)) and testing leased assets for impairment(carrying amount of leased assets as of December 31, 2022: €3,854 million (2021: €3,954 million)) discretionary decisions are made in particular with regard to the determination of indicators that suggest that property, plant and equipment and leased assets are impaired. The recoverability of the leased assets of the Porsche AG Group additionally depends in particular on the estimate of the residual value of the leased vehicles after the end of the lease term as this constitutes a significant portion of the expected cash inflows (please refer to the section on impairments of leased assets in note → **15. LEASED ASSETS**).

For more information on impairment testing and on the measurement parameters used please refer to the explanations on impairment testing above.

In the absence of observable market values, the determination of the fair value of assets and liabilities acquired in a business combination is based on recognized valuation techniques such as the license price analogy method or the residual value method.

The designation of hedging instruments for hedge accounting requires in particular assumptions and estimates with respect to the underlying probabilities that revenue will be generated in the future from hedged currencies and with respect to the interest rates and the course of financing. The carrying amounts concerned are presented in the statement of changes in equity.

Testing financial assets for impairment requires estimates concerning the amount and probability of occurrence of future events. As far as possible, the estimates are arrived at on the basis of current market data as well as rating grades and scoring information based on experience. Further details on calculating loss allowances can be found in note → **36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**.

The legal transfer of Porsche AG's ownership of the Russian subsidiaries is subject to the approval of the Russian authorities, which is still outstanding as of the reporting date. The management of Porsche AG assumes that the Russian authorities will approve both the transfer of ownership as well as the final purchase price in the first quarter of 2023. For the fair value of the disposal group held for sale please see in particular note → **IFRS 5 - Assets held for sale**.

The accounting treatment and measurement of provisions (carrying amount of provisions as of December 31, 2022: €7,785 million (2021: €9,024 million)) is also based on estimates of the amount and probability of occurrence of future events as well as estimates of the discount rate. Experience or external appraisals are also drawn upon where possible. The measurement of provisions for pensions (carrying amount of provisions for pensions and similar obligations on December 31, 2022: €3,668 million (2021: €5,525 million)) is additionally dependent on the estimated development of the plan assets. The assumptions underlying the calculation of provisions for pensions and similar obligations are presented in note → **26. Provisions for pensions and similar obligations**. Actuarial gains and losses from changes in measurement parameters are recorded directly in equity and have no effect on the result presented in the income statement. Changes in estimates relating to the amount of other provisions (carrying amount of other provisions as of December 31, 2022: €3,950 million (2021: €3,373 million)) are always recognized in profit or loss. Provisions are regularly adjusted to take account of new information. Due to the use of expected values, it is often the case that unused provisions are reversed or that subsequent additions are made to provisions. Similarly to the expenses for recognizing new provisions, income from the reversal of provisions is largely allocated to the respective functions. Warranty claims from sales transactions are calculated on the basis of losses to date, estimated future losses and the policy on ex gratia arrangements. Individual technical risks identified are recorded separately. This requires assumptions to be made about the nature and extent of future cases relating to guarantee, warranty and goodwill payments. For the provisions recognized, assumptions were made in particular in relation to working hours, material costs and hourly wage rates depending on the series, model year and country concerned. These assumptions are based on qualified estimates. The estimates rely on external data, taking into account additional information available internally such as experience relating to the parameters mentioned.

For an overview of other provisions and provisions from sales, see note → **27. NON-CURRENT AND CURRENT OTHER PROVISIONS** and for litigation see also note → **40. LITIGATION**.

Tax provisions were recognized for potential future payments of tax arrears while other provisions were recognized for ancillary tax payments arising in this connection.

Porsche AG and its subsidiaries have operations worldwide and are audited by local tax authorities on an ongoing basis. Changes in tax legislation and court rulings and their interpretation by tax authorities in the respective countries may result in tax payments that differ from the estimates made in the financial statements.

Tax provisions are measured on the basis of the most likely value at which the risk will materialize. If there are multiple tax uncertainties, the Porsche AG Group decides whether to account for them individually or in groups, depending on which type of presentation is better suited to predicting the extent to which the tax risk will materialize. In the case of contracts for the cross-border supply of intragroup goods and services in particular, the pricing of individual products and services is complex. This is because in many cases there are no observable market prices for internally generated products, or because the use of market prices for similar products is subject to uncertainties as they are not comparable. In these cases (including for tax purposes), the prices are determined using uniform, generally accepted valuation techniques.

In December 2021, the OECD issued guidelines for a new minimum tax framework. Several jurisdictions announced their intention to implement them. In December 2022, the EU member states agreed on a corresponding EU guideline. While the overarching framework has been published, we await national legislation and detailed guidelines in order to assess the full impact.

Deviations from the assumptions made in the estimation process may cause differences to arise compared to the original estimates.

Determining deferred tax assets (carrying amount of deferred tax assets as of December 31, 2022: €742 million (2021: €867 million)) requires assumptions to be made concerning future taxable profit and the timing of the realization of the deferred tax assets. Income tax items included in the statement of financial position whose amount is uncertain are based on the best estimate of the expected tax payment.

The recognition of government grants is based on an assessment as to whether there is reasonable assurance that the group companies will fulfill the conditions attached the grant and they will in fact be awarded. This estimate is based on the type of legal right as well as past experience.

The assumptions and estimates are based on premises that are derived from the current information available. The anticipated future business development was assessed by reference to the circumstances prevailing at the time of preparing the consolidated financial statements and the realistically assumed future development of the global and industry-specific environment. Since the future development of business is subject to uncertainty that cannot be fully controlled by the Porsche AG Group, the assumptions and estimates continue to be subject to a high level of uncertainty. This applies in particular to short- and medium-term forecast cash flows, the discount rates used and forecast residual values.

Factors that may cause variances from the assumptions and estimates include new information about the buying behavior in the sales markets and in response to this changes in planning, dependency on suppliers, in particular exclusive suppliers, developments in exchange rates, interest rates and the prices of commodities as well as environmental or other legal provisions. Where the development of these circumstances differs from the assumptions and lies outside the control of management, the actual figures may differ from those originally expected. In such cases, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned, are adjusted accordingly.

Following the slump in global economic output in 2020 and the incipient recovery due to base and catch-up effects in 2021, the global economy recorded positive growth of 3.0% in 2022 (prior year: growth of 6.0%). In both the advanced economies and the emerging markets, economic development continued to recover on average, albeit at a slower and overall reduced momentum than in the prior year.

The Porsche AG Group's planning is based on the assumption that global economic output in 2023 will grow overall albeit at a slower pace. The persistently high rate of inflation in many regions and the resulting restrictive monetary policies of the central banks is set to have an increasingly negative impact on private demand. Risks also continue to arise from protectionist tendencies, turbulence in the financial markets as well as structural deficits in some countries. In addition, growth prospects will be negatively impacted by ongoing geopolitical tensions and conflicts. The Russia-Ukraine conflict in particular continues to harbor risks. Furthermore, risks in connection with the emergence of new variants of the SARS-CoV-2 coronavirus, in particular regional outbreaks and related political measures, cannot be ruled out. It is assumed that both the advanced economies and emerging markets will record positive growth on average, albeit with below-average GDP growth rates.

It is also expected that the global economy will recover in 2024 and to grow again by 2027 with stable rates of change.

Prior to the date of authorization for issue of the financial statements by the Executive Board, there were no indications that the carrying amounts of the assets and liabilities presented in the consolidated statement of financial position would require any significant adjustment in the following reporting period.

Estimates and assumptions by management were based in particular on assumptions relating to the development of the general economic environment, the automotive markets and the legal environment. These as well as further assumptions are explained in detail in the forecast report, which forms part of the combined management report.

SEGMENT REPORTING

The segments are based on the internal management and reporting within the Porsche AG Group. This takes into account the group objectives and policies set by the Executive Board of Porsche AG. Segment reporting is made up of the two reportable segments automotive and financial services.

The activities of the automotive segment cover the development, manufacturing and sale of vehicles as well as related services.

The activity of the financial services segment comprises customer and dealer financing, the leasing business as well as mobility services and other finance-related services.

The purchase price allocation from acquired companies is directly allocated to the corresponding segments.

In the Porsche AG Group, the segment result is determined on the basis of the operating profit after tax.

Reconciliation includes consolidation between the segments.

Investments in intangible assets and property, plant and equipment are reported net of investments in right-of-use assets from leases.

The business relationships between the companies of the segments of the Porsche AG Group are generally based on arm’s length prices.

Reporting segments 2022

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Sales revenue from external customers	34,439	3,191	**37,630**	–	**37,630**
Intersegment sales revenue	152	101	**253**	–253	**–**
Total sales revenue	34,591	3,292	**37,883**	–253	**37,630**
Segment profit (operating profit)	6,423	341	**6,763**	7	**6,770**
Depreciation and amortization	2,296	895	**3,191**	–32	**3,159**
Impairment losses	5	140	**145**	–	**145**
Reversal of impairment losses	–	162	**162**	–	**162**
Equity-accounted investments	623	–	**623**	–	**623**
Investments in intangible assets and property, plant and equipment,	3,593	53	**3,645**	15	**3,661**

Reporting segments 2021

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Sales revenue from external customers	30,125	3,014	**33,138**	–	**33,138**
Intersegment sales revenue	164	113	**278**	–278	**–**
Total sales revenue	30,289	3,127	**33,416**	–278	**33,138**
Segment profit (operating profit)	5,033	313	**5,347**	–32	**5,314**
Depreciation and amortization	2,373	819	**3,193**	–36	**3,157**
Impairment losses	14	130	**144**	–	**144**
Reversal of impairment losses	–	44	**44**	–	**44**
Equity-accounted investments	573	–	**573**	–	**573**
Investments in intangible assets and property, plant and equipment,	2,979	13	**2,992**	51	**3,043**

Reconciliation

€ million	2022	2021
Segment sales revenue	**37,883**	**33,416**
Consolidation	–253	–278
Group sales revenue	**37,630**	**33,138**
Segment profit (operating profit)	**6,763**	**5,347**
Consolidation	7	–32
Operating profit	**6,770**	**5,314**
Financial result	**299**	**415**
Consolidated profit before tax	**7,069**	**5,729**

By region 2022

€ million	Germany	Europe without Germany	North-America[1]	China[2]	Rest of the world	Hedges sales revenue	Porsche AG Group
Sales revenue from external customers	4,643	7,372	10,576	11,764	4,566	–1,290	**37,630**
Intangible assets, property, plant and equipment and lease assets	15,580	304	4,070	161	136	–	**20,251**

1 excl. Mexico
2 incl. Hong Kong

By region 2021

€ million	Germany	Europe without Germany	North-America[1]	China[2]	Rest of the world	Hedges sales revenue	Porsche AG Group
Sales revenue from external customers	4,034	6,701	8,673	10,333	3,697	–300	**33,138**
Intangible assets, property, plant and equipment and lease assets	14,238	252	4,090	193	134	–	**18,906**

1 excl. Mexico
2 incl. Hong Kong

Sales revenue is allocated to the regions in accordance with the destination principle.

The allocation of interregional intragroup transactions regarding the segment assets is presented uniformly according to economic ownership.

NOTES TO THE INCOME STATEMENT

1. SALES REVENUE

Structure of the group's sales revenue 2022

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Vehicles	29,947	–	**29,947**	–103	**29,844**
Genuine parts	1,761	–	**1,761**	0	**1,761**
Used vehicles and third-party products	1,305	1,607	**2,912**	–98	**2,813**
Rental and leasing business	1	1,325	**1,326**	–33	**1,293**
Interest and similar income from financial services business	0	325	**325**	–2	**323**
Hedges sales revenue	–1,290	–	**–1,290**	–	**–1,290**
Other revenue	2,868	35	**2,903**	–17	**2,886**
	34,591	**3,292**	**37,883**	**–253**	**37,630**

Structure of the group's sales revenue 2021

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Vehicles	25,539	–	**25,539**	–128	**25,412**
Genuine parts	1,533	–	**1,533**	0	**1,533**
Used vehicles and third-party products	1,222	1,577	**2,799**	–105	**2,694**
Rental and leasing business	1	1,249	**1,251**	–25	**1,225**
Interest and similar income from financial services business	0	247	**247**	–5	**242**
Hedges sales revenue	–300	–	**–300**	–	**–300**
Other revenue	2,294	54	**2,348**	–15	**2,332**
	30,289	**3,127**	**33,416**	**–278**	**33,138**

Other revenue mainly contains income from mobile services, consulting, development services and workshop services. In addition, other revenue contains insurance premiums from warranty insurance for used vehicles of €110 million (2021: €82 million).

Of the sales revenue recognized in the reporting period, an amount of €789 million (2021: €660 million) was included in contract liabilities as of January 1, 2022. In addition to existing performance obligations from long-term construction contracts, the majority of performance obligations that were unsatisfied as of the reporting date relate to mobile online services and vehicle deliveries, most of which are expected to be satisfied or for which sales revenue is expected to be recognized by December 31, 2023.

The vast majority of the sales revenue expected from orders as of the reporting date relate to vehicle sales. The resulting sales revenue will be recognized in the short term. The services included in these vehicle sales that do not lead to sales revenue until subsequent years make up only an insignificant portion of expected sales revenue. Use is therefore made of the practical expedient pursuant to IFRS 15, according to which a quantified order backlog as of the reporting date is not disclosed on account of the short-term nature and lack of informative value.

2. COST OF SALES

Cost of sales amounted to €27,084 million (2021: €24,281 million) and mainly comprise production materials, personnel expenses, non-staff overheads and depreciation and amortization.

Cost of sales also contains interest expenses attributable to the financial services business amounting to €90 million (2021: €60 million), impairment losses on leased assets amounting to €140 million (2021: €130 million) and expenses for indemnification payments from warranty insurance for used vehicles amounting to €73 million (2021: €58 million).

Profit-related government grants in the fiscal year amounted to €41 million (2021: €53 million) and were generally allocated to the corresponding function.

3. DISTRIBUTION EXPENSES

Distribution expenses of €2,353 million (2021: €2,111 million) include non-staff overheads and personnel expenses, depreciation and amortization charged in the distribution function as well as shipping, advertising and sales promotion costs incurred.

4. ADMINISTRATIVE EXPENSES

Administrative expenses of €1,655 million (2021: €1,426 million) mainly contain non-staff overheads and personnel expenses as well as depreciation and amortization charged in the administrative function.

5. OTHER OPERATING INCOME

Other operating income breaks down as follows:

€ million	2022	2021
Income from reversal of valuation allowances on receivables and other assets	34	31
Income from reversal of provisions and accruals	93	123
Income from derivatives within hedge accounting	306	28
Income from derivatives not within hedge accounting financial services segment	47	6
Income from other hedges	233	13
Income from foreign exchange gains	310	282
Income from cost allocations	300	237
Gains on asset disposals and the reversal of impairment losses	165	52
Other rental income	54	48
Recourse income (special factor diesel issue)	–	30
Miscellaneous other operating income	352	229
	1,894	**1,079**

There is a group agreement in place between Porsche AG and Volkswagen AG on the reimbursement of costs in connection with the IPO of Porsche AG. The reimbursement of €50 million is recognized under miscellaneous other operating income.

Income from foreign exchange gains mainly comprises exchange rate gains between the date of origin and the date of payment of foreign exchange receivables as well as foreign exchange gains from measurement as of the reporting date. Resulting foreign exchange losses are included in other operating expenses.

Income from other hedges mainly includes gains from marking to market derivative financial instruments used for currency hedging in the automotive segment that are not designated in a hedging relationship. Foreign exchange losses are included in other operating expenses.

Miscellaneous other operating income mainly consists of government grants and other recourse income.

6. OTHER OPERATING EXPENSES

€ million	2022	2021
Valuation allowances on trade receivables	7	10
Valuation allowances on other receivables and other assets	70	47
Expenses from derivatives within hedge accounting	291	218
Expenses from derivatives not within hedge accounting financial services segment	3	0
Expenses from other hedges	178	12
Foreign exchange losses	380	85
Losses on disposal of non-current assets	59	42
Financial share of company pension scheme	243	293
Miscellaneous other operating expenses	431	378
	1,662	**1,085**

Foreign exchange losses mainly contain exchange rate losses between the date of origin and the date of payment of foreign exchange receivables. The resulting foreign exchange gains are included in other operating income.

Expenses from other hedges primarily contain foreign exchange losses from marking to market derivative financial instruments used for currency hedging in the automotive segment that are not designated in a hedging relationship. Foreign exchange gains are reported in other operating income.

Miscellaneous other operating expenses consist principally of expenses for litigation costs and legal risks.

7. SHARE OF PROFITS AND LOSSES OF EQUITY-ACCOUNTED INVESTMENTS

€ million	2022	2021
Share of profits of equity-accounted investments	**10**	**–**
of which from joint ventures	–	–
of which from associates	10	–
Share of losses of equity-accounted investments	**17**	**22**
of which from joint ventures	2	7
of which from associates	15	15
	–7	**–22**

8. INTEREST RESULT

€ million	2022	2021
Interest income	**461**	**425**
Other interest and similar income	310	421
Interest result from discounting other non-current liabilities[1]	151	4
Interest expense	**–114**	**–117**
Other interest and similar expenses	–11	–45
Interest expenses included in lease payments	–26	–24
Net interest on the net defined benefit liability	–77	–48
Interest result	**346**	**308**

[1] The result of unwinding the discount on/discounting other non-current liabilities was recognized under "Interest expenses" in the prior year.

The increase in the result of unwinding the discount on/discounting other non-current liabilities is mainly attributable to the increased interest rates.

9. OTHER FINANCIAL RESULT

€ million	2022	2021
Cost of loss absorption	0	0
Other income from equity investments	25	96
Other expenses from equity investments	–62	–8
Income and expenses from securities and loans	–99	17
Gains and losses from remeasurement and impairment of financial instruments	64	–119
Gains and losses from fair value changes of hedging instruments/derivatives not included in hedge accounting	31	143
Other financial result	**–40**	**129**

Other expenses from equity investments contain an impairment loss on the investment in Bertrandt AG accounted for using the equity method of €45 million as well as changes in value of other equity investments measured at fair value of €16 million (2021: €8 million). In the prior year, the reversal of an impairment loss on the investment in Bertrandt AG accounted for using the equity method of €51 million as well as changes in value of other equity investments measured at fair value of €42 million were included in other income from equity investments.

10. INCOME TAX

Composition of tax income and expense

€ million	2022	2021
Current tax expense, Germany	1,428	1,189
Current tax expense, other countries	500	339
Current income tax expense	**1,927**	**1,528**
of which prior-period income (–)/expense (+)	–10	–37
Deferred tax income (–)/expense (+), Germany	408	124
Deferred tax income (–)/expense (+), other countries	–223	39
Deferred tax income (–)/expense (+)	**185**	**163**
Income tax income/expense	**2,112**	**1,691**

Income tax includes the tax allocation determined for the Porsche AG tax group as well as income tax of the consolidated subsidiaries, which themselves owe taxes, as well as deferred taxes.

The statutory corporate income tax rate for the 2022 assessment period in Germany was 15% (2021: 15%). Including trade tax and the solidarity surcharge, the nominal tax rate comes to 30.0% (2021: 30.0%). A tax rate of 30.2% (2021: 30.0%) was applied to measure the deferred taxes in the German consolidated tax group.

The increase in the tax rate for deferred taxes results from the termination of the domination and profit and loss transfer agreement with Porsche Holding Stuttgart GmbH, which expired at midnight on December 31, 2022. As of 2023, Porsche AG is thus no longer part of the tax group for income tax purposes with Porsche Holding Stuttgart GmbH. This means that the trade tax rates will have to be recalculated according to Porsche AG's allocation formulas. This results in an increase in the trade tax rate and thus also in the nominal combined tax rate to 30.2%. The effect of the tax rate change in Germany in 2022 amounts to €2 million.

The local tax rates applied for foreign entities range between 0% and 34% (2021: 0% and 34%). In the case of split tax rates, the tax rate applicable to undistributed profits is applied. Tax rate changes led to measurement expenses (2021: measurement expenses) in the reporting period of €1 million (2021: €2 million).

The current tax expense was reduced by €1 million (2021: €2 million) as a result of the utilization of previously unrecognized tax losses and tax credits and previously unrecognized temporary differences from prior periods. Where deferred taxes were concerned, the use of recognized tax losses in the fiscal year led to a decrease in the deferred tax expense of €0 million (2021: €0 million).

In the reporting year, reversals of impairments and impairments were recognized on deferred tax assets for temporary differences of €2 million and €1 million, respectively (2021: reversals of impairments and impairments of €2 million and €1 million, respectively).

The tax loss carryforwards as well as the lapse of previously unused tax loss carryforwards developed as follows:

	Previously unused tax loss carryforwards		Thereof unusable tax loss carryforwards	
€ million	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Non-expiring tax loss carryforwards	69	48	68	46
Expiry within 10 years	15	13	13	13
Expiry over 10 years	4	6	–	–
Total	**88**	**67**	**81**	**59**

In addition, deferred tax totaling €2 million (2021: €2 million) was recognized on tax loss carryforwards and tax credits.

Deferred tax assets of €3 million (prior year: €8 million) were recognized without matching deferred tax liabilities. The companies concerned can expect future tax benefits following losses in the current fiscal year or the prior year.

In accordance with IAS 12.39, deferred tax liabilities were not recognized for temporary differences on retained profits at subsidiaries of Porsche AG in the amount of €298 million (2021: €319 million) because control is given.

Reconciliation of estimated to recognized income tax

€ million	2022	2021
Profit before tax	7,069	5,729
Group tax rate in %	30	30.0
Expected income tax expense	**2,121**	**1,719**
Effects of different tax rates	–19	–56
Effects of loss carryforwards and tax credits	–2	0
Tax-exempt income and non-deductible business expenses	74	14
Taxes relating to other periods	–8	10
Effect of tax rate changes[1]	1	3
Other differences	0	1
Effects of spin-off	–55	–
Reported income tax expense	**2,112**	**1,691**
Effective tax rate in %	29.9	29.5

[1] The effect of the tax rate change in Germany in 2022 amounts to €2 million.

The reconciliation item to tax-free income and non-deductible operating expenses contains tax effects on tax-free income of €8 million (prior year: €9 million), non-deductible expenses of €65 million (prior year: €48 million) as well as from permanent differences from measurement differences (primarily from investments), resulting in taxes of €17 million (prior year: decrease in taxes of €25 million).

In the course of the structural measures before the IPO, various assets were spun off to other companies of the Volkswagen Group. Due to the different spin-off dates for the purpose of actual taxation and the expected taxation pursuant to IFRS, there was a deviation of €–55 million in 2022.

Deferred taxes by statement of financial position item

The following recognized deferred tax assets and liabilities were attributable to recognition and measurement differences in the individual items of the statement of financial position and to tax loss carryforwards:

	Deferred tax assets		Deferred tax liabilities	
€ million	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Intangible assets, property, plant and equipment and leased assets	6	6	3,063	2,725
Other equity investments	3	6	–	–
Inventories	30	34	33	31
Receivables and other assets (including financial services)	48	41	145	110
Securities	1	1	3	–
Unused tax loss carryforwards and tax credits	2	2	–	–
Provisions for pensions and similar obligations	496	1,099	23	27
Liabilities and other provisions	1,535	1,595	32	43
Gross value	**2,120**	**2,784**	**3,298**	**2,936**
Offsetting	–1,763	–2,202	–1,763	–2,202
Consolidation	384	285	70	48
Amount recognized in the consolidated statement of financial position	**742**	**867**	**1,605**	**782**

In accordance with IAS 12, deferred tax assets and liabilities are offset if they relate to the same taxation authority, are due in the same periods, and there is a legally enforceable right to set off the recognized amounts.

As of the reporting date, deferred taxes totaling €719 million (2021: €165 million as an increase in equity) were recognized in the statement of financial position as a decrease in equity; these are allocable to income and expenses recorded in other comprehensive income.

Deferred taxes recorded in other comprehensive income in the fiscal year are detailed in the statement of comprehensive income.

11. PROFIT/LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The profit/loss attributable to non-controlling interests amounts to €7 million (2021: €6 million) and relates to 25% of the shares in Porsche Taiwan Motors Ltd., Taipei.

12. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the share of the result of Porsche AG's shareholders by the weighted average number of ordinary and preferred shares outstanding during the fiscal year. By amendment to the Articles of Association of Porsche AG that took effect on August 15, 2022 upon entry in the commercial register, the number of issued shares has changed to 455,500,000 ordinary shares and 455,500,000 preferred shares. The change has been taken into account retrospectively for all periods presented. Since there were no transactions in the years 2022 and 2021 that had a dilutive effect on the number of shares, diluted earnings per share correspond to the basic earnings per share.

Pursuant to article 28 (4) of the Articles of Association of Porsche AG, the preferred shareholders are entitled to an additional dividend of €0.01 per preferred share above the dividend allocable to the ordinary share.

		2022	2021
Weighted average number of:			
Ordinary shares – basic/diluted	Shares	455,500,000	455,500,000
Preferred shares – basic/diluted	Shares	455,500,000	455,500,000
Earnings after tax	€ million	4,957	4,038
Non-controlling interests	€ million	7	6
Earnings attributable to Porsche AG shareholders	€ million	4,950	4,032
of which: basic/diluted earnings attributable to ordinary shares	€ million	2,473	2,014
of which: basic/diluted earnings attributable to preferred shares	€ million	2,477	2,018
Earnings per ordinary share – basic/diluted	€	5.43	4.42
Earnings per preferred share – basic/diluted	€	5.44	4.43

13. INTANGIBLE ASSETS

Research and development costs in the reporting period developed as follows:

€ million	2022	2021	%
Total research and development costs	2,651	2,417	9.7
of which: capitalized development costs	1,951	1,601	21.8
Capitalization ratio in %	73.6	66.2	
Amortization of capitalized development costs	784	968	–19.0
Research and development costs recognized in the income statement	**1,484**	**1,784**	**–16.8**

The carrying amount of goodwill in the Porsche AG Group as of December 31, 2022 amounts to €19 million (2021: €9 million).

Development of intangible assets from January 1 to December 31, 2022

€ million	Other intangible assets	Capitalized development costs for products currently in use	Capitalized development costs for products under development	Goodwill	Total
Cost					
Balance at Jan. 1, 2022	**2,210**	**8,353**	**2,479**	**10**	**13,052**
Foreign exchange differences	1	0	–	0	**1**
Changes in consolidated group	2	–	–	10	**12**
Additions	374	106	1,845	–	**2,325**
Transfers	1	165	–165	–	**1**
Classified as held for sale	3	–	–	0	**3**
Disposals	29	1,585	7	–	**1,621**
Balance at Dec. 31, 2022	**2,556**	**7,040**	**4,150**	**20**	**13,766**
Amortization and impairment					
Balance at Jan. 1, 2022	**1,330**	**5,531**	**–**	**1**	**6,862**
Foreign exchange differences	1	0	–	–	**0**
Changes in consolidated group	1	–	–	–	**1**
Additions to cumulative amortization	255	784	–	–	**1,039**
Additions to cumulative impairment losses	–	1	–	–	**1**
Transfers	0	–	–	–	**0**
Classified as held for sale	2	–	–	–	**2**
Disposals	25	1,583	–	–	**1,608**
Balance at Dec. 31, 2022	**1,560**	**4,732**	**–**	**1**	**6,293**
Carrying amount at Dec. 31, 2022	**995**	**2,309**	**4,150**	**19**	**7,473**

Development of intangible assets from January 1 to December 31, 2021

€ million	Other intangible assets	Capitalized development costs for products currently in use	Capitalized development costs for products under development	Goodwill	Total
Cost					
Balance at Jan. 1, 2021	**1,921**	**7,982**	**1,475**	**10**	**11,388**
Foreign exchange differences	2	–	–	–	**2**
Changes in consolidated group	0	–	–	–	**0**
Additions	286	167	1,434	–	**1,887**
Transfers	9	429	–429	–	**9**
Disposals	8	225	1	–	**234**
Balance at Dec. 31, 2021	**2,210**	**8,353**	**2,479**	**10**	**13,052**
Amortization and impairment					
Balance at Jan. 1, 2021	**1,164**	**4,786**	**–**	**1**	**5,951**
Foreign exchange differences	1	–	–	–	**1**
Changes in consolidated group	–	–	–	–	**–**
Additions to cumulative amortization	173	968	–	–	**1,141**
Additions to cumulative impairment losses	–	–	–	–	**–**
Transfers	0	–	–	–	**0**
Disposals	8	223	–	–	**231**
Balance at Dec. 31, 2021	**1,330**	**5,531**	**–**	**1**	**6,862**
Carrying amount at Dec. 31, 2021	**880**	**2,822**	**2,479**	**9**	**6,190**

Other intangible assets mainly comprise other acquired intangible assets, prepayments on intangible assets, franchises, industrial and similar rights as well as licenses in such rights and assets.

To determine whether goodwill as well as intangible assets are impaired, the group uses the value in use. For more information on the general approach and key assumptions, please refer to the details in note → ACCOUNTING POLICIES on impairment testing.

14. PROPERTY, PLANT AND EQUIPMENT

Development of property, plant and equipment from January 1 to December 31, 2022

€ million	Land, land rights and buildings, incl. buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Cost					
Balance at Jan. 1, 2022	**6,008**	**2,629**	**9,016**	**993**	**18,646**
Foreign exchange differences	7	0	0	1	**8**
Changes in consolidated group	67	16	3	7	**94**
Additions	263	194	299	716	**1,473**
Transfers	322	105	50	–478	**–1**
Classified as held for sale	16	–	8	0	**24**
Disposals	108	41	321	8	**478**
Balance at Dec. 31, 2022	**6,544**	**2,903**	**9,039**	**1,230**	**19,717**
Depreciation and impairment					
Balance at Jan. 1, 2022	**1,455**	**1,569**	**6,859**	**0**	**9,883**
Foreign exchange differences	–1	0	0	–	**–1**
Changes in consolidated group	14	10	3	–	**26**
Additions	280	233	759	–	**1,272**
Additions to cumulative impairment losses	–	5	–	–	**5**
Transfers	1	1	–2	0	**0**
Classified as held for sale	5	–	3	–	**9**
Disposals	46	35	302	0	**383**
Balance at Dec. 31, 2022	**1,696**	**1,782**	**7,315**	**–**	**10,793**
Carrying amount at Dec. 31, 2022	**4,848**	**1,121**	**1,725**	**1,230**	**8,924**

Development of property, plant and equipment from January 1 to December 31, 2021

€ million	Land, land rights and buildings, incl. buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Cost					
Balance at Jan. 1, 2021	**5,333**	**2,550**	**8,861**	**1,011**	**17,755**
Foreign exchange differences	71	2	12	1	**86**
Changes in consolidated group	–	–	–	–	**–**
Additions	358	119	395	489	**1,361**
Transfers	341	22	129	–501	**–9**
Disposals	95	64	381	7	**547**
Balance at Dec. 31, 2021	**6,008**	**2,629**	**9,016**	**993**	**18,646**
Depreciation and impairment					
Balance at Jan. 1, 2021	**1,183**	**1,410**	**6,467**	**0**	**9,060**
Foreign exchange differences	17	1	7	–	**25**
Changes in consolidated group	–	–	–	–	**–**
Additions	253	232	760	–	**1,245**
Additions to cumulative impairment losses	–	13	1	–	**14**
Transfers	51	–37	–15	1	**0**
Disposals	49	50	361	1	**461**
Balance at Dec. 31, 2021	**1,455**	**1,569**	**6,859**	**0**	**9,883**
Carrying amount at Dec. 31, 2021	**4,553**	**1,060**	**2,157**	**993**	**8,763**

Government grants of €20 million (2021: €33 million) were deducted from the cost of property, plant and equipment.

15. LEASED ASSETS

Development of leased assets from January 1 to December 31, 2022

€ million	Leased assets
Cost **Balance at Jan. 1, 2022**	**5,744**
Foreign exchange differences	287
Changes in consolidated group	0
Additions	2,150
Transfers	–6
Disposals	2,395
Balance at Dec. 31, 2022	**5,781**
Depreciation and impairment **Balance at Jan. 1, 2022**	**1,790**
Foreign exchange differences	91
Changes in consolidated group	0
Additions	847
Additions to cumulative impairment losses	140
Disposals	781
Reversal of impairment losses	162
Balance at Dec. 31, 2022	**1,926**
Carrying amount at Dec. 31, 2022	**3,854**

Development of leased assets from January 1 to December 31, 2021

€ million	Leased assets
Cost **Balance at Jan. 1, 2021**	**5,166**
Foreign exchange differences	418
Changes in consolidated group	0
Additions	2,504
Transfers	–28
Disposals	2,316
Balance at Dec. 31, 2021	**5,744**
Depreciation and impairment **Balance at Jan. 1, 2021**	**1,552**
Foreign exchange differences	129
Changes in consolidated group	–2
Additions	770
Additions to cumulative impairment losses	130
Disposals	745
Reversal of impairment losses	44
Balance at Dec. 31, 2021	**1,790**
Carrying amount at Dec. 31, 2021	**3,954**

Leased assets contain assets leased to customers under the terms of operating leases. Any impairment of leased assets from these vehicle leasing contracts is recognized as an impairment loss in the consolidated financial statements (2022: €140 million (2021: €130 million). Depending on the local circumstances and past experience from used vehicle sales, regularly updated internal and external data on the development of residual values are included in the residual value forecast.

Group entities in the financial services segment act as lessor, primarily leasing their own products.

16. EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS

Development of equity-accounted investments and other equity investments from January 1 to December 31, 2022

€ million	Equity-accounted investments	Other equity investments	Total
Cost **Balance at Jan. 1, 2022**	**720**	**338**	**1,058**
Foreign exchange differences	–	1	**1**
Changes in consolidated group	0	–14	**–14**
Additions	101	394	**495**
Disposals	–	82	**82**
Changes recognized directly in equity	1	22	**23**
Changes recognized in profit or loss	–7	5	**–2**
Dividends	–1	–	**–1**
Balance at Dec. 31, 2022	**815**	**662**	**1,477**
Impairments losses **Balance at Jan. 1, 2022**	**147**	**25**	**172**
Additions	45	3	**47**
Reversal of impairment losses	–	0	**0**
Balance at Dec. 31, 2021	**192**	**26**	**218**
Carrying amount at Dec. 31, 2022	**623**	**636**	**1,259**

Development of equity-accounted investments and other equity investments from January 1 to December 31, 2021

€ million	Equity-accounted investments	Other equity investments	Total
Cost **Balance at Jan. 1, 2021**	**365**	**233**	**598**
Foreign exchange differences	–	2	**2**
Changes in consolidated group	158	–182	**–24**
Additions	220	200	**420**
Changes recognized directly in equity	–	43	**43**
Changes recognized in profit or loss	–23	42	**19**
Dividends	–	–	**–**
Balance at Dec. 31, 2021	**720**	**338**	**1,058**
Impairments losses **Balance at Jan. 1, 2021**	**198**	**16**	**214**
Additions	–	9	**9**
Reversal of impairment losses	51	–	**51**
Balance at Dec. 31, 2021	**147**	**25**	**172**
Carrying amount at Dec. 31, 2021	**573**	**313**	**886**

The equity-accounted investments include associates amounting to €623 million (2021: €534 million) and joint ventures amounting to €0 million (2021: €39 million).

Additions to equity-accounted investments amounted to €101 million in fiscal year 2022 (2021: €220 million). Further details can be found under “Consolidated group”.

Other investments primarily comprise shares in affiliated companies measured at cost of €274 million (2021: €120 million), shares in associates measured at cost of €139 million (2021: €25 million) and other equity investments measured at fair value of €193 million (2021: €142 million).

17. INVENTORIES

€ million	Dec. 31, 2022	Dec. 31, 2021
Raw materials, consumables and supplies	481	385
Work in progress	387	1,078
Finished goods and merchandise	4,362	2,994
Current rental and leasing assets	29	26
Advance payments made	244	34
	5,504	**4,517**

Of the total inventories reported as of the reporting date of €5,504 million (2021: €4,517 million), an amount of €37 million (2021: €17 million) is recognized at net realizable value. Inventories of €23,476 million (2021 (adjusted): €20,758 million) were expensed at the time revenue was recognized. The write-downs recognized in profit or loss in the reporting period amounted to €113 million (2021: €31 million) and resulted from the remeasurement of used vehicles. Reversals of write-downs of €2 million (2021: €2 million) were recognized in profit or loss in the reporting period, also resulting primarily from the remeasurement of used vehicles. Of the total amount of inventories, leased vehicles returned amounting to €6 million (2021: €5 million) are pledged as security under asset-backed securities transactions.

18. TRADE RECEIVABLES

€ million	Dec. 31, 2022	Dec. 31, 2021
Trade receivables from		
third parties	771	698
related parties	519	502
	1,290	**1,199**

The maximum default risk corresponds to the carrying amounts of the net receivables. The fair values of the trade receivables essentially correspond to the carrying amounts due to the remaining terms. All trade receivables are due in less than one year.

19. NON-CURRENT AND CURRENT FINANCIAL SERVICES RECEIVABLES

As of the end of the reporting period, financial services receivables break down as follows:

	Carrying amount			Fair value	Carrying amount			Fair value
€ million	Current	Non-current	Dec. 31, 2022	Dec. 31, 2022	Current	Non-current	Dec. 31, 2021	Dec. 31, 2021
Receivables from financing business								
Customer financing	816	2,876	**3,692**	3,620	487	2,330	**2,817**	2,889
Dealer financing	35	13	**48**	51	10	0	**10**	10
	851	**2,889**	**3,740**	**3,671**	**497**	**2,330**	**2,827**	**2,899**
Receivables from operating leases	26	–	**26**	26	25	–	**25**	25
Receivables from finance leases	661	1,494	**2,154**	2,119	534	1,131	**1,665**	1,715
	1,538	**4,382**	**5,920**	**5,816**	**1,081**	**3,461**	**4,542**	**4,664**

20. NON-CURRENT AND CURRENT OTHER FINANCIAL ASSETS

	Carrying amount			Carrying amount		
€ million	Current	Non-current	Dec. 31, 2022	Current	Non-current	Dec. 31, 2021
Positive fair value of derivative financial instruments	281	511	**791**	135	219	**354**
Miscellaneous financial assets	5,213	243	**5,456**	5,218	8,377	**13,595**
	5,493	**753**	**6,247**	**5,353**	**8,596**	**13,949**

Miscellaneous financial assets contain receivables from Volkswagen AG of €2,800 million (2021: €2,000 million), Volkswagen International Belgium S.A. of €1,000 million (2021: €0 million) and Porsche Holding Stuttgart GmbH of €17 million (2021: €10,193 million). In the prior year, these included loan receivables of €8,135 million as well as the current clearing account and interest receivables of Porsche AG amounting to €2,058 million. See also the explanations in note → 25. EQUITY.

In addition, the miscellaneous financial assets include restricted cash in the amount of €285 million (2021: €308 million). This relates to collected customer payments for receivables sold under asset-backed securities programs, which have to be passed on to the contracting partners in a timely manner, as well as collateral in connection with vehicle financing.

No significant valuation allowances were recognized for miscellaneous financial assets. The maximum default risk corresponds to the net carrying amounts of miscellaneous financial assets.

The positive fair values of derivative financial instruments relate to the following items:

€ million	Dec. 31, 2022	Dec. 31, 2021
Transactions for hedging:		
foreign currency and interest rate risk from future cash flows (cash flow hedges)	606	211
Hedging transactions (interest and currency)	**606**	**211**
Assets related to derivatives not included in hedging relationships	186	143
	791	**354**

Further details on derivative financial instruments as a whole are given in note → 36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS.

21. NON-CURRENT AND CURRENT OTHER RECEIVABLES

As of the end of the reporting period, other receivables break down as follows:

	Carrying amount			Carrying amount		
€ million	Current	Non-current	Dec. 31, 2022	Current	Non-current	Dec. 31, 2021
Other recoverable income taxes	397	0	**397**	284	0	**284**
Miscellaneous receivables	312	100	**412**	282	113	**395**
Conditional receivables from long-term construction contracts	20	–	**20**	13	–	**13**
	728	**100**	**829**	**579**	**113**	**692**

Miscellaneous receivables include prepaid expenses in the amount of €199 million (prior year: €192 million). These are primarily attributable to rent and marketing expenses, as well as prepaid maintenance costs for hardware and software.

The current other receivables are mainly non-interest-bearing.

Other receivables include contingent receivables under long-term construction contracts recognized in application of the percentage of completion method. They correspond to the contract assets from contracts with customers, and developed as follows:

€ million	2022	2021
Contingent construction contract receivables Balance at Jan. 1	**13**	**12**
Additions and disposals	6	1
Change in valuation allowances	0	0
Contingent construction contract receivables at Dec. 31	**20**	**13**

The contingent receivables from long-term construction contracts break down as follows:

€ million	2022	2021
Contract costs including outcome of the long-term construction contracts	67	89
thereof services billed to customers	–27	–61
Future receivables from long-term construction contracts	41	28
Advance payments received	–21	–15
	20	**13**

The revenue from long-term construction contracts totals €177 million (2021: €95 million). Contracts and parts of contracts billed to customers are presented within trade receivables. No material write-downs were recognized for these.

22. TAX ASSETS

	Carrying amount			Carrying amount		
€ million	Current	Non-current	Dec. 31, 2022	Current	Non-current	Dec. 31, 2021
Deferred tax assets	–	742	**742**	–	867	**867**
Tax receivables	87	–	**87**	155	–	**155**
Total	**87**	**742**	**829**	**155**	**867**	**1,022**

Of the deferred tax assets, an amount of €719 million (2021: €682 million) relates to recognition and measurement differences between IFRSs and the tax base that will reverse within a year.

23. SECURITIES AND TIME DEPOSITS

The securities serve to safeguard liquidity. They are short-term fixed-income securities and shares. The securities are measured at fair value. Securities amounting to €1 million (2021: €3 million) have been furnished as collateral for financial liabilities and contingent liabilities. The recipient of collateral has no original right of disposal or pledge with respect to the furnished collateral. In the current fiscal year, time deposits with a term of more than 3 months are allocated to "Securities and time deposits"; these were contained in "Cash and cash equivalents" as of December 31, 2021 (€359 million) and in "Cash, cash equivalents and time deposits" in the prior year.

24. CASH AND CASH EQUIVALENTS

€ million	Dec. 31, 2022	Dec. 31, 2021
Bank balances	1,316	1,261
Checks, cash-in-hand, bills and call deposits	2,403	3,425
	3,719	**4,686**

Bank balances are held at various banks in different currencies and, among other things, include time deposits with a term of less than 3 months. Balances with affiliated companies (cash pool) comprise overnight or short-term deposits that are only subject to an immaterial risk of fluctuations in value. In the current fiscal year, time deposits with a term of more than 3 months are allocated to "Securities and time deposits"; these were contained in "Cash and cash equivalents" as of December 31, 2021 (€359 million) and in "Cash, cash equivalents and time deposits" in the prior year.

25. EQUITY

The composition and development of equity and of non-controlling interests is presented in the statement of changes in equity. Other changes include the increase in the company's share capital from company funds as well as the planned dividend, which is explained in detail below.

Subscribed capital

On August 1, 2022, the Annual General Meeting of Porsche AG resolved to increase the company's share capital by €865.5 million from company funds from €45.5 million to €911 million. The 2022 capital increase was entered in the company's commercial register at the Stuttgart Local Court on August 15, 2022.

The subscribed capital of Porsche AG is composed of no-par value bearer shares One share grants a notional share of €1.00 in share capital. Porsche AG's share capital amounts to €911 million and is divided into 455,500,000 no-par value ordinary shares and 455,500,000 no-par value preferred shares. Each share grants a notional share of €1.00 in share capital. Compared to the ordinary shares, the preferred shares carry the right to an additional dividend that is €0.01 higher than the ordinary shares, but are non-voting.

Of Porsche AG's ordinary shares, around 75% are held by Porsche Holding Stuttgart GmbH and around 25% by Porsche Automobil Holding SE, Stuttgart ("Porsche SE"). The domination and profit and loss transfer agreement in place between Porsche Holding Stuttgart GmbH and Porsche AG ends on December 31, 2022.

Capital reserves

The capital reserves contain contributions from premiums and other capital contributions. In the reporting period, they decreased by €10,403 million (2021: €471 million) to €3,822 million (2021: €14,225 million).

By way of a spin-off in accordance with section 123 of the German Transformation Act (UmwG), Porsche AG transferred to Porsche Niederlassung Mannheim GmbH, a subsidiary of Porsche AG, loan receivables due from Porsche Holding Stuttgart GmbH of €8,351 million (including accrued interest as of July 6, 2022), other financial assets from a clearing account of Porsche AG against Porsche Holding Stuttgart GmbH of €2,028 million, cash pool receivable (cash and cash equivalents) from Volkswagen AG of €1,501 million and deferred tax assets of €3 million. This first spin-off became effective under civil law as of July 6, 2022 upon entry in the commercial register.

Furthermore, by way of a spin-off in accordance with section 123 UmwG, Porsche AG transferred all shares in Porsche Niederlassung Mannheim GmbH to Memphis I GmbH, a subsidiary of Porsche Holding Stuttgart GmbH. This additional spin-off became effective under civil law as of July 11, 2022 upon entry in the commercial register.

As part of the abovementioned structural measures before the IPO, the distribution in kind in the form of a spin-off of assets led to a decrease in the capital reserves of €11,679 million. Further effects of the distribution in kind on equity are presented in the section on retained earnings.

In the fiscal year 2022, Porsche Holding Stuttgart GmbH made contributions to the free capital reserves of Porsche AG by way of shareholder contribution without issuing new shares of €3,057 million, thereof €2,800 million in the course of the structural measures before the IPO.

Retained earnings

Retained earnings include the reserve for accumulated profits and the reserve for remeasurements from pension plans.

The reserve for accumulated profits includes the profits earned in the reporting year and those earned by consolidated subsidiaries in prior years and not yet distributed as well as transactions recognized within equity. The profit transferred to Porsche Holding Stuttgart GmbH on account of the profit and loss transfer agreement amounted to €3,979 million (2021: €1,858 million).

Changes in pension provisions recognized directly in equity are posted to the reserve for remeasurements from pension plans.

As part of the structural measures before the IPO, the abovementioned distribution in kind led to a decrease in retained earnings of €204 million.

Dividends and proposed dividend

In accordance with section 58 (2) AktG, the dividend payment by Porsche AG is based on the net retained profits reported in the annual financial statements of Porsche AG prepared in accordance with the German Commercial Code. Based on these annual financial statements of Porsche AG, net retained profit of €916 million is eligible for distribution following the withdrawal of €916 million from the capital reserves. The Executive and Supervisory Board will propose to the Annual General Meeting for 2023 that a total dividend of €916 million,, i.e., €1.00 per ordinary share and €1.01 per preferred share, be paid from the net retained profit. Shareholders are not entitled to a dividend payment until a resolution has been taken by the Annual General Meeting. This is to be done independent of the profit transfer of the net income for the year after tax relating to the domination and profit and loss transfer agreement in place between Porsche AG and Porsche Holding Stuttgart GmbH ending as of December 31, 2022.

Other reserves

The other reserves are the reserves for currency translation, for cash flow hedges (OCI I), for deferred hedging costs (OCI II), for equity and debt instruments, and for equity-accounted investments.

The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. In addition, exchange differences from the translation of capital have been reported in this reserve to allow the uniform recording of foreign currency effects within equity.

The cash flow hedge reserve (OCI I) is only used to record the designated effective portions of changes in the value of hedging instruments. By contrast, the non-designated portions of changes in the value of hedging instruments are accounted for through the reserve for deferred hedging costs (OCI II).

The reserve for equity-accounted investments is used to record the proportionate changes in equity-accounted investments recognized in other comprehensive income.

Non-controlling interests

Non-controlling interests in equity relate to 25% of the shares in Porsche Taiwan Motors Ltd., Taipei.

26. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations are recognized for benefits in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits of the group vary according to legal, tax, and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

Porsche AG Group companies provide both defined contribution plans and defined benefit plans. In the case of defined contribution plans, the company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the group. Current contributions are recognized as expenses of the period concerned. In the reporting period, expenses for state and private defined contribution plans within the Porsche AG Group amounted to €259 million (2021: €236 million). Of that amount, contributions to the compulsory state pension system in Germany amounted to €239 million (2021: €228 million).

In the case of defined benefit plans, a distinction is made between pensions funded by provisions and externally funded pension plans. Pension provisions for defined benefit plans are primarily measured in accordance with IAS 19 by independent actuaries using the internationally accepted projected unit credit method. The future obligations are measured on the basis of the ratable benefit entitlements earned as of the reporting date. The measurement takes into account, among other things, actuarial assumptions for the discount rates, payroll and pension trends as well as longevity, which are calculated for each group company depending on economic conditions. Remeasurements result from deviations of the actual development compared to the assumptions made in the prior year, from changes in assumptions as well as income or expenses from plan assets, excluding amounts included in net interest income or expenses. These are recognized directly in equity in the period in which they were incurred taking into account deferred taxes.

The following amounts were recognized in the statement of financial position for defined benefit plans:

€ million	Dec. 31, 2022	Dec. 31, 2021
Present value of funded benefit obligations	128	174
Fair value of plan assets	–113	–144
Funded status (net)	14	30
Present value of unfunded benefit obligations	3,653	5,495
Net liability recognized in the statement of financial position	**3,667**	**5,525**
thereof pension provisions	3,668	5,525
thereof other assets	0	–

Significant pension arrangements at the Porsche AG Group

The Porsche AG Group offers its employees benefits from a pension scheme for the time after their active working life. A substantial part of the benefit obligations within the group are pension plans for employees in Germany that are classified as defined benefit plans within the meaning of IAS 19 and that are generally covered by collective agreements. The majority of these obligations are funded solely by provisions recognized in the statement of financial position. These plans are now largely closed for new members. To reduce the risks associated with these pension plans, in particular longevity, salary increases and inflation, new domestic defined benefit plans have been introduced at the Porsche AG Group since 2022, whose benefits are funded by appropriate external plan assets. The risks mentioned above were reduced in these pension plans. The proportion of the total defined benefit obligation attributable to pension obligations funded by plan assets will continue to rise in the future. The significant pension plans in Germany are described in the following.

GERMAN PENSION PLANS FUNDED SOLELY BY RECOGNIZED PROVISIONS

The employer-funded pension plans are largely contribution-based plans with guarantees. In the case of contribution based plans, an annual service cost dependent on income and status is converted into a lifelong pension entitlement based on annuity conversion factors (guaranteed components). The annuity conversion factors contain a guaranteed yield. At retirement, the pension components earned each year are added.

The employee-funded pension plans are largely contribution-based plans with guarantees. The annual service cost (according to individual deferred compensation agreements) is converted to capital components by multiplying them with age factors. A guaranteed yield is integrated in the age factors. At retirement, the pension components earned each year are paid out – depending on the respective pension plan – as a lump sum, in multiple installments or as a lifelong pension (by converting the capital for pension benefits into an annuity).

The present value of the guaranteed obligation increases as interest rates fall and is thus exposed to interest rate risks.

If the respective pension system provides for lifelong pension payments, the companies bear the longevity risk. This is accounted for by using the most recent mortality tables - the "Heubeck 2018 G" mortality tables - to determine the annuity conversion factors and the present value of the guaranteed obligation; these tables already reflect a future increase in life expectancy.

To reduce the inflation risk inherent in adjusting current pension payments by the inflation rate, a pension adjustment that is not linked to inflation was introduced for pension obligations where this is legally permitted.

GERMAN PENSION PLANS FUNDED BY EXTERNAL PLAN ASSETS

The pension plans funded by external plan assets are contribution-based, capital-market-oriented plans. In this case, the contributions dependent on income and status plus a capital market yield form the pension capital, which is generally paid out in a lump sum. The pension capital amounts to at least 80% of contributions made. For the pension plans, contributions are made on an ongoing basis to a separate pool of assets that is administered in trust by Porsche Trust e.V. and invested in the capital markets.

Since the trust assets meet the IAS 19 criteria for classification as plan assets, they are offset against the obligation.

The amount of the plan assets is exposed to general market risk. As a result, the investment strategy and its implementation are therefore continuously monitored by the boards of Porsche Trust e.V., on which the companies or rather the trustors are also represented. For example, investment policies are stipulated in the trustors' investment guidelines with the aim of limiting market risk and its impact on plan assets.In addition, asset-liability management studies are conducted if required, which ensure that the capital investment is in line with the obligations that need to be covered. The trust assets are currently invested in cash, meaning there are no market risks at present.

Measurement of the provisions for pensions of the Porsche AG Group

The calculation of pension provisions was based on the following significant actuarial assumptions:

	Germany		Abroad	
%	2022	2021	2022	2021
Discount rate at December 31	3.60	1.40	4.48	2.21
Payroll trend	3.30	3.30	2.51	2.94
Pension trend	2.20	1.70	1.76	1.91

These disclosures are averages that were weighted using the present values of the defined benefit obligations. With regard to life expectancy, the latest mortality tables are used in all countries. The discount rates are generally determined based on the return on high-quality corporate bonds whose terms and currency match the respective obligations. The iBoxx AA Corporate Bond index was used as a basis for the obligations pertaining to the group's entities in Germany. Comparable indices are used for foreign pension obligations.

The payroll trends cover expected wage and salary increases, which also include increases attributable to career development.

The pension trends correspond to either the contractually agreed guaranteed adjustments or are based on the rules applicable locally in each country for pension adjustments.

The following table shows changes in the net defined benefit pension liability recognized in the statement of financial position:

€ million	2022	2021
Net liability recognized in the statement of financial position at January 1	**5,525**	**5,932**
Current service cost	320	433
Net interest expense	77	48
Actuarial gains (−)/losses (+) arising from changes in demographic assumptions	−22	5
Actuarial gains (−)/losses (+) arising from changes in financial assumptions	−2,323	−835
Actuarial gains (−)/losses (+) arising from experience adjustments	71	−52
Income/expenses from plan assets not included in interest income	47	0
Employer contributions to plan assets	−17	−9
Employee contributions to plan assets	0	0
Pension payments from company assets	−58	−52
Past service cost (including plan curtailments)	−4	0
Gains (−) / losses (+) from plan settlements	–	0
Changes in consolidated group	1	–
Other changes	−3	−1
Foreign exchange differences from foreign plans	2	4
Employee contributions and deferred compensation	51	52
Net liability recognized in the statement of financial position at December 31	**3,667**	**5,525**

The development of the present value of the defined benefit pension obligations is attributable to the following factors:

€ million	2022	2021
Present value of obligations at January 1	**5,669**	**6,058**
Current service cost	320	433
Interest expense	80	50
Actuarial gains(−)/losses (+) arising from changes in demographic assumptions	−22	5
Actuarial gains(−)/losses (+) arising from changes in financial assumptions	−2,323	−835
Actuarial gains(−)/losses (+) arising from experience adjustments	71	−52
Employee contributions to plan assets	1	1
Pension payments from company assets	−58	−52
Pension payments from plan assets	−4	−3
Past service cost (including plan curtailments)	−4	0
Gains (−) or losses (+) arising from plan settlements	–	0
Changes in consolidated group	1	–
Other changes	−3	−1
Foreign exchange differences from foreign plans	2	13
Employee contributions and deferred compensation	51	52
Present value of obligations at December 31	**3,781**	**5,669**

The actuarial gains from changes in financial assumptions primarily result from the change in the discount rate as well as the pension trend for pension provisions in Germany. While the increase in the discount rate from 1.4% to 3.6% resulted in actuarial gains of €2,426 million, the change in the pension increase from 1.7% to 2.2% had the opposite effect and reduced the actuarial gains by €164 million.

Changes in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation:

		Dec. 31, 2022		Dec. 31, 2021	
Present value of defined benefit obligation if		€ million	change in percent	€ million	change in percent
Discount trend	is 0.5 percentage points higher	3,406	−9.90	4,920	−18.78
	is 0.5 percentage points lower	4,221	11.65	6,577	8.57
Pension trend	is 0.5 percentage points higher	3,968	4.95	6,027	−0.51
	is 0.5 percentage points lower	3,612	−4.47	5,350	−11.69
Payroll trend	is 0.5 percentage points higher	3,813	0.84	5,738	−5.28
	is 0.5 percentage points lower	3,755	−0.67	5,616	−7.29
Longevity	increases by one year	3,927	3.86	5,842	−3.57

Each of the sensitivity analyses presented considers the change in one assumption at a time, leaving the other assumptions unchanged versus the original calculation, i.e., possible correlation effects between the individual assumptions are not taken into account.

To analyze the sensitivity of the present value of the defined benefit obligation to a change in the assumed longevity, the mortality rates assumed in the comparative calculation have been reduced to the extent that doing so increases life expectancy by approximately one year.

The weighted average duration (the Macaulay duration) of the defined benefit obligation based on the present values of the obligation is 22 years (2021: 28 years).

The present value of the defined benefit obligation is attributable as follows to the members of the plan:

€ million	2022	2021
Active members with pension entitlements	2,836	4,595
Members with vested entitlements who have left the company	203	293
Pensioners	741	781
	3,781	**5,669**

A maturity profile of payments under defined benefit obligations is presented in the following based on an allocation of the present value of the obligation to the maturity of the underlying payments:

€ million	2022	2021
Payments due within the next fiscal year	81	75
Payments due between two and five years	328	309
Payments due in more than five years	3,372	5,285
	3,781	**5,669**

The table below shows the development of plan assets:

€ million	2022	2021
Fair value of plan assets at January 1	**144**	**126**
Interest income on plan assets determined using the discount rate	3	2
Income/expenses from plan assets not included in interest income	–47	0
Employer contributions to plan assets	17	9
Employee contributions to plan assets	1	1
Pension payments from plan assets	–4	–3
Other changes	0	0
Foreign exchange differences from foreign plans	–1	9
Fair value of plan assets at December 31	**113**	**144**

The investment of plan assets to cover future pension obligations resulted in expenses of €44 million (2021: income of €2 million).

In the next fiscal year, employer contributions to plan assets are expected to amount to €32 million (2021: €8 million).

Plan assets are invested in the following asset categories:

	Dec. 31, 2022			Dec. 31, 2021		
€ million	Quoted prices in active markets	No quoted prices in active markets	Total	Quoted prices in active markets	No quoted prices in active markets	Total
Cash and cash equivalents	14	–	**14**	3	–	**3**
Equity instruments	20	–	**20**	19	–	**19**
Debt instruments	4	–	**4**	4	–	**4**
Equity funds	20	–	**20**	34	–	**34**
Pension funds	29	–	**29**	45	–	**45**
Real estate funds	4	–	**4**	3	–	**3**
Other funds	22	–	**22**	36	–	**36**
Other	0	0	**1**	0	0	**0**
Fair value of plan assets	**113**	**0**	**113**	**144**	**0**	**144**

43% of plan assets are invested in assets in the United Kingdom (2021: 60%), 38% are invested in assets in the USA (2021: 32%), 11% are invested in assets in Switzerland (2021: 8%) and 8% are invested in assets in Germany (2021: 0%).

The following amounts were recognized in the income statement:

€ million	2022	2021
Current service cost	320	433
Net interest on the net defined benefit liability	77	48
Past service cost (including plan curtailments)	–4	0
Gains (–) or losses (+) arising from plan settlements	–	0
Net income (–) and expenses (+) recognized in profit or loss	**393**	**481**

The figures above are generally included in the personnel costs of the functional areas in the income statement; net interest on the net defined benefit liability is recognized in interest expenses.

27. NON-CURRENT AND CURRENT OTHER PROVISIONS

€ million	Obligations arising from sales	Employee expenses	Litigation and legal risks	Miscellaneous provisions	Total
Balance at Jan. 1, 2022	**1,665**	**850**	**173**	**685**	3,373
Foreign exchange differences	5	1	0	0	**7**
Changes in consolidated group	0	0	8	–1	**6**
Classified as held for sale	6	0	1	0	**7**
Utilization	917	558	111	114	**1,700**
Additions/New provisions	1,098	674	33	735	**2,541**
Unwinding of discount/effect of change in discount rate	–98	–53	–	–	**–151**
Reversals	22	21	23	53	**118**
Balance at Dec. 31, 2022	**1,725**	**893**	**79**	**1,254**	**3,950**
of which current	886	672	79	1,175	**2,812**
of which non-current	839	220	–	79	**1,138**

€ million	Obligations arising from sales	Employee expenses	Litigation and legal risks	Miscellaneous provisions	Total
Balance at Jan. 1, 2021	**1,235**	**810**	**166**	**577**	**2,788**
Foreign exchange differences	26	4	0	15	**45**
Changes in consolidated group	–	–	–	0	**0**
Utilization	721	485	71	139	**1,416**
Additions/New provisions	1,144	560	91	336	**2,131**
Unwinding of discount/effect of change in discount rate	–4	0	–	–	**–4**
Reversals	15	39	13	104	**171**
Balance at Dec. 31, 2021	**1,665**	**850**	**173**	**685**	**3,373**
of which current	799	591	173	626	**2,189**
of which non-current	866	259	–	59	**1,184**

Provisions for obligations arising from sales primarily concern warranty obligations, marketing services and bonuses. The warranty obligations in the Porsche AG Group mainly arise from product warranties granted for the vehicles it produces. The provisions include both estimated expenses from legal and contractual guarantee claims as well as estimated expenses for constructive warranties. The provisions are recognized taking account of the past or estimated future claims pattern per series, model year and country. Individual technical risks identified are recorded separately. The timing of the utilization of the warranty provisions depends on the occurrence of the guarantee/warranty claim and can extend over the entire legal and constructive warranty period. Provisions for expected repair measures have been recognized for the vehicles affected by the diesel issue, as described in note → **40. LITIGATION**, and a corresponding receivable due from Audi AG has been recognized under other financial assets. Estimated expenses for constructive warranties were taken into consideration for further customer and dealer measures relating to these vehicles. The provisions for bonuses are intended to cover the cost of subsequent reductions in revenue already realized.

Provisions for personnel expenses are recognized principally for employee and management bonuses, long-service awards, time credits, top-up amounts for phased retirement schemes, severance payments and similar obligations.

Provisions for legal and litigation risks primarily relate to the legal risks described in note → **40. LITIGATION**.

In addition, provisions totaling €192 million (2021: €163 million) have been recognized for insurance claims. Of that amount, €12 million (2021: €11 million) is attributable to claims lodged but not yet settled, €4 million (2021: €3 million) is attributable to claims not yet lodged and €177 million (2021: €149 million) to insurance premiums that have not yet been collected.

In addition, miscellaneous provisions contain a wide range of identifiable risks, price risks and uncertain obligations, such as those stemming from product liability, measured according to the probability of their occurrence. Depending on the jurisdiction concerned, this item also includes loss allowances for any instances of non-compliance with statutory emissions limits. These were measured by, among other things, taking into account the respective sales volume and the legally defined fee or the cost of acquiring emission rights from other manufacturers. Synergies with other brands of the Volkswagen group were utilized where possible by creating emission pools.

69 per cent of the other provisions is expected to result in cash outflows within one year, 25 per cent in between one and five years and 6 per cent thereafter.

28. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

Financial liabilities break down as follows:

	Carrying amount			Carrying amount		
€ million	Current	Non-current	Dec. 31, 2022	Current	Non-current	Dec. 31, 2021
ABS- refinancing	2,791	3,490	**6,282**	2,662	3,756	**6,418**
Debenture bonds	229	1,260	**1,488**	133	1,488	**1,621**
Liabilities to banks	337	326	**663**	221	399	**620**
Lease liabilities	106	940	**1,046**	107	956	**1,063**
Other financial liabilities	1	–	**1**	5	–	**5**
	3,464	**6,016**	**9,480**	**3,128**	**6,599**	**9,727**

ABS refinancing of €6,282 million (2021: €6,418 million) relates to transactions in connection with refinancing the portfolio of lease and financing agreements. These are explained in more detail in note → **36. Financial risk management and financial instruments.** The debenture bonds were placed in different tranches with fixed and variable interest and have been partially repaid. The principal amounts of the debenture bonds totaled €1,489 million (2021: €1,622 million).

Liabilities to banks are used for refinancing in the financial services business and, to a small extent, for current financing. Depending on the currency, maturity and contractual terms and conditions, the nominal interest rate varies from 0.23% to 4.93% (2021: 0.21% and 0.75%).

29. TRADE PAYABLES

€ million	Dec. 31, 2022	Dec. 31, 2021
Trade payables	2,899	2,447
	2,899	**2,447**

The fair values of the trade payables essentially correspond to the carrying amounts due to the remaining terms.

All trade payables are due in less than one year.

30. NON-CURRENT AND CURRENT OTHER FINANCIAL LIABILITIES

As of the end of the reporting period, other financial liabilities break down as follows:

	Carrying amount			Carrying amount		
€ million	Current	Non-current	Dec. 31, 2022	Current	Non-current	Dec. 31, 2021
Negative fair values of derivative financial instruments	654	631	**1,285**	781	375	**1,156**
Interest payable	13	–	**13**	12	–	**12**
Liabilities from profit/loss transfer agreement and from tax relief with Porsche Holding Stuttgart GmbH	3,990	–	**3,990**	2,438	–	**2,438**
Miscellaneous financial liabilities	630	240	**870**	407	258	**665**
	5,287	**872**	**6,158**	**3,638**	**633**	**4,271**

Miscellaneous financial liabilities include liabilities from minority shareholders' call rights of €174 million (2021: €190 million).

The item derivative financial instruments marked to market mainly comprises forward exchange transactions, currency options and interest rate swaps.

The negative fair values of derivative financial instruments relate to the following items:

€ million	Dec. 31, 2022	Dec. 31, 2021
Transactions for hedging:		
foreign currency and interest rate risk from future cash flows (cash flow hedges)	1,206	1,138
Hedging transactions (interest and currency)	**1,206**	**1,138**
Liabilities related to derivatives not included in hedging relationships	79	18
	1,285	**1,156**

Further details on derivative financial instruments as a whole are given in note → **36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**.

31. NON-CURRENT AND CURRENT OTHER LIABILITIES

As of the end of the reporting period, other liabilities break down as follows:

	Carrying amount			Carrying amount		
€ million	Current	Non-current	Dec. 31, 2022	Current	Non-current	Dec. 31, 2021
Payments received on account of orders	733	582	**1,315**	790	446	**1,236**
Liabilities relating to						
other taxes	627	4	**632**	269	5	**274**
social security	9	–	**9**	5	–	**5**
wages and salaries	283	5	**288**	212	2	**214**
Miscellaneous liabilities	255	143	**398**	210	192	**402**
	1,908	**734**	**2,642**	**1,486**	**645**	**2,131**

The miscellaneous liabilities include deferred income. This comprises special rent payments of €303 million (2021: €282 million) and other deferred income of €61 million (2021: €80 million).

Liabilities from prepayments received on account of orders match the contractual liabilities from contracts with customers and are part of prepayments received on account of orders. These developed as follows:

€ million	2022	2021
Liabilities from advance payments received under contracts with customers at Jan. 1	**1,236**	**950**
Additions and disposals	94	242
Changes in consolidated group	–1	–
Classified as held for sale	–2	–
Foreign exchange differences	–12	44
Liabilities from advance payments received under contracts with customers at Dec. 31	**1,315**	**1,236**

This also includes liabilities from long-term construction contracts:

€ million	31.12.2022	Dec. 31, 2021
Cost of conversion including outcome of the long-term construction contracts	97	137
thereof services billed to customers	–96	–137
Future receivables from long-term construction contracts	1	–
Advance payments received	–10	–7
	9	**7**

32. TAX LIABILITIES

€ million	Carrying amount Current	Non-current	Dec. 31, 2022	Carrying amount Current	Non-current	Dec. 31, 2021
Deferred tax liabilities	–	1,605	**1,605**	–	782	**782**
Income tax provisions	167	–	**167**	126	–	**126**
Tax payables	64	–	**64**	65	–	**65**
Total	**231**	**1,605**	**1,837**	**191**	**782**	**973**

Of the deferred tax liabilities, an amount of €10 million (2021: €2 million) relates to recognition and measurement differences between IFRSs and the tax base that will reverse within a year.

OTHER NOTES

33. STATEMENT OF CASH FLOWS

The statement of cash flows presents cash inflows and outflows from operating, investing and financing activities, regardless of how they are classified in the statement of financial position.

The cash flow from operating activities is derived indirectly, starting from profit/loss before tax. The profit/loss before tax is adjusted to eliminate non-cash expenses and income (primarily depreciation, amortization and write-downs, the gain/loss from the disposal of assets and other non-cash items). Other non-cash expenses and income primarily comprise measurement effects of financial instruments as well as changes in the fair value of hedging instruments. Factoring in changes in working capital, which include changes in leased assets and changes in receivables from financial services, results in the cash flow from operating activities. The item income taxes paid primarily includes payments to Porsche Holding Stuttgart GmbH, Stuttgart, on account of the consolidated tax group in Germany and payments to foreign tax authorities.

Investing activities include additions to property, plant and equipment, and changes in equity investments, as well as additions of capitalized development costs, investments in securities and time deposits as well as loans.

Financing activities include outflows due to payments for profit transfers and dividend distributions and the repayment of bonds, as well as inflows from capital increases, the issuance of bonds and changes in other financial liabilities.

The changes in the items of the statement of financial position from which the statement of cash flows is derived are adjusted for non-cash effects. Changes in the items in the statement of financial position concerned can therefore not be reconciled directly with the figures in the published consolidated statement of financial position.

Cash flows from operating activities presented in the statement of cash flows include:

€ million	Dec. 31, 2022	Dec. 31, 2021
Interest paid	189	159
Interest received	230	206
Dividends received[1]	3	2

[1] Dividends from joint ventures and associates as well as other equity investments.

The interest paid and received also contains the interest income and interest expenses from the financial services segment reported in cost of sales or sales revenue.

€ million	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents as reported in the statement of financial position	3,719	4,686
Cash and cash equivalents classified as held for sale	26	–
Time deposits[1]	–	359
Cash and cash equivalents as reported in the statement of cash flows	3,745	4,327

[1] As of December 31, 2022, time deposits with an original contractual term of more than three months were allocated to "Securities and time deposits"; as of December 31, 2021, these were contained in "Cash and cash equivalents" (€359 million), which had been recorded under "Cash, cash equivalents and time deposits" in the prior year.

Time deposits are not classified as cash equivalents. Time deposits have a contractual maturity of more than three months. The maximum default risk corresponds to the carrying amount of the cash and cash equivalents.

The table below shows a breakdown of the changes in financial liabilities into cash and non-cash items:

€ million	Balance at Jan. 1, 2022	Cash-effective changes	Non - cash changes: Foreign exchange differences	Non - cash changes: Changes in consolidated group	Non - cash changes: Classified as held for sale	Non - cash changes: Other changes	Balance at Dec. 31, 2022
ABS-refinancing	6,418	–426	290	–	–	0	**6,282**
Other total third-party borrowings	2,246	–240	–28	167	0	7	**2,153**
Lease liabilities[1]	1,063	–115	5	0	–	93	**1,046**
Total third-party borrowings	**9,727**	**–781**	**267**	**167**	**0**	**100**	**9,481**
Other financial assets and liabilities	4	–5	0	–	–	–	**–1**
Financial assets and liabilities in financing activities	**9,731**	**–786**	**268**	**167**	**0**	**100**	**9,480**

[1] Other changes to lease liabilities largely include non-cash additions to lease liabilities.

€ million	Balance at Jan. 1, 2021	Cash-effective changes	Non - cash changes: Foreign exchange differences	Non - cash changes: Changes in consolidated group	Non - cash changes: Classified as held for sale	Non - cash changes: Other changes	Balance at Dec. 31, 2021
ABS-refinancing	4,650	1,429	339	–	–	–	**6,418**
Other total third-party borrowings	2,711	–442	–23	–	–	–	**2,246**
Lease liabilities[1]	**964**	**–110**	**37**	**–**	**–**	**172**	1,063
Total third-party borrowings	**8,325**	**877**	**353**	**–**	**–**	**172**	**9,727**
Other financial assets and liabilities	5	–2	1	–	–	–	**4**
Financial assets and liabilities in financing activities	**8,330**	**875**	**354**	**–**	**–**	**172**	**9,731**

[1] Other changes to lease liabilities largely include non-cash additions to lease liabilities.

34. IAS 23 (BORROWING COSTS)

Capitalized borrowing costs amounted to €58 million (2021: €24 million) in the fiscal year and primarily related to capitalized development costs. At the Porsche AG Group, an average borrowing rate of 2.2% (2021: 1.3%) was used as the basis for capitalization.

35. IFRS 16 (LEASES)

35.1 Lessee accounting

The Porsche AG Group primarily acts as lessee with respect to leases of office premises, real estate and other production resources. The leases are negotiated individually and include a wide range of contractual terms. Right-of-use assets under leases are included in the following items in the statement of financial position:

Presentation of and changes in right-of-use assets from January 1 to December 31, 2022

€ million	Right of use on land, land rights and buildings incl. buildings on third party land	Right of use on technical equipment and machinery	Right of use on other equipment, operational and office equipment	Total
Cost				
Balance at Jan. 1, 2022	**1,211**	**11**	**63**	**1,285**
Foreign exchange differences	4	0	0	**4**
Changes in consolidated group	0	–	0	**1**
Additions	127	5	5	**137**
Classified as held for sale	2	–	–	**2**
Disposals	76	1	8	**84**
Balance at Dec. 31, 2022	**1,264**	**15**	**61**	**1,340**
Depreciation and impairment				
Balance at Jan. 1, 2022	**229**	**3**	**25**	**257**
Foreign exchange differences	–1	0	0	**–1**
Changes in consolidated group	0	–	0	**0**
Additions to cumulative depreciation	116	1	13	**130**
Classified as held for sale	1	–	–	**1**
Disposals	33	0	8	**41**
Balance at Dec. 31, 2022	**310**	**4**	**30**	**344**
Carrying amount at Dec. 31, 2022	**954**	**12**	**31**	**997**

Presentation of and changes in right-of-use assets from January 1 to December 31, 2021

€ million	Right of use on land, land rights and buildings incl. buildings on third party land	Right of use on technical equipment and machinery	Right of use on other equipment, operational and office equipment	Total
Cost				
Balance at Jan. 1, 2021	**1,057**	**9**	**59**	**1,125**
Foreign exchange differences	42	0	1	**43**
Changes in consolidated group	–	–	–	**–**
Additions	191	2	12	**205**
Disposals	79	0	9	**88**
Balance at Dec. 31, 2021	**1,211**	**11**	**63**	**1,285**
Depreciation and impairment				
Balance at Jan. 1, 2021	**164**	**2**	**19**	**185**
Foreign exchange differences	6	0	0	**6**
Additions to cumulative depreciation	105	1	14	**120**
Disposals	46	0	8	**54**
Balance at Dec. 31, 2021	**229**	**3**	**25**	**257**
Carrying amount at Dec. 31, 2021	**982**	**8**	**38**	**1,028**

Income of €5 million (2021: €4 million) was generated in the fiscal year from subleasing right-of-use assets.

The measurement of right-of-use assets and the associated lease liability is subject to best estimates with regard to the exercise of options to extend or terminate the lease. This estimate is updated if there are material changes in circumstances or in the agreement.

The tables below show how the lease liabilities are presented in the statement of financial position and give an overview of their contractual maturities:

Assignment of lease liabilities to the respective statement of financial position items

€ million	Dec. 31, 2022	Dec. 31, 2021
Non-current financial liabilities	940	956
Current financial liabilities	106	107
Total lease liabilities	**1,046**	**1,063**

Maturity analysis of undiscounted lease liabilities

	Remaining contractual maturities			
€ million	under one year	within one to five years	over five years	Total
Lease liabilities at Dec. 31, 2022	139	429	905	**1,473**
Lease liabilities at Dec. 31, 2021	134	414	854	**1,402**

Interest expenses of €30 million (2021: €28 million) were incurred for lease liabilities in the fiscal year.

Right-of-use assets were not recognized for short-term leases and leases of low-value assets. Expenses totaling €40 million (2021: €32 million) were incurred for leases of low-value assets in the fiscal year. That figure does not include expenses for short-term leases, which totaled €92 million in the fiscal year (2021: €91 million). Variable lease expenses, which were not included in the measurement of lease liabilities, came to €2 million in the reporting year (2021: €2 million).

In the fiscal year, cash outflows of €278 million (2021: €262 million) were attributable to leases entered into as lessee.

The table below gives an overview of potential future cash outflows not taken into consideration in the measurement of lease liabilities:

€ million	2022	2021
Future cash outflows to which the lessee is potentially exposed		
Variable lease payments	4	0
Extension options	264	245
Termination options	1	1
Obligations under leases not yet commenced	1	28
Total	**269**	**274**

35.2 Lessor accounting

The Porsche AG Group acts as lessor under both finance and operating leases. These relate primarily to vehicles.

The Porsche AG Group fully accounts for the credit risk arising in respect of lease receivables by recognizing loss allowances in accordance with IFRS 9. As lessor, the Porsche AG Group counters risks from assets underlying the lease by taking into account, among other things, residual value guarantees received for parts of the lease portfolio as well as forward-looking residual value forecasts on the basis of internal and external information in the context of residual value management. The residual value forecasts are reviewed regularly.

35.2.1 OPERATING LEASES

Assets leased under long-term operating leases, which are recognized separately in the statement of financial position as leased assets, amounted to €3,854 million as of the end of the fiscal year (2021: €3,954 million) and primarily include vehicles of €3,854 million (2021: €3,949 million). Further explanations on the value development of leased assets can be found in the section “Development of leased assets”.

The following cash inflows are expected in the coming years from non-discounted expected lease payments outstanding under operating leases:

Figures as of December 31, 2022

€ million	2023	2024	2025	2026	2027	From 2028	Total
Lease payments	192	577	689	206	49	58	**1,771**

Figures as of December 31, 2021

€ million	2022	2023	2024	2025	2026	From 2027	Total
Lease payments	178	499	861	192	29	58	**1,817**

Breakdown of income from operating leases

€ million	2022	2021
Lease income	1,190	1,092
Income from variable lease payments	–	4
Total	**1,190**	**1,096**

35.2.2 FINANCE LEASES

Interest income on the net investment in the lease amounted to €97 million in the fiscal year (2021: €73 million).

The table below presents the reconciliation of outstanding lease payments from finance leases to net investment value:

€ million	Dec. 31, 2022	Dec. 31, 2021
Non-guaranteed residual value	271	168
Non-discounted lease payments	2,204	1,782
Unearned interest income	−181	−123
Loss allowance on lease receivables	−113	−113
Net investment	**2,180**	**1,714**

The following payments are expected in the next few years from non-discounted expected lease payments outstanding under finance leases:

Figures as of December 31, 2022

€ million	2023	2024	2025	2026	2027	From 2028	Total
Lease payments	782	636	517	219	43	7	**2,204**

Figures as of December 31, 2021

€ million	2022	2023	2024	2025	2026	From 2027	Total
Lease payments	669	497	439	153	17	7	**1,782**

36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

36.1 Hedging guidelines and financial risk management principles

Due to the international activities in the automotive and financial services segments, financial risks arise that affect the net assets, financial position and results of operations of the Porsche AG Group. These risks are broken down into market risks, credit and default risks and liquidity risks. The risks are regularly monitored, reported and centrally managed using financial instruments. The primary aim of using financial instruments is to limit the financial risk exposures in order to ensure the Porsche AG Group's ability to continue as a going concern and its earnings power.

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the Executive Board and monitored by the Supervisory Board. Internal guidelines exist within the Porsche AG Group that clearly define the risk management and control processes. These guidelines regulate, among other things, the use of financial instruments or derivatives and the requisite control procedures, such as a clear segregation of functions between trading and settlement. In addition, it is also stipulated that financial transactions should always be based around the needs of the underlying transaction. Consequently, transactions are not concluded for speculative purposes. The treasury department identifies, analyzes and monitors risks group-wide. The underlying guidelines and the supporting systems are checked regularly and brought into line with current market and product developments.

Derivative financial instruments and hedge accounting are mainly used to control currency and interest rate risks. Currency risks from future sales revenue denominated in foreign currencies are hedged through the use of exchange rate hedging instruments for a period of up to five years. The main hedging instruments used are forward exchange transactions and currency options. The volume of exchange rate hedges is determined on the basis of the planned sales figures in the respective foreign currency, taking into account procurement volumes. The interest rate risk from variable-rate financing and the interest rate risk from refinancing the financial services business are largely hedged through the use of suitable derivatives such as interest rate swaps. The counterparties for the exchange/interest rate hedges are Volkswagen AG and major national and international financial institutions. Cooperation is subject to uniform regulations and continuous monitoring.

The financial instruments entered into for hedging purposes can give rise to counterparty risks that may have a negative impact on the net assets, financial position and results of operations. Channeling excess liquidity into investments also exposes the group to counterparty risks. Partial or complete default by a counterparty would have a negative impact on the net assets, financial position and results of operations. In order to manage these risks, the Porsche AG Group has set out guidelines to ensure that transactions are concluded only in approved financial instruments, only with approved counterparties and only on the admissible scale.

See also the explanations in the opportunities and risk report of the combined management report in section → **Financial risk management and methods as well as opportunities.**

36.2 Credit and default risk

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of recognized carrying amounts against the respective counterparty. Default risks in receivables are reduced by a strict receivables management system. Furthermore, the maximum credit and default risk is reduced by collateral held. Collateral is primarily held for financial assets classified to the at amortized cost category. Vehicles, collateral assignments, guarantees and cash are used as collateral. For level 3 financial assets with objective indications of impairment as of the reporting date the collateral provided led to a reduction in risk by €4 million (2021: €1 million).

The counterparties to material cash and capital investments and to derivatives are national and international financial institutions, as well as Volkswagen International Belgium S.A. and Volkswagen AG. Credit and default risk is limited by a limit system that is primarily based on credit assessments of the counterparties. The maximum amounts for default risk are presented in section → 36.2.3 MAXIMUM CREDIT RISK.

The global allocation of business activities and the resulting diversification meant that there were no material risk concentrations at individual counterparties or counterparty groups in the fiscal year.

36.2.1 LOSS ALLOWANCE

The Porsche AG Group applies the expected credit loss model under IFRS 9 on a uniform basis for all financial assets, with the exception of financial assets measured at fair value through profit or loss, and for other risk exposures.

IFRS 9 differentiates between the general approach and the simplified approach. The expected credit loss model under IFRS 9 comprises both loss allowances for financial assets where there are no objective indications of impairment, as well as loss allowances for financial assets that are already impaired.

Under the general approach, financial assets are allocated to one of three stages plus an additional stage for financial assets that were already impaired when acquired (stage 4). Stage 1 comprises financial assets at initial recognition or for which there has not been any significant increase in probability of default. Expected credit losses for the next twelve months are calculated at this stage. Stage 2 comprises financial assets with a significant increase in probability of default, and stage 3 comprises financial assets for which there are objective indications of default. Lifetime expected credit losses are calculated in stage 2 to 4.

The Porsche AG Group applies the simplified approach to trade receivables. The same applies to receivables from operating or finance leases accounted for in accordance with IFRS 16. Under the simplified approach, expected credit losses are consistently determined over the entire life of the asset.

The tables below present a reconciliation of gross receivables and loss allowances for the different classes of financial assets.

Change in the gross carrying amounts of financial assets measured at amortized cost

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Carrying amount at Jan. 1, 2022	**20,948**	**99**	**18**	**1,266**	**22,331**
Foreign exchange differences	117	5	0	4	**125**
Changes in consolidated group	–54	–	–	8	**–46**
Disposal due to spin-off	–11,887	–	–	–	**–11,887**
Changes	3,963	–	–12	76	**4,027**
Transfers to					
Stage 1	66	–61	–5	–	**–**
Stage 2	–155	155	–	–	**–**
Stage 3	–14	–	14	–	**–**
Classified as held for sale	–26	–	–	–1	**–27**
Carrying amount at Dec. 31, 2022	**12,958**	**198**	**15**	**1,352**	**14,524**

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Carrying amount at Jan. 1, 2021	**17,239**	**107**	**21**	**1,130**	**18,497**
Foreign exchange differences	257	8	0	22	**287**
Changes in consolidated group	–12	–	–	–	**–12**
Changes	3,450	–	–5	114	**3,559**
Transfers to					
Stage 1	41	–39	–2	–	**–**
Stage 2	–23	23	–	–	**–**
Stage 3	–4	–	4	–	**–**
Carrying amount at Dec. 31, 2021	**20,948**	**99**	**18**	**1,266**	**22,331**

Change in the loss allowance for financial assets measured at amortized cost

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Carrying amount at Jan. 1, 2022	**44**	**10**	**13**	**33**	**100**
Foreign exchange differences	1	1	0	0	**2**
Changes in consolidated group	–18	–	–	1	**–16**
Disposal due to spin-off	–10	–	–	–	**–10**
Newly extended/purchased financial assets (additions)	75	–	–	8	**83**
Other changes within a stage	–	–	0	–	**0**
Transfers to					
Stage 1	9	–7	–3	–	**0**
Stage 2	–8	8	–	–	**–**
Stage 3	–13	–	13	–	**–**
Financial instruments derecognized during the period (disposals)	–30	–	–3	–5	**–38**
Utilization	–	–	–6	–1	**–7**
Classified as held for sale	–	–	–	0	**0**
Carrying amount at Dec. 31, 2022	**50**	**11**	**14**	**36**	**111**

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Carrying amount at Jan. 1, 2021	**29**	**12**	**18**	**35**	**94**
Foreign exchange differences	2	1	0	0	**3**
Changes in consolidated group	0	–	–	–	**0**
Newly extended/purchased financial assets (additions)	13	–	–	6	**19**
Other changes within a stage	–	–	1	0	**1**
Transfers to					
Stage 1	5	–4	–1	–	**–**
Stage 2	–1	1	–	–	**–**
Stage 3	–4	–	4	–	**–**
Financial instruments derecognized during the period (disposals)	0	–	–7	–7	**–14**
Utilization	–	–	–2	–1	**–3**
Carrying amount at Dec. 31, 2021	**44**	**10**	**13**	**33**	**100**

Change in the gross carrying amounts of lease receivables

	Simplified approach	
€ million	2022	2021
Carrying amount at Jan. 1	**1,841**	**1,726**
Foreign exchange differences	–1	–1
Changes in consolidated group	253	–
Changes	221	116
Carrying amount at Dec. 31	**2,313**	**1,841**

Change in the loss allowance for lease receivables

	Simplified approach	
€ million	2022	2021
Carrying amount at Jan. 1	**114**	**108**
Foreign exchange differences	0	0
Changes in consolidated group	0	–
Newly extended/purchased financial assets (additions)	25	29
Financial instruments derecognized during the period (disposals)	–6	–7
Utilization	–18	–16
Carrying amount at Dec. 31	**113**	**114**

The gross carrying amount of the financial guarantees and credit commitments totals €66 million (2021: €72 million). As of December 31, 2022 the loss allowance recognized for this amounts to €0 million (2021: €0 million).

36.2.2 MODIFICATIONS

There were no contractual modifications of financial assets during the reporting period that would not have led to the derecognition of the asset.

36.2.3 MAXIMUM CREDIT RISK

The table below shows the maximum credit risk to which the Porsche AG Group is exposed, broken down into the classes to which the impairment model is applied:

Maximum credit risk by category

€ million	Dec. 31, 2022	Dec. 31, 2021
Financial assets measured at fair value	–	–
Financial assets measured at amortized cost	14,410	22,233
Financial guarantees and credit commitments	66	72
Not allocated to a measurement category	2,200	1,727
Total	**16,676**	**24,032**

The category not allocated to a measurement category combines receivables under long-term construction contracts pursuant to IFRS 15 as well as lease receivables pursuant to IFRS 16. The maximum credit risk of these financial instruments corresponds to their carrying amounts and is described in notes → 21. NON-CURRENT AND CURRENT OTHER RECEIVABLES and → 35. IFRS 16 (LEASES).

36.2.4 RATING GRADES

The Porsche AG Group performs a credit assessment of the borrower for every loan and lease agreement, using scoring systems in the retail business, and rating systems for major customers and receivables from dealer financing. Receivables rated as good are allocated to risk class 1. Receivables from customers whose credit rating is not good but have not yet defaulted are allocated to risk class 2. All defaulted receivables are allocated to risk class 3.

The table below shows the gross carrying amounts of financial assets by rating grade:

Gross carrying amounts of financial assets by rating grade as of December 31, 2022

€ million	Stage 1	Stage 2	Stage 3	Simplified approach
Credit risk rating grade 1 (receivables with no credit risk – standard loans)	12,958	–	–	3,650
Credit risk rating grade 2 (receivables with credit risk – intensified loan management)	–	198	–	10
Credit risk rating grade 3 (cancelled receivables – non-performing loans)	–	–	15	5
Total	**12,958**	**198**	**15**	**3,665**

Gross carrying amounts of financial assets by rating grade as of December 31, 2021

€ million	Stage 1	Stage 2	Stage 3	Simplified approach
Credit risk rating grade 1 (receivables with no credit risk – standard loans)	20,949	–	–	3,091
Credit risk rating grade 2 (receivables with credit risk – intensified loan management)	–	99	–	4
Credit risk rating grade 3 (cancelled receivables – non-performing loans)	–	–	18	11
Total	**20,949**	**99**	**18**	**3,106**

36.3 LIQUIDITY RISK

The solvency and liquidity of the Porsche AG Group are ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and borrowing of loans.

There is a master loan agreement with the Volkswagen group for a line of €4,000 million (amount drawn: €0 million; 2021: €0 million).

In certain countries (e.g., China), the Porsche AG Group can only use local cash funds for cross-border transactions in compliance with applicable exchange controls. There are no other material restrictions.

The following overview shows the contractual undiscounted cash outflows from financial instruments:

Maturity analysis of undiscounted cash outflows from financial instruments

	Remaining contractual maturities				Remaining contractual maturities			
€ million	up to one year	within one to five years	more than five years	2022	up to one year	within one to five years	more than five years	2021
Financial liabilities	3,779	5,478	1,205	**10,462**	3,249	5,942	1,160	**10,351**
Trade payables	2,899	–	–	**2,899**	2,447	–	–	**2,447**
Other financial liabilities	4,585	240	–	**4,825**	2,813	258	–	**3,071**
Derivatives	15,818	18,474	–	**34,292**	16,913	13,677	–	**30,590**
	27,081	**24,193**	**1,205**	**52,478**	**25,422**	**19,877**	**1,160**	**46,459**

The cash outflows for other financial liabilities include liabilities for tax allocations amounting to €15 million (2021: €636 million).

Derivatives comprise both cash outflows from derivatives with negative fair values and cash outflows from derivatives with positive fair values for which gross settlement has been agreed. The cash outflows also include derivatives entered into by means of offsetting transactions. The cash outflows from derivatives for which gross settlement has been agreed are partly offset by cash inflows that are not taken into consideration in this maturity analysis. If these cash inflows were taken into account, the cash outflows presented would be significantly lower. This particularly applies if hedges have been closed with offsetting transactions.

There are also financial guarantees and credit commitments in place that are presented in the table → **Maximum credit risk by category** in note → **36.2.3 MAXIMUM CREDIT RISK**. The financial guarantees and credit commitments relate to a syndicated loan agreement with a total credit commitment of €145 million. The total credit commitment is split into facilities A to C, with a term of up to five years (facilities A and B) or more than five years (facility C). Under this loan agreement, Porsche AG acts as guarantor for maximum utilization of up to €37.5 million (facilities A and B) and €28 million (facility C), respectively.

The Porsche AG Group mainly generates liquidity through its business operations, external financing and the securitization of receivables. The funds are chiefly used to finance net working capital and capital expenditures and to cover the finance requirements of the leasing and sales financing business. Operational liquidity management uses cash pools in which material cash and cash equivalents in the Porsche AG Group are pooled on a daily basis. There is also a cash pool in place with Volkswagen AG. This enables liquidity surpluses and shortfalls to be controlled in line with requirements. The maturities of financial assets and financial liabilities as well as forecasts of cash flows from operating activities are included in short and medium-term liquidity management.

36.4 MARKET RISK

36.4.1 HEDGING POLICY AND FINANCIAL DERIVATIVES

During the course of its general business activities, the Porsche AG Group is exposed to foreign currency and interest rate risks, as well as risks relating to equity and bond price risks. It is company policy to exclude or limit these risks where possible by entering into hedging transactions.

Disclosures on gains and losses from cash flow hedges

Cash flow hedges are a hedge of the exposure to fluctuation in future cash flows. These cash flows can result from a recognized asset or liability, as well as a highly probable forecast transaction. The table below shows the gains and losses from cash flow hedges by risk type:

Disclosures on gains and losses from cash flow hedges

€ million	2022	2021
Hedging interest rate risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	113	17
Recognized in profit or loss	0	0
Reclassification from the cash flow hedge reserve to profit or loss		
Due to early discontinuation of the hedging relationships	–	–
Due to realization of the hedged item	–7	4
Hedging currency risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	–818	–1,358
Recognized in profit or loss	–	1
Reclassification from the cash flow hedge reserve to profit or loss		
Due to early discontinuation of the hedging relationships	–44	0
Due to realization of the hedged item	890	343
Combined interest rate and currency risk hedging		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	1	1
Recognized in profit or loss	–	–
Reclassification from the cash flow hedge reserve to profit or loss		
Due to early discontinuation of the hedging relationships	–	–
Due to realization of the hedged item	–	–

The effects on equity shown in the table are net of deferred taxes.

The gains or losses on changes in the fair value of hedging instruments included in hedge accounting correspond to the basis for determining hedge ineffectiveness. The ineffective portion of cash flow hedges is the income or expense from changes in the fair value of the hedging instrument that exceeds the changes in the fair value of the hedged item. This hedge ineffectiveness arises due to differences in parameters between the hedging instrument and the hedged item. The respective income or expenses are recognized in other operating income or expenses and in the financial result.

The Porsche AG Group uses two different methods to present market risk from non-derivative and derivative financial instruments in accordance with IFRS 7. For quantitative risk measurement, the financial services segment uses a value-at-risk (VaR) model to measure interest rate and currency risk. By contrast, the market risk in the automotive segment are determined using a sensitivity analysis. The VaR calculation indicates the extent of the maximum potential loss on the overall portfolio within a time horizon of 10 days at a confidence level of 99%. It is based on aggregating all of the cash flows from the non-derivative and derivative financial instruments in an interest rate gap analysis. The historical market data used to calculate VaR covers a period of 521 trading days. The sensitivity analysis calculates the effect on equity and/or profit or loss by modifying risk variables within the respective market risk.

Disclosures on hedging instruments used in hedge accounting

The Porsche AG Group enters into hedging instruments to hedge its exposure to variability in future cash flows. The table below shows the notional amounts, fair values, and inputs used to determine the ineffectiveness of the hedging instruments included in cash flow hedges:

Disclosures on hedging instruments used in cash flow hedges 2022

€ million	Notional amount	Other assets	Other liabilities	Fair value changes to determine hedge ineffectiveness
Hedging interest rate risk				
Interest rate swaps	6,633	190	0	168
Hedging currency risk				
Currency forwards and cross-currency swaps	32,238	262	1,022	288
Currency options	23,187	152	183	–31
Combined interest rate and currency risk hedging				
Interest rate/ currency swaps	32	2	–	2

Disclosures on hedging instruments used in cash flow hedges 2021

€ million	Notional amount	Other assets	Other liabilities	Fair value changes to determine hedge ineffectiveness
Hedging interest rate risk				
Interest rate swaps	6,665	21	1	19
Hedging currency risk				
Currency forwards and cross-currency swaps	27,731	116	991	–518
Currency options	19,645	74	142	–23
Combined interest rate and currency risk hedging				
Interest rate/ currency swaps	101	0	4	–3

The change in fair value presented in the table to calculate ineffectiveness corresponds to the change in fair value of the designated components.

Disclosures on hedged items used in hedge accounting

In addition to disclosures on the hedging instruments, disclosures must also be made on the hedged items, broken down by risk category and type of designation in hedge accounting. The table below lists the hedged items designated in cash flow hedges:

Disclosures on hedged items used in cash flow hedges 2022

€ million	Changes in fair value to determine hedge ineffectiveness	Reserve for Active cash flow hedges	Reserve for Discontinued cash flow hedges
Hedging interest rate risk			
Designated components	169	164	–
Non-designated components	–	–	–
Deferred taxes	–	–45	–
Total hedging interest rate risk	169	118	–
Hedging currency risk			
Designated components	252	171	–
Non-designated components	–	–1,152	–
Deferred taxes	–	296	–
Total hedging currency risk	252	–685	–
Combined interest rate and currency risk hedging			
Designated components	2	1	–
Non-designated components	–	–	–
Deferred taxes	–	0	–
Total hedging combined interest rate and currency risk	2	1	–

Disclosures on hedged items used in cash flow hedges 2021

€ million	Changes in fair value to determine hedge ineffectiveness	Reserve for Active cash flow hedges	Reserve for Discontinued cash flow hedges
Hedging interest rate risk			
Designated components	21	16	0
Non-designated components	–	–	–
Deferred taxes	–	–4	0
Total hedging interest rate risk	21	12	0
Hedging currency risk			
Designated components	–543	–533	–
Non-designated components	–	–486	–
Deferred taxes	–	306	0
Total hedging currency risk	–543	–713	–
Combined interest rate and currency risk hedging			
Designated components	–4	0	–
Non-designated components	–	–	–
Deferred taxes	–	0	–
Total hedging combined interest rate and currency risk	–4	0	–

Changes in the reserve

The accounting treatment of cash flow hedges requires that the designated effective portions of hedges be recognized in OCI I. Any excess changes in the fair value of the designated components are recognized through profit or loss as hedge ineffectiveness. The table below shows the changes in the reserve:

Development of the cash flow hedge reserve (OCI I) 2022

€ million	Interest rate risk	Currency risk	Interest rate/ currency risk	Total
Balance at Jan. 1, 2022	**12**	**–373**	**0**	**–361**
Gains or losses from effective hedging relationships	113	–134	1	**–20**
Reclassifications due to changes in whether the hedged item is expected to occur	–	–45	–	**–45**
Reclassifications due to realization of the hedged item	–7	672	–	**665**
Balance at Dec. 31, 2022	**118**	**119**	**1**	**238**

Development of the cash flow hedge reserve (OCI I) 2021

€ million	Interest rate risk	Currency risk	Interest rate/ currency risk	Total
Balance at Jan. 1, 2021	**–9**	**767**	**–1**	**756**
Gains or losses from effective hedging relationships	17	–1,084	1	**–1,066**
Reclassifications due to changes in whether the hedged item is expected to occur	–	0	–	**0**
Reclassifications due to realization of the hedged item	4	–56	–	**–52**
Balance at Dec. 31, 2021	**12**	**–373**	**0**	**–361**

In general, changes in the fair value of the non-designated components of a derivative must likewise be immediately recognized in profit or loss. An exception to this principle are fair value changes in the non-designated time values of options, to the extent they relate to the hedged item. In addition, the Porsche AG Group initially recognizes in OCI II changes in the fair value of the non-designated forward components of currency forwards and non-designated cross-currency basis spreads (CCBS) on currency hedges used in cash flow hedging. This means that the Porsche AG Group only recognizes changes in the fair value of the non-designated components or parts thereof immediately through profit or loss in the case of hedge ineffectiveness.

The tables below show an overview of the changes in the reserve for hedging costs resulting from the non-designated portions of options and currency hedges.

Changes in the reserve for hedging costs – non-designated time value of options

	Currency risk	
€ million	2022	2021
Balance at Jan. 1	**–85**	**36**
Gains and losses from non-designated time value of options		
Hedged item is recognized at a point in time	97	–146
Reclassification due to realization of the hedged item		
Hedged item is recognized at a point in time	–83	25
Balance at Dec. 31	**–71**	**–85**

Changes in the reserve for hedging costs – non-designated forward components and cross-currency basis spreads (CCBS)

	Currency risk	
€ million	2022	2021
Balance at Jan. 1	**–255**	**–501**
Gains and losses from non-designated forward components and CCBS		
Hedged item is recognized at a point in time	–781	–128
Reclassifications due to realization of the hedged item		
Hedged item is recognized at a point in time	302	374
Reclassification due to changes in whether the hedged item is expected to occur		
Hedged item is recognized at a point in time	0	0
Balance at Dec. 31	**–734**	**–255**

36.4.2 MARKET RISK IN THE AUTOMOTIVE SEGMENT

Interest rate risk

Interest rate risk in the automotive segment results from changes in market interest rates, primarily for medium- and long-term floating-rate receivables and liabilities. Floating-rate items are included in cash flow hedges and – depending on the market situation – some are hedged by means of interest rate swaps.

In the automotive segment, interest rate risk within the meaning of IFRS 7 is calculated using sensitivity analyses. The effect of risk-variable market interest rates on the financial result and equity are presented net of tax.

If market interest rates had been 100 bps higher as of December 31, 2022, profit after tax would have been €18 million lower (2021: €10 million). If market interest rates had been 100 bps lower as of December 31, 2022, profit after tax would have been €13 million higher (2021: €8 million).

Currency risk

The currency risk in the automotive segment results in particular from transactions as part of operating activities that do not take place in the functional currency of the respective group company. Currency forwards and currency options are the main instruments used to reduce currency risks. The volume of exchange rate hedges is determined on the basis of the planned sales figures in the respective foreign currency, taking into account procurement volumes.

In 2022, hedges were entered into in the following currencies as part of currency risk management: Australian dollar (AUD), Brazilian real (BRL), British pound sterling (GBP), Canadian dollar (CAD), Chinese renminbi (CNY), Hong Kong dollar (HKD), Japanese yen (JPY), Mexican peso (MXN), Polish zloty (PLN), Norwegian krone (NOK), Russian ruble (RUB), Singapore dollar (SGD), South Korean won (KRW), Swedish krona (SEK), Swiss franc (CHF), Taiwan dollar (TWD), and US dollar (USD).

All non-functional currencies in which the Porsche AG Group enters into financial instruments are included as relevant risk variables in the sensitivity analysis in accordance with IFRS 7.

If the functional currency euro had appreciated or depreciated by 10% against the other currencies, this would have resulted in the following effects on the hedging reserve in equity and profit after tax for the following currency pairs. It is not appropriate to add together the individual figures, since the results of the various functional currencies concernced are based on different scenarios.

The table below shows the sensitivities as of December 31, 2022 with respect to the key currencies held.

€ million	Dec. 31, 2022 +10%	Dec. 31, 2022 –10%	Dec. 31, 2021 +10%	Dec. 31, 2021 –10%
Exchange rate				
EUR/USD				
Hedging reserve	752	–785	734	–733
Profit/loss after tax	–35	35	–16	16
EUR/TWD				
Hedging reserve	70	–70	66	–66
Profit/loss after tax	–4	4	–5	5
EUR/MXN				
Hedging reserve	11	–11	5	–5
Profit/loss after tax	0	0	–	–
EUR/PLN				
Hedging reserve	19	–19	18	–18
Profit/loss after tax	–3	3	–1	1
EUR/GBP				
Hedging reserve	153	–153	204	–204
Profit/loss after tax	–13	13	–10	10
EUR/CNY				
Hedging reserve	1,013	–1,024	750	–849
Profit/loss after tax	–104	104	–90	90
EUR/CHF				
Hedging reserve	112	–118	93	–104
Profit/loss after tax	–3	3	–2	2
EUR/SEK				
Hedging reserve	24	–23	36	–36
Profit/loss after tax	–1	1	–2	2
EUR/HKD				
Hedging reserve	21	–22	15	–15
Profit/loss after tax	–2	2	–1	1
EUR/RUB				
Hedging reserve	–	–	15	–15
Profit/loss after tax	0	0	–3	3
EUR/SGD				
Hedging reserve	10	–10	4	–4
Profit/loss after tax	0	0	–1	1
EUR/KRW				
Hedging reserve	74	–74	60	–59
Profit/loss after tax	–18	18	–9	9
EUR/CAD				
Hedging reserve	138	–137	92	–93
Profit/loss after tax	–5	5	–3	3
EUR/JPY				
Hedging reserve	84	–82	75	–67
Profit/loss after tax	–9	9	–6	6
EUR/AUD				
Hedging reserve	66	–65	62	–61
Profit/loss after tax	–5	5	–8	8
EUR/BRL				
Hedging reserve	19	–19	5	–5
Profit/loss after tax	–5	5	–1	1
EUR/NOK				
Hedging reserve	5	–5	–	–
Profit/loss after tax	0	0	–	–

Equity and bond price risks

The fully consolidated special funds in which the Porsche AG Group invests surplus liquidity are exposed in particular to equity and bond price risks that may arise from fluctuations in quoted market prices, stock exchange indices and market interest rates. The risks to which the special funds are exposed are generally countered by the Porsche AG Group by ensuring a broad diversification across a range of products, issuers and regional markets when making investment decisions, as stipulated in the investment policy. The risk management system in place is partially based on a minimum value threshold and, if the market situation is appropriate, exchange rate hedges are entered into.

IFRS 7 stipulates that the presentation of market risk must include disclosures on how hypothetical changes in risk variables impact the price of financial instruments. The risk variables include in particular quoted market prices or indices, as well as interest rate changes as a bond pricing parameter.

If share prices had been 10% higher as of December 31, 2022, profit after tax would have been €14 million (2021: €31 million) higher. If share prices had been 10% lower as of December 31, 2022, profit after tax would have been €12 million (2021: €40 million) lower.

36.4.3 MARKET RISK IN THE FINANCIAL SERVICES SEGMENT

Interest rate risk

Interest rate risk in the financial services segment mainly results from changes in market interest rates, primarily for medium- and long-term floating-rate liabilities and from non-maturity-matched refinancing. This risk is reduced by entering into interest rate hedges and cross-currency interest rate swaps.

As of December 31, 2022, the VaR for interest rate risk amounted to €51 million (2021: €19 million).

Currency risk

Currency risk in the financial services segment mainly results from assets denominated in a currency other than the functional currency, and from refinancing as part of operating activities. These risks are partly reduced by entering into cross-currency interest rate swaps.

As of December 31, 2022, the VaR for currency risk amounted to €1 million (2021: €3 million).

36.5 Methods for monitoring hedge effectiveness

Since transitioning to IFRS 9, the Porsche AG Group mainly assesses the effectiveness of hedges on a prospective basis using the critical terms match method. Retrospective analysis of effectiveness uses effectiveness tests in the form of the dollar offset method. Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

For this purpose, cumulative changes in the value of the designated components of the hedging instrument and the hedged item are compared. If there is no critical terms match, the same procedure is applied to the non-designated components.

The table below shows the remaining maturities profile of the notional amounts of hedging instruments recognized under the Porsche AG Group hedge accounting requirements, as well as derivatives not included in hedge accounting:

Notional amount of derivative financial instruments

€ million	Term of maturity up to one year	within one to five years	more than five years	Total notional amount Dec. 31, 2022	Total notional amount Dec. 31, 2021
Notional amount of hedging instruments within hedge accounting					
Hedging interest rate risk					
Interest rate swap	3,124	3,509	–	6,633	6,665
Hedging currency risk					
Currency forwards/ Cross-currency swaps					
Currency forwards/ Cross-currency swaps in CNY	4,684	6,150	–	10,833	8,585
Currency forwards/ Cross-currency swaps in GBP	3,231	7,090	–	10,321	9,364
Currency forwards/ Cross-currency swaps in USD	1,477	789	–	2,267	2,941
Currency forwards/ Cross-currency swaps in other currencies	3,222	5,594	–	8,817	6,841
Currency options					
Currency options in CNY	7,005	8,688	–	15,694	10,296
Currency options in USD	2,885	2,154	–	5,039	6,096
Currency options in other currencies	1,096	1,358	–	2,454	3,253
Combined interest rate and currency risk hedging					
Interest rate/currency swaps other currencies	20	12	–	32	101
Notional amount of other derivatives					
Hedging interest rate risk					
Interest rate swap	–	562	–	562	766
Hedging currency risk					
Currency forwards/ Cross-currency swaps	4,169	122	–	4,291	4,441
Currency options	213	–	–	213	144

In addition to the other derivatives used to hedge currency and interest rate risk, as presented above, on the December 31, 2022 reporting date the Porsche AG Group held credit swaps with a notional amount of €21 million (2021: €7 million) and remaining maturity of between four and five years. The Porsche AG Group also held equity futures (€66 million; 2021: €116 million), fixed income futures (€306 million; 2021: €257 million), other swaps (€0 million; 2021: €51 million), currency futures (€58 million (2021: €14 million) and equity swaps (€0 million; 2021: €153 million) with a remaining maturity of between three and four years.

With respect to the interest rate swaps and cross-currency interest rate swaps presented above, the Porsche AG Group achieved an average hedging interest rate of 1.4% (2021: 0.2%) and 0.3% (2021: 0.8%), respectively, weighted by total notional amount.

With respect to the currency forwards and currency options, the Porsche AG Group achieved a hedging exchange rate for the material currencies of 7.44 and 7.35, respectively (EUR/CNY; 2021: 7.82 and 7.70, respectively), 0.87 (EUR/GBP; 2021: 0.88) and 1.16 and 1.12, respectively (EUR/USD; 2021: 1.18 and 1.15, respectively), weighted by total notional amount.

The total notional amount includes both derivatives entered into by means of offsetting transactions, as well as the offsetting transactions themselves. The offsetting transactions partly offset effects resulting from the original hedge, meaning that the respective notional amount would be higher were the offsetting transaction not taken into account.

Another effect that increases the notional amount results from cylinder options, where both the put and call options are taken into consideration in the notional amount.

The hedged items in cash flow hedges are expected to be realized in accordance with the maturity buckets of the hedges presented in the table.

The market values of the derivatives are determined using market data on the reporting date and suitable valuation techniques. The calculation was based on, among other things, the following interest rate structure:

	Dec. 31, 2022					Dec. 31, 2021				
%	EUR	USD	GBP	CNY	JPY	EUR	USD	GBP	CNY	JPY
Interest rate for 6 months	2.73	4.79	4.08	2.41	0.01	−0.58	0.19	0.49	2.48	−0.04
Interest rate for 1 year	3.03	4.89	4.46	2.46	0.10	−0.51	0.39	0.76	2.49	−0.04
Interest rate for 5 years	3.19	3.73	4.08	3.06	0.60	0.02	1.12	1.05	3.06	−0.01
Interest rate for 10 years	3.15	3.53	3.75	4.07	0.91	0.30	1.31	0.95	4.07	0.08

Given its use of interest rate swaps and cross-currency interest rate swaps for hedging purposes, the IBOR reform exposes the Porsche AG Group to uncertainties with respect to timing, the amount of IBOR-based cash flows and the risk to which the hedged item and hedging instrument are exposed. Porsche AG applies the practical expedients provided for in the amendments.

The uncertainties relate to the USD LIBOR and CAD CDOR reference rates.

In cash flow hedges used to hedge the risk of changes in future cash flows, the uncertainty relates to the highly probable expectation of hedged variable future cash flows.

The likely effects of the IBOR reform are assessed on an ongoing basis. The necessary transition measures have already been implemented for the reference interest rates affected.

The notional amounts of hedging instruments affected by the above uncertainties surrounding the IBOR reform amount to €3,218 million (2021: €4,823 million) for USD LIBOR and €263 million (2021: €202 million) for CAD CDOR.

36.6 Other disclosures on financial instruments

The table below presents the carrying amounts of the financial instruments by measurement category:

36.6.1 CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY OF IFRS 9

€ million	Dec. 31, 2022	Dec. 31, 2021
Financial assets measured at fair value through profit or loss	1,845	1,280
Financial assets measured at fair value through other comprehensive income (equity instruments)	122	62
Financial assets measured at amortized cost	14,410	22,233
of which classified as held for sale	26	–
Financial liabilities measured at fair value through profit or loss	79	17
Financial liabilities measured at amortized cost	16,207	14,227
of which classified as held for sale	1	–

The measurement category “financial assets measured at fair value through other comprehensive income (equity instruments)” contains equity investments in unlisted companies in which the Porsche AG Group holds between 0.03% and 14.79% of the shares. As these are long-term equity investments, they are irrevocably measured at fair value through other comprehensive income.

The fair values recognized as of December 31, 2022 relate to the shares in Customcells Holding GmbH, Itzehoe (€21 million; 2021: €6 million), 1KOMMA5° GmbH, Hamburg (€13 million; 2021: €0 million), Cresta Intelligence Inc., San Francisco, CA (€9 million; 2021: €2 million), Tactile Mobility Ltd., Haifa (€8 million; 2021: €10 million), Urgent.ly Inc., Vienna, VA (€8 million; 2021: €7 million), RSE Markets, Inc., New York, NY (€6 million; 2021: €5 million), DSP Concepts, Inc., Santa Clara, CA (€6 million; 2021: €5 million), RS Holdings, Inc., Los Angeles, CA (€5 million; 2021: €4 million), as well as other smaller equity investments (€46 million; 2021: €23 million).

36.6.2 CLASSES OF FINANCIAL INSTRUMENTS

The Porsche AG Group allocates financial instruments to the following classes:

- financial instruments measured at fair value
- financial instruments measured at amortized cost
- derivative financial instruments included in hedge accounting
- not allocated to any measurement category
- credit commitments and financial guarantees (not recognized in the statement of financial position)

36.6.3 RECONCILIATION OF ITEMS IN THE STATEMENT OF FINANCIAL POSITION TO CLASSES OF FINANCIAL INSTRUMENTS

The table below presents a reconciliation of the line items in the statement of financial position to the relevant classes of financial instruments, broken down by the carrying amounts and fair values of the financial instruments.

Reconciliation of items in the statement of financial position to classes of financial instruments as of December 31, 2022

	Measured at fair value	Measured at amortized cost		Derivative financial instruments within hedge accounting	Not allocated to a measurement category	Statement of financial position item at Dec. 31, 2022
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Non-current assets						
Equity-accounted investments	–	–	–	–	623	**623**
Other equity investments	193	–	–	–	443	**636**
Financial services receivables	–	2,889	2,820	–	1,494	**4,382**
Other financial assets[1]	100	187	178	466	–	**753**
Current assets						
Trade receivables	–	1,290	1,290	–	0	**1,290**
Financial services receivables	–	851	851	–	687	**1,538**
Other financial assets[2]	141	5,213	5,213	140	–	**5,493**
Marketable securities and time deposits[3]	1,533	262	262	–	–	**1,795**
Cash and cash equivalents[3]	–	3,719	3,719	–	–	**3,719**
Assets held for sale	–	26	26	–	–	**26**
Non-current liabilities						
Financial liabilities	–	5,076	4,920	–	940	**6,016**
Other financial liabilities[4]	10	240	240	621	–	**872**
Current liabilities						
Financial liabilities	–	3,358	3,358	–	106	**3,464**
Trade payables	–	2,899	2,899	–	–	**2,899**
Other financial liabilities[5]	70	4,633	4,633	584	–	**5,287**
Liabilities associated with assets held for sale	–	1	1	–	–	**1**

1 Other assets that are not financial assets are not included (other receivables and deferred tax assets: €842 million).
2 Other assets that are not financial assets are not included (other receivables and income tax receivables: €842 million).
3 As of December 31, 2022, time deposits with an original contractual term of more than three months were allocated to “Securities and time deposits”, which as of December 31, 2021 (€359 million) had been recorded under “Cash, cash equivalents and time deposits”.
4 Other liabilities that are not financial liabilities are not included (other provisions, deferred tax liabilities and other liabilities: €3,459 million).
5 Other liabilities that are not financial liabilities are not included (income tax provisions, other provisions, other liabilities and income tax liabilities: €4,951 million).

Reconciliation of items in the statement of financial position to classes of financial instruments as of December 31, 2021

€ million	Measured at fair value – Carrying amount	Measured at amortized cost – Carrying amount	Measured at amortized cost – Fair value	Derivative financial instruments within hedge accounting – Carrying amount	Not allocated to a measurement category – Carrying amount	Statement of financial position item at Dec. 31, 2021
Non-current assets						
Equity-accounted investments	–	–	–	–	573	**573**
Other equity investments	142	–	–	–	171	**313**
Financial services receivables	–	2,330	2,402	–	1,131	**3,461**
Other financial assets[1]	147	8,301	9,009	148	–	**8,596**
Current assets						
Trade receivables	–	1,199	1,199	–	–	**1,199**
Financial services receivables	–	497	497	–	584	**1,081**
Other financial assets[2]	71	5,219	5,219	63	–	**5,354**
Marketable securities and time deposits[3]	982	–	–	–	–	**982**
Cash and cash equivalents[3]	–	4,686	4,686	–	–	**4,686**
Non-current liabilities						
Financial liabilities	–	5,643	5,680	–	956	**6,599**
Other financial liabilities[4]	1	259	259	373	–	**633**
Current liabilities						
Financial liabilities	–	3,021	3,021	–	107	**3,128**
Trade payables	–	2,447	2,447	–	–	**2,447**
Other financial liabilities[5]	16	2,857	2,857	765	–	**3,638**

1 Other assets that are not financial assets are not included (other receivables and deferred tax assets: €980 million).
2 Other assets that are not financial assets are not included (other receivables and income tax receivables: €734 million).
3 As of December 31, 2022, time deposits with an original contractual term of more than three months were allocated to "Securities and time deposits", which as of December 31, 2021 (€359 million) had been recorded under "Cash, cash equivalents and time deposits".
4 Other liabilities that are not financial liabilities are not included (other provisions, deferred tax liabilities and other liabilities: €2,611 million).
5 Other liabilities that are not financial liabilities are not included (income tax provisions, other provisions, other liabilities and income tax liabilities: €3,866 million).

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 statement of financial position items is generally deemed to be their carrying amount.

For the reconciliation to the carrying amounts in the statement of financial position, the "Not allocated to a measurement category" column in the table also includes items that are not financial instruments.

The key risk variables for the fair values of receivables are risk-adjusted interest rates.

"Financial instruments measured at fair value" also include shares in partnerships and corporations.

36.6.4 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair values are allocated to the levels of the fair value hierarchy based on the availability of observable market prices. Level 1 shows the fair values of financial instruments where a quoted price is directly available on active markets. This includes securities issued by the Porsche AG Group. Fair values in level 2, such as derivatives, are derived from market data using market valuation techniques. These market data include in particular currency exchange rates and yield curves which are observable on the relevant markets and can be obtained from pricing service providers. Level 3 fair values are calculated using valuation techniques with inputs that are not based on directly observable market data. In particular, the Porsche AG Group allocated options on equity instruments to level 3. Equity instruments are primarily measured on the basis of the respective business plans and entity-specific discount rates.

The tables below provide an overview of the financial assets and liabilities measured at fair value by level:

Financial assets and liabilities measured at fair value by level:

€ million	Dec. 31, 2022	Level 1	Level 2	Level 3
Non-current assets				
Other equity investments	**193**	0	–	193
Other financial assets	**100**	–	100	–
Current assets				
Other financial assets	**141**	–	71	70
Marketable securities and time deposits[1]	**1,533**	1,533	–	–
Non-current liabilities				
Other financial liabilities	**10**	–	10	–
Current liabilities				
Other financial liabilities	**70**	–	70	–

[1] As of December 31, 2022, time deposits at amortized cost with an original contractual term of more than three months were allocated to "Securities and time deposits", which as of December 31, 2021 (€359 million) had been recorded under "Cash, cash equivalents and time deposits".

€ million	Dec. 31, 2021	Level 1	Level 2	Level 3
Non-current assets				
Other equity investments	**142**	0	–	142
Other financial assets	**147**	–	87	60
Current assets				
Other financial assets	**71**	–	70	1
Marketable securities and time deposits[1]	**982**	982	–	–
Non-current liabilities				
Other financial liabilities	**1**	–	1	–
Current liabilities				
Other financial liabilities	**16**	–	16	–

[1] As of December 31, 2022, time deposits at amortized cost with an original contractual term of more than three months were allocated to "Securities and time deposits", which as of December 31, 2021 (€359 million) had been recorded under "Cash, cash equivalents and time deposits".

The fair values of financial assets and liabilities measured at amortized cost are presented in the following overview. The fair value of receivables from financial services allocated to level 3 is determined using the current market interest rates valid on the reporting date instead of the internal interest rate. The material inputs used to calculate the fair value of receivables from financial services are forecasts and estimates of used vehicle residual values for the respective models. The receivables from financial services also include assets amounting to €2,180 million (2021: €1,714 million) that are measured in accordance with IFRS 16.

Fair values of financial assets and liabilities measured at amortized cost by level

€ million	Dec. 31, 2022	Level 1	Level 2	Level 3
Financial services receivables	**3,671**	–	–	3,671
Trade receivables	**1,290**	–	1,290	–
Other financial assets	**5,393**	1,371	4,020	2
Marketable securities and time deposits[1]	**262**	–	262	–
Cash and cash equivalents[1]	**3,719**	3,719	–	–
Assets held for sale	**26**	–	26	–
Fair value of financial assets measured at amortized cost	**14,361**	**5,090**	**5,598**	**3,673**
Trade payables	**2,899**	–	2,899	–
Financial liabilities	**8,279**	0	8,225	54
Other financial liabilities	**4,873**	54	4,510	309
Liabilities associated with assets held for sale	**1**	–	1	–
Fair value of financial liabilities measured at amortized cost	**16,052**	**54**	**15,635**	**363**

[1] As of December 31, 2022, time deposits with an original contractual term of more than three months were allocated to "Securities and time deposits", which as of December 31, 2021 (€359 million) had been recorded under "Cash, cash equivalents and time deposits".

€ million	Dec. 31, 2021	Level 1	Level 2	Level 3
Financial services receivables	**2,899**	–	–	2,899
Trade receivables	**1,199**	–	1,199	–
Other financial assets	**14,228**	466	13,762	–
Marketable securities and time deposits[1]	**–**	–	–	–
Cash and cash equivalents[1]	**4,686**	4,327	359	–
Fair value of financial assets measured at amortized cost	**23,012**	**4,793**	**15,320**	**2,899**
Trade payables	**2,447**	–	2,447	–
Financial liabilities	**8,700**	5	8,695	–
Other financial liabilities	**3,116**	47	2,879	190
Fair value of financial liabilities measured at amortized cost	**14,263**	**52**	**14,021**	**190**

[1] As of December 31, 2022, time deposits with an original contractual term of more than three months were allocated to "Securities and time deposits", which as of December 31, 2021 (€359 million) had been recorded under "Cash, cash equivalents and time deposits".

Derivative financial instruments included in hedge accounting by level:

€ million	Dec. 31, 2022	Level 1	Level 2	Level 3
Non-current assets				
Other financial assets	**466**	–	466	–
Current assets				
Other financial assets	**140**	–	140	–
Non-current liabilities				
Other financial liabilities	**621**	–	621	–
Current liabilities				
Other financial liabilities	**584**	–	584	–

€ million	Dec. 31, 2021	Level 1	Level 2	Level 3
Non-current assets				
Other financial assets	**148**	–	148	–
Current assets				
Other financial assets	**63**	–	63	–
Non-current liabilities				
Other financial liabilities	**373**	–	373	–
Current liabilities				
Other financial liabilities	**765**	–	765	–

The table below summarizes the changes in items in the statement of financial position measured at fair value and allocated to level 3:

Changes in items in the statement of financial position measured at fair value based on level 3

€ million	Financial assets measured at fair value
Balance at Jan. 1, 2022	**203**
Changes in consolidated group	–
Additions (purchases)	156
Transfers from Level 3 into Level 1	–
Transfers from Level 3 into Level 2	–
Total comprehensive income	58
recognized in profit or loss	36
recognized in other comprehensive income	22
Settlements	–9
Disposals (sales)	–18
Changes in in participation structure	–127
Balance at Dec. 31, 2022	**263**
Total gains or losses recognized in profit or loss	**36**
Net other operating expense/income	–
of which attributable to assets/liabilities held at the reporting date	–
Financial result	36
of which attributable to assets/liabilities held at the reporting date	12

€ million	Financial assets measured at fair value
Balance at Jan. 1, 2021	**147**
Changes in consolidated group	–159
Additions (purchases)	126
Transfers from Level 3 into Level 1	–
Transfers from Level 3 into Level 2	–14
Total comprehensive income	108
recognized in profit loss	65
recognized in other comprehensive income	43
Settlements	–
Disposals (sales)	–5
Balance at Dec. 31, 2021	**203**
Total gains or losses recognized in profit or loss	**65**
Net other operating expense/income	–
of which attributable to assets/liabilities held at the reporting date	–
Financial result	65
of which attributable to assets/liabilities held at the reporting date	–6

Transfers between the levels of the fair value hierarchy are reported as of the respective reporting dates. There were no transfers between the levels of the fair value hierarchy during the reporting period.

The key risk variable for equity instruments held by the company is the corresponding enterprise value. A sensitivity analysis is used to present the effects of a change in the risk variables on profit after tax. If the assumed enterprise values had been 10% higher as of December 31, 2022, profit after tax would have been €5 million (2021: €6 million) higher. If the assumed enterprise values had been 10% lower as of December 31, 2022, profit after tax would have been €5 million (2021: €6 million) lower. If the assumed enterprise values had been 10% higher as of December 31, 2022, equity would have been €9 million (2021: €4 million) higher. If the assumed enterprise values had been 10% lower as of December 31, 2022, equity would have been €9 million (2021: €4 million) lower.

The key risk variable for options on equity instruments held by the company is the corresponding enterprise value. A sensitivity analysis is used to present the effects of a change in the risk variable on profit after tax. If the assumed enterprise values had been 10% higher as of December 31, 2022, profit after tax would have been €5 million (2021: €4 million) higher. If the assumed enterprise values had been 10% lower as of December 31, 2022, profit after tax would have been €5 million (2021: €4 million) lower.

36.6.5 OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The following tables contain information about the effects of offsetting in the statement of financial position and the potential financial effects of offsetting in the case of instruments that are subject to a legally enforceable master netting arrangement or a similar agreement.

				Amounts that are not set off in the statement of financial position		
€ million	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Collateral received	Net amount at Dec. 31, 2022
Derivative financial instruments	791	–	791	–414	–	**378**
Financial services receivables	5,920	–	5,920	–	–	**5,920**
Trade receivables	1,290	–	1,290	–	–	**1,290**
Marketable securities and time deposits[1]	1,795	–	1,795	–	–	**1,795**
Cash and cash equivalents[1]	3,719	–	3,719	–	–	**3,719**
Other financial assets	5,651	–	5,651	–	–	**5,651**

1 As of December 31, 2022, time deposits with an original contractual term of more than three months were allocated to “Securities and time deposits”, which as of December 31, 2021 (€359 million) had been recorded under “Cash, cash equivalents and time deposits”.

				Amounts that are not set off in the statement of financial position		
€ million	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Collateral received	Net amount at Dec. 31, 2021
Derivative financial instruments	354	–	354	–190	–	**164**
Financial services receivables	4,542	–	4,542	–	–	**4,542**
Trade receivables	1,199	–	1,199	–	–	**1,199**
Marketable securities and time deposits[1]	982	–	982	–	–	**982**
Cash and cash equivalents[1]	4,686	–	4,686	–	–	**4,686**
Other financial assets	13,738	–	13,738	–	–	**13,738**

1 As of December 31, 2022, time deposits with an original contractual term of more than three months were allocated to “Securities and time deposits”, which as of December 31, 2021 (€359 million) had been recorded under “Cash, cash equivalents and time deposits”.

€ million	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Amounts that are not set off in the statement of financial position: Financial instruments	Collateral pledged	Net amount at Dec. 31, 2022
Derivative financial instruments	1,285	–	1,285	–414	–	**871**
Financial liabilities	9,480	–	9,480	–	–	**9,480**
Trade payables	2,899	–	2,899	–	–	**2,899**
Other financial liabilities	4,873	–	4,873	–	–	**4,873**

€ million	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Amounts that are not set off in the statement of financial position: Financial instruments	Collateral pledged	Net amount at Dec. 31, 2021
Derivative financial instruments	1,156	–	1,156	–190	–	**966**
Financial liabilities	9,727	–	9,727	–	–	**9,727**
Trade payables	2,447	–	2,447	–	–	**2,447**
Other financial liabilities	3,116	–	3,116	–	–	**3,116**

Other financial assets contain other equity investments measured at fair value of €193 million (2021: €142 million).

The “Financial instruments” column presents amounts subject to a master netting arrangement but that are not offset because they do not meet the conditions for offsetting in the statement of financial position. The “Collateral received” and “Collateral pledged” columns present the amounts in relation to the total amount of assets and liabilities received or pledged as collateral in the form of cash or financial instruments that do not meet the conditions for offsetting in the statement of financial position.

36.6.6 ASSET-BACKED SECURITIES TRANSACTIONS

In the financial services segment, asset-backed securities transactions are largely used to refinance its portfolio of lease and financing agreements. This involves assigning the expected payments to structured financing companies and transferring the financed vehicles are as collateral. A distinction is made here between revolving, non-public facilities with one or a syndicate of refinancing partners and amortizing, public asset-backed securities bonds, which are broadly marketed to investors on the capital market. In the event that asset-backed securities bond issues are not possible to the planned extent on account of unfavorable market conditions, Porsche Financial Services also uses asset-backed, amortizing private placements as the need arises by directly approaching selected major investors as an alternative refinancing instrument.

Transactions in asset-backed securities conducted to refinance the financial services business amounted to €6,282 million (2021: €6,418 million) and were reported in ABS refinancing. The corresponding carrying amount of the receivables from customer and dealer financing and the finance lease business amounted to €3,757 million (2021: €3,662 million). Collateral totaling €7,948 million (2021: €7,365 million) was provided for transactions in asset-backed securities, of which €3,757 million (2021: €3,662 million) relates to collateral in the form of financial assets. The transactions in asset-backed securities did not result in the disposal of receivables from the financial services business since del credere and repayment risks were retained within the Porsche AG Group. The difference between the pledged receivables and the associated liabilities resulted from the share of vehicles financed within the Porsche AG Group.

A majority of the group’s asset-backed securities transactions may be repaid ahead of schedule (“clean up call”) if a contractually fixed minimum volume (%) regarding the original transaction volume is still outstanding. The pledged receivables may not be pledged further or otherwise serve as collateral. The claims of the bond holders are limited to the amount of the receivables pledged and the proceeds from these receivables are earmarked for repayment of the corresponding liability. As of December 31, 2022, the fair value of the receivables from the financing business that have been pledged but not disposed of amounted to €3,090 million (2021: €3,292 million). The fair value of the associated liabilities as of the reporting date amounted to €2,773 million (2021: €2,994 million).

36.6.7 TOTAL INTEREST INCOME AND EXPENSES

The total interest income attributable to financial assets and liabilities measured at amortized cost, as calculated using the effective interest method, amounted to €507 million (2021: €560 million) and the total interest expenses amounted to €185 million (2021: €136 million).

36.6.8 NET GAINS/LOSSES FROM FINANCIAL INSTRUMENTS

The following table shows the net gains or losses from financial assets and financial liabilities by measurement category, which is followed by detailed information on the material items:

Net gains/losses from financial assets by IFRS 9 measurement category

€ million	2022	2021
Financial instruments measured at fair value through profit or loss	56	213
Financial assets measured at amortized cost	380	597
Financial assets measured at fair value through other comprehensive income (debt instruments)	0	–
Financial liabilities measured at amortized cost	–20	–33
	416	**777**

The net gains or losses in the financial instruments measured at fair value through profit or loss category mainly result from the fair value measurement of derivatives, including interest and gains or losses on currency translation.

The net gains or losses in the financial assets and liabilities measured at amortized cost category mainly comprise interest income and expenses under the effective interest method pursuant to IFRS 9, currency translation effects, and the recognition of loss allowances. Interest also includes interest income and expenses from the lending business in the financial services segment.

37. CAPITAL MANAGEMENT

The Porsche AG Group's capital management ensures that it is possible to realize the group's objectives and strategies in the interests of the shareholder, employees and other stakeholders. The primary objective of capital management at the Porsche AG Group is to ensure the financial flexibility necessary to realize its value-adding business and growth targets and to increase its enterprise value over the long term. The management's focus lies on increasing the return on invested capital in the automotive segment and on increasing the return on equity in the financial services segment. In general, the aim of the Porsche AG Group and its segments is to achieve as high a return as possible to the benefit of all stakeholders in the company.

In order to structure the use of resources as efficiently as possible in the automotive segment and to measure its success, we apply return on investment (ROI) as performance indicator. ROI is the average return on invested capital for a particular period based on the operating profit after tax. Invested capital is calculated as total operating assets (property, plant and equipment, intangible assets, inventories and receivables) less non-interest-bearing liabilities (trade payables and payments on account received). Average invested capital is calculated using total assets at the beginning and the end of the reporting year.

Given the particular features of the financial services segment, control focuses on the return on equity, a target indicator which is based on the equity invested. This indicator is calculated as the ratio of earnings before tax to average equity. Average equity is calculated from the balance at the beginning and the end of the reporting year. In addition, the financial services segment aims to satisfy the capital requirements of the banking supervisory authorities, as well as to obtain the necessary equity to finance the growth planned for the coming fiscal years and to support external ratings by ensuring capital adequacy.

The return on investment in the automotive segment and the return on equity in the financial services segment are presented in the tables below:

€ million	2022	2021
Automotive segment		
Operating profit after tax	4,496	3,523
Assets invested (average)	18,026	16,513
Return on investment (ROI) in %	**24.9**	**21.3**
Financial services segment		
Profit before tax	346	314
Average equity	1,691	1,482
Pre-tax return on equity in %	**20.5**	**21.2**

38. CONTINGENT LIABILITIES

€ million	Dec. 31, 2022	Dec. 31, 2021
Guarantees	5	2
Warranties	0	0
Other contingent liabilities	123	40
	128	**42**

Other contingent liabilities mainly comprise potential expenses arising from legal and product-related matters; in particular, several product-related class actions brought by customers are pending in the USA. The plaintiffs are each claiming various different quality defects with regard to Porsche AG's vehicles. Porsche AG and its subsidiaries will continue to defend themselves against the claims. The contingent liabilities do not include amounts connected with the diesel issue described in note → 40. LITIGATION. Further official investigations/proceedings are at a stage where the basis for claims has not yet been specified and/or the amounts cannot be determined with sufficient precision. To the extent that they meet the definition of a contingent liability, these official investigations/proceedings were generally not disclosed due to the lack of measurable data.

In accordance with IAS 37.92, no further disclosures are made in respect of estimates of the financial impact or disclosures relating to uncertainties surrounding the amount or timing of contingent liabilities, so as not to prejudice the outcome of the proceedings or the company's interests. Further information can be found in note → 40. LITIGATION.

39. OTHER FINANCIAL OBLIGATIONS

€ million	Maturity: Within one year	Within one to five years	More than five years	Total
Dec. 31, 2022				
Purchase commitments in respect of				
Property, plant and equipment	361	125	–	**486**
Intangible assets	1,803	163	–	**1,966**
Obligations from				
Irrevocable credit commitments to customers	–	–	–	**–**
Leasing and rental contracts	34	59	7	**100**
Miscellaneous other financial obligations	273	456	110	**839**
Total	**2,471**	**803**	**116**	**3,390**

€ million	Maturity: Within one year	Within one to five years	More than five years	Total
Dec. 31, 2021				
Purchase commitments in respect of				
Property, plant and equipment	376	90	–	**466**
Intangible assets	1,327	355	–	**1,682**
Obligations from				
Irrevocable credit commitments to customers	–	–	37	**37**
Leasing and rental contracts	32	39	23	**94**
Miscellaneous other financial obligations	183	289	104	**576**
Total	**1,918**	**773**	**164**	**2,855**

40. LITIGATION

In the course of their operating activities, Porsche AG and the companies in which it holds direct or indirect interests are involved in a large number of legal disputes and official proceedings, both in Germany and abroad. Among others, these legal disputes and proceedings relate to or are connected with employees, authorities, services, dealers, investors, customers, products or other contractual partners. They may lead to payments such as fines as well as other obligations and consequences for the companies involved. In particular, substantial compensation or punitive damages may have to be paid and cost-intensive measures may be necessary. In this context, specific estimation of the objectively likely consequences is often possible only to a very limited extent, if at all.

Various legal proceedings are pending worldwide, particularly in the USA, in which customers are asserting purported product-related claims, either individually or in class actions. These claims are as a rule based on alleged vehicle defects, including defects alleged in vehicle parts supplied to the Porsche AG Group. Compliance with legal or regulatory requirements (such as the GDPR) is another area in which risks may arise. This applies in particular to gray areas, where Porsche AG or the companies in which it holds direct or indirect interests may make interpretations that differ from those of the competent authorities.

In connection with their business activities, Porsche AG Group companies engage in constant dialogue with regulatory agencies, including the Kraftfahrt-Bundesamt (KBA – German Federal Motor Transport Authority). It is not possible to predict with assurance how government regulators will assess certain issues of fact and law in a particular situation. For this reason, the possibility that certain vehicle characteristics and/or type approval aspects may in particular ultimately be deemed deficient or impermissible cannot be ruled out. This is fundamentally a question of the regulatory agency's specific evaluation in a concrete situation.

Risks may also result from actions for infringement of intellectual property, including infringement of patents, brands, or other third-party rights, particularly in Germany and the USA. If the Porsche AG Group is alleged or determined to have violated third-party intellectual property rights, it may for instance have to pay damages, modify manufacturing processes, or redesign products, and may be barred from selling certain products; this may result in delivery and production restrictions or interruptions.

Legal risks may also arise due to the criminal actions of individuals, which even the best compliance management system can never fully rule out.

Where doing so was manageable and economically feasible, adequate insurance cover was taken out to cover these risks. Where necessary based on the information currently available, identified and correspondingly measurable risks have been reflected by recognizing provisions in amounts considered appropriate or disclosing contingent liabilities, as the case may be. Since some risks cannot be assessed, or only to a limited extent, it cannot be ruled out that significant losses or damage may arise in an amount not covered by the insurance or provisions.

Unless otherwise explicitly stated, the amounts disclosed for the litigation reported on here refer only to the respective claim of the other party. Other legal defense costs, such as any legal and consulting fees and litigation costs, are not as a rule reported in connection with the legal disputes presented here.

Diesel issue

On November 2, 2015, the United States Environmental Protection Agency (EPA) issued a notice of violation of the Clean Air Act to Volkswagen AG, Audi AG, Volkswagen Group of America, Inc., Porsche AG and Porsche Cars North America, Inc.

The notice alleges that certain 3.0 liter V6 Volkswagen group diesel engines are in contravention of the applicable emissions certification standards.

Porsche AG decided to voluntarily halt sales of the roughly 11,500 3.0 liter V6 US diesel engines affected by the notice of violation pending a decision and recertification by the US authorities.

On January 4, 2016, the US Department of Justice filed a complaint at the request of the EPA against the above companies, among others. In addition, class actions were filed by customers, dealers and investors and proceedings were initiated by further authorities and institutions (including the Department of Justice (civil and criminal), state attorney generals, the Federal Trade Commission and the Customs and Border Protection Agency) over the course of 2016. Porsche AG cooperated with all of the parties involved to clarify the matter.

On January 11, 2017, the US Department of Justice published the agreement with the Volkswagen group, including Porsche AG. The agreement with Porsche AG is limited to civil penalties. Volkswagen AG has signed a hold harmless agreement for the fines. The Porsche AG Group will not be supervised by an external monitor. The organizational and process requirements have already been largely addressed in the Porsche remediation plan. On May 11, 2017, the agreement of January 2017 was confirmed by the courts. On April 13, 2017, the US Department of Justice concluded the third partial consent decree ("3PCD") in connection with the diesel issue. On July 21, 2017, a comparable agreement ("California PCD") was reached with the United States District Court for the Northern District of California. In this agreement, Porsche AG undertook to meet conditions from the areas of organization, processes, employees and sustainability and to provide evidence of meeting these conditions. These essentially corresponded with the remediation plan.

On October 23, 2017, the US authorities approved the software update submitted for review by the Volkswagen group relating to emissions compliant repair (ECR) for around 38,000 US vehicles with 3.0 liter V6 TDI generation 2.1 and 2.2 engines. The recall of the approximately 11,500 US Cayenne V6 diesel vehicles began in November 2017. The requisite software update was successfully rolled out in fiscal year 2018. The recall quota specified in the agreement with the US authorities was thus exceeded.

In September 2022, the 3PCD was lifted by the court. Porsche has thus met all required conditions. The California PCD was also lifted by the court in September 2022.

Audi AG has held Porsche AG harmless the costs of legal risks, litigation, product liability complaints or other third-party complaints relating to the 2013-2016 Porsche Cayennes affected in North America and it was agreed to not plea the statute of limitations until July 31, 2023 and was subsequently extended until July 31, 2025. Consequently, from today's perspective, it is not expected that the Porsche AG Group will be subject to any significant outflow of resources in this regard.

Accordingly, no receivables were recognized for other costs incurred in connection with the diesel issue in North America for which Audi AG has signed a hold harmless agreement as an outflow of resources is not virtually certain as of the reporting date. It was agreed to not plea the statute of limitations until July 31, 2023 and this was subsequently extended until July 31, 2025.

For the legal proceedings outside of the USA and Canada in connection with the diesel issue, Porsche AG expects - based on previous agreements and accounting practice - that the costs incurred in this connection for legal risks and litigation costs will be borne by Audi AG and will pass the costs on to the latter. No extensive provisions will be recognized for future expected outflows of resources.

On January 21, 2019, the public prosecutor's office in Stuttgart instigated administrative fine proceedings pursuant to sections 30 and 130 of the German Act on Breaches of Administrative Regulations (OWiG). The administrative offense proceedings initiated against Porsche AG in connection with the diesel issue ended with the fine notice issued by the public prosecutor's office in Stuttgart on May 7, 2019. The fine notice is based on a negligent breach of supervisory duty in the organizational unit Prüffeld Entwicklung Gesamtfahrzeug/Qualität (Overall Vehicle Development/Quality – Testing Facility) or its respective successor organization. The fine notice imposes a total fine of €535 million, comprising a penalty payment of €4 million and the forfeiture of economic benefits amounting to €531 million. After a thorough review, Porsche AG did not appeal the penalty payment, rendering the fine notice legally binding. The fine has been paid in full, thus ending the administrative offense proceedings against Porsche AG. As a consequence, it is highly unlikely that any further penalties or forfeitures will be imposed on Porsche AG in Europe in connection with the uniform circumstances underlying the fine notice.

Furthermore, a number of administrative investigations and proceedings are pending around the world against Porsche AG and its subsidiaries as well as against its executive directors with regard to the diesel issue.

At the end of March 2021, the supervisory board of Volkswagen AG announced the completion of the investigation initiated in October 2015 into the causes of and those responsible for the diesel issue. In this context, the

Volkswagen AG group has reached agreement with the relevant insurers under its directors and officers liability policies (D&O insurance) on payment of an aggregate sum of €270 million (coverage settlement). In addition, agreement was reached on damage payments by a former member of Audi AG's board of management and the former member of Porsche AG's Executive Board, Mr. Wolfgang Hatz (liability settlement). As a result of this liability settlement as well as the coverage settlement, Porsche AG recognized other operating income of €30 million in the fiscal year 2021.

In 2018, the public prosecutor's office in Stuttgart instigated a criminal investigation into the diesel issue against individual persons on suspicion of fraud and illegal advertising. Proceedings against an Executive Board member have since been discontinued without determining any misconduct pursuant to section 153a of the German Code of Criminal Procedure (StPO) against payment of a court-imposed sum. A penalty order was also issued against a Porsche AG employee. This only relates to the Cayenne V8 TDI EU6 and to a period as of 2016. The penalty order has since become legally binding, meaning that these proceedings have also come to an end. According to the information available, the other individual proceedings have also been discontinued (at least provisionally) pursuant to section 153 StPO/section153a StPO. In connection with these proceedings being discontinued, Porsche AG made reimbursements of €2 million to the employees.

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

In November 2022, an action plan for the Euro 5 3.0-liter-V6-diesel Generation 1 Cayenne was submitted to the KBA. On January 12, 2023, Porsche AG received a notification of a hearing on this vehicle from the KBA, in which the KBA now deems said thermal windows to be a prohibited defeat device. Talks with the authorities and the proceedings are still ongoing. Neither provisions nor contingent liabilities have been recognized as this is not currently expected to result in any significant outflow of resources. Porsche will deliver an opinion on the letter from the KBA dated January 12, 2023 by February 27, 2023.

Other litigation

ANTITRUST INVESTIGATIONS: SCR SYSTEMS
As part of its antitrust investigations in the automotive industry, in April 2019 the European Commission sent a statement of objections to Porsche AG and other German car manufacturers informing the parties of its preliminary assessment of the matter and giving them the opportunity to make a statement. Following entry into a formal settlement procedure, on July 8, 2021 the EU Commission issued a notice imposing a fine of €502 million on the three brands of the Volkswagen group concerned (Volkswagen AG, Audi AG, Porsche AG), for which they are jointly and severally liable. There was no recourse against Porsche AG by Volkswagen AG. The subject matter of the European Commission's decision regarding the fine is the cooperation between car manufacturers regarding the development of technology to purify emissions of diesel passenger cars fitted with SCR systems that were sold in the European Economic Area. The Volkswagen group accepted the fine decision of the EU Commission and has not appealed, thus rendering the decision legally binding.

In the ongoing talks with the authorities, Porsche AG submitted an action plan to the KBA for the Euro 5 vehicles of the 3.0-liter-V6-diesel Generation 1 Cayenne in November 2022. On January 12, 2023, Porsche AG received a notification of a hearing on this vehicle type from the KBA, claiming that the thermal windows are a prohibited defeat device. Porsche AG deems this provisional classification by the KFA to be without merit and will duly submit a response to this effect by February 27, 2023. Neither provisions nor contingent liabilities have been recognized as this is not currently expected to result in any significant permanent outflow of resources.

VIOLATIONS OF COMPETITION LAW (KOREA, TÜRKIYE, CHINA)
The South Korean antitrust authorities KFTC is analyzing potential breaches based on the EU subject matter. The final report of the case handler responsible at KFTC was issued in November 2021. Volkswagen AG, Audi AG and Porsche AG will issue a response to this. On February 9, 2023, KTFC published a press release stating that fine decisions relating to SCR are to be imposed on four automobile manufacturers. This means that Porsche AG is not affected by the decision. Service of the final decision by the authorities together with the grounds for the decision is still pending and is currently expected in the first or second quarter of 2023.

The Turkish antitrust authorities, which investigated similar matters, issued their final decision in January 2022 finding that there had been alleged anti-competitive behavior, but that it did not have an impact on Türkiye, which is why no fines were imposed on the German car manufacturers. Volkswagen AG, Audi AG and Porsche AG are currently considering whether to appeal.

In 2019, the Chinese antitrust authorities initiated proceedings against companies including Volkswagen AG, Audi AG and Porsche AG due to similar matters and issued requests for information.

USA AND CANADA ANTITRUST CLASS ACTION
In October 2021, the U.S. Court of Appeal confirmed the ruling of the U.S. District Court for the Northern District of California from October 2020 to reject the class action against Porsche AG and other companies of the Volkswagen group and rejected the plaintiffs' appeal. The plaintiffs had alleged that several car manufacturers had conspired to unlawfully increase vehicle prices in violation of US antitrust and consumer protection law. The plaintiffs have appealed against the rejection of their appeal. In June 2022, the U.S. Supreme Court definitively rejected the petition filed by the plaintiffs, thus rendering the U.S. Court of Appeal's ruling legally binding.

Lawsuits are also pending in Canada against several car manufacturers including Porsche AG and several of its Canadian subsidiaries as well as other Volkswagen group companies with similar allegations. Neither provisions nor contingent liabilities have been recognized as an assessment of these proceedings is currently not possible. Porsche AG and its subsidiaries will also defend these claims in Canada should the plaintiffs actually take further action.

RELIABILITY OF SPECIFIC HARDWARE AND SOFTWARE COMPONENTS ("FOCUS TOPICS")
With regard to vehicles for various markets worldwide, Porsche AG has identified potential regulatory issues. Potential issues relating to sport functionalities were found. These issues further relate to questions of the reliability of specific hardware and software components that were used in typing measurements. In individual cases, there may also be deviations from the series status. The internal investigations into this matter at Porsche AG have largely been completed. Based on the results of the internal investigation, this is an historical matter. Accordingly, current production is not affected. These issues are not related to the diesel issue. Porsche AG is cooperating with the responsible authorities, including the public prosecutor's office in Stuttgart, which instigated a criminal investigation against twelve (former) employees at Porsche AG. Proceedings against all those accused were closed pursuant to section 153 StPO in April 2022. Administrative fine proceedings were not instigated against the company.

In June 2022, the US Department of Justice declared that it would not instigate an investigation for the focus topics ("declination").

To date, six different class actions relating to these issues have been filed in the USA. According to the statement of claims, software and/or hardware allegedly used in the affected vehicles resulted in actual exhaust emissions and/or fuel consumption being higher than legally permitted. In January 2021, a consolidated complaint was filed combining the six filed class actions into one lawsuit. The six lawsuits were originally directed against Porsche AG and its US importer subsidiary, Volkswagen AG as well as Audi AG, although not every company is being sued in all of the cases at hand. In December 2021, a draft settlement of US$85 million (including a potential additional payment liability of US$5 million) was negotiated with the representatives of the plaintiffs. The agreement has since been finally approved following the final hearing by the US judge responsible on November 9, 2022. Payment was made in the fiscal year 2022 and the provision utilized in the same amount. An appeal was filed against the agreement in December 2022. However, based on the current assessment, it is unlikely that this will have a significant impact on the financial significance of the settlement overall.

A class action in this regard is also pending in Canada. However, at around 10%, the number of vehicles potentially affected is considerably lower than in the USA. Talks are currently being held with representatives of the plaintiffs. A settlement – most likely in the single-digit million range – is expected for the first quarter of 2023.

Porsche AG concluded a settlement totaling US$6 million with the CARB (California Air Resources Board) in December 2022 on issues including sport functionalities.

The NHTSA (National Highway Traffic Safety Administration) and the EPA are expected to adjust the CO_2 Credits (Corporate Average Fuel Economy ("CAFE"/Greenhouse Gas ("GHG")) for some of Porsche AG's vehicles. The expected payments will come to US$ 7 million.

For the focus topics discussed, provisions were recognized covering the above mentioned risks still expected as of December 31, 2022.

CONFORMITY OF PRODUCTION MEASUREMENTS
Porsche AG has also investigated potential issues regarding conformity of production measurements. The internal investigation has been largely completed. These issues are not related to the diesel issue. Porsche AG is cooperating with the relevant authorities, including the KBA and the public prosecutor's office in Stuttgart. However, based on the information available, no administrative fine proceedings have been instigated against the company. Proceedings brought by the public prosecutor's office in Stuttgart against unknown were discontinued in August 2022 pursuant to section 170 (2) StPO. The only significant deviation determined from internal measurements of just over 4% compared to the manufacturer's figure for a Cayenne derivative was reported to the KBA. As no response has been received, it is currently deemed unlikely that any compulsory measure will be imposed.

ANTITRUST INVESTIGATIONS (RECYCLING OF END-OF-LIFE VEHICLES)
In March 2022, the European Commission and the Competition and Markets Authority (CMA), the English antitrust authorities, searched the premises of various automotive manufacturers and automotive industry organizations and/or served them with formal requests for information. Volkswagen AG has received a group-wide information request from the European Commission. The investigation relates to European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA), which are suspected of having agreed from 2001/2002 to the present to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV). Also alleged is an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data for competitive purposes. The violation under investigation is alleged to have taken place in particular in working groups of the ACEA. A response was given to the European Commission's information requests. Neither provisions nor contingent liabilities were recognized for these proceedings as an assessment of these proceedings is currently not possible.

KBA HEARING ON NOISE FUNCTIONS
In August 2022, Porsche AG received a notification of a hearing from the KBA, in which it criticizes the use of certain noise functions in the 991 II Carrera 4S and 981 Cayman S vehicles. The KBA invited Porsche AGH to comment and also requested additional measurements.

On October 13, 2022, Porsche submitted its response with technical and legal arguments. Proceedings are currently ongoing. There has not been any response from the KBA to date. Should a notice be issued, the resulting costs for retrofits would depend heavily on the content. However, the notice is not currently expected until towards the end of the first quarter of 2023 at the earliest. This would affect around 12,000 vehicles within the EU, of which around 5,200 in Germany.

Neither provisions nor contingent liabilities were recognized because the early stage of the proceedings makes a realistic assessment of the risk exposure impossible.

Further disclosure in respect of estimates
In accordance with IAS 37.92, no further disclosures are made in respect of estimates of the financial impact or disclosures relating to uncertainties surrounding the amount or timing of provisions and contingent liabilities in connection with material litigation, so as not to prejudice the outcome of the proceedings or the company's interests.

41. PERSONNEL EXPENSES

€ million	2022	2021
Wages and salaries	4,132	3,566
Social security contributions, pension and other benefit costs	829	912
thereof pension costs	324	442
	4,961	**4,478**

42. AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

Average number of employees[1]

	2022	2021
Direct area[2]	9,444	9,212
Indirect area	27,520	26,233
	36,964	**35,445**
Trainees	675	718
	37,639	**36,163**
Employees in the release phase of partial retirement	469	519
	38,108	**36,682**

[1] In the fiscal year 2022, the average number of employees for the year is shown excluding employees in the release phase of phase retirement and the members of the Executive Board. The prior-year figures were adjusted to reflect this change.

[2] The direct area includes all employees directly involved in the vehicle manufacturing process.

43. REMUNERATION BASED ON PERFORMANCE SHARES (SHARE-BASED PAYMENT)

At the end of 2018, the Supervisory Board of Porsche AG resolved to adjust the Executive Board remuneration system. The new Executive Board remuneration system comprises fixed and variable components. The variable remuneration consists of a performance-related annual bonus with a one-year assessment period and a long-term incentive (LTI) in the form of a performance share plan based on the Volkswagen preferred share with forward-looking three-year term (share-based payment).

In 2019, the group of persons eligible as performance share plan beneficiaries was expanded to include top managers. The first performance shares were granted to top managers at the beginning of 2019. At the end of 2019, the group of persons eligible as performance share plan beneficiaries was expanded to include all other managers. At the beginning of 2020, the members of management were granted remuneration based on performance shares for the first time.

The performance share plan for top management and the other beneficiaries works in essentially the same way as the performance share plan granted to members of the Executive Board. Upon introduction of the performance share plan, top managers were guaranteed a minimum bonus amount for the first three years based on the remuneration for 2018, while the Executive Board and all other beneficiaries received a guarantee for the first three years based on the remuneration for 2019.

As part of the IPO, the Supervisory Board of Porsche AG also granted an IPO bonus for the members of the Executive Board in the form of a virtual share plan. The aim of this IPO bonus is to provide appropriate incentives for the commitment of the Executive Board members in preparing the IPO and, by its design, take into account the long-term success of the IPO.

Performance shares

Under the performance share plan, each performance period lasts three years. For the members of the Executive Board and the top management, upon awarding the LTI the annual target amount under the LTI is converted into performance shares on the basis of the initial reference price of Volkswagen preferred shares and is allocated to the respective beneficiary purely for calculation purposes.

The number of performance shares is allocated on the basis of a three-year, forward-looking performance period in line with the degree of target achievement for the annual earnings per Volkswagen preferred share. Settlement is effected in cash at the end of the performance period. The payment amount corresponds to the final number of determined performance shares multiplied by the closing reference price at the end of the term plus a dividend equivalent.

For all other beneficiaries, the amount paid out is determined by multiplying the target amount by the degree of target achievement for the annual earnings per Volkswagen preferred share and the ratio of the closing reference price at the end of the term plus a dividend equivalent and the initial reference price. Target achievement is based on a three-year performance period with one year of that period relating to future periods.

For all beneficiaries, the payment amount under the performance share plan is capped at 200% of the target amount; the payment amount is reduced by 20% if the average ratio of capital expenditures or R&D to sales revenue in the automotive segment of the group during the performance period is less than 5%.

Executive Board and top management

		Dec. 31, 2022	Dec. 31, 2021
Total expense of the reporting period	€ million	8	12
Carrying amount of the obligation	€ million	10	12
Intrinsic value of the obligation	€ million	4	10
Fair value on granting date	€ million	9	9
Granted performance shares	Shares	168,974	138,500
of which granted during the reporting period	Shares	59,369	62,763

Members of management

In the fiscal year, all other beneficiaries were allocated a target amount, based on a target achievement of 100%, of €65 million (2021: €63 million). As of December 31, 2022, the total carrying amount of the obligation corresponding to the intrinsic value of the liabilities amounted to €71 million (2021: €83 million). In the reporting period, a total expense of €71 million (2021: €83 million) was recognized for this amount granted.

IPO bonus

The Executive Board members were allocated virtual shares on the IPO date. The number of allocated virtual shares was determined according to the grant amount calculated using the (theoretical) market capitalization based on the placement price of the Porsche preferred share. For this purpose, Porsche AG defined a threshold value, a target value and maximum value for market capitalization. The number of virtual shares to be allocated was calculated by dividing the grant amount by the closing price of the Porsche preferred share in the XETRA trading system of Deutsche Börse AG on the first day of trading (allocation price). The number of virtual shares calculated in this manner was rounded to the next whole number divisible by three in line with common business practice and the rounded number of virtual shares was divided into three equal sub-tranches with a term of one, two and three years from the IPO date. The term of the first sub-tranche will end on the first anniversary of the IPO, the second sub-tranche on the second anniversary and the third sub-tranche on the third anniversary.

After the end of the respective terms, the payment amount from the sub-tranche is determined by multiplying the number of virtual shares of the respective sub-tranche by the arithmetic mean of the closing prices of the Porsche preferred shares on the last 30 trading days prior to the end of the performance period of the respective sub-tranche (closing rate) and the dividends paid out during the period of the respective sub-tranche.

The payment amount of the IPO bonus is subject to an upper and lower limit for each sub-tranche. If the closing price plus the dividends paid out during the period of the respective sub-tranche falls short of the allocation price by more than 30%, the Executive Board member will receive a minimum payment for the relevant sub-tranche of 70% of a third of the grant amount. The maximum payment amount for each sub-tranche is 150% of a third of the grant amount. The total payment amount of the IPO bonus is thus subject to an upper limit.

		Dec. 31, 2022
Total expense of the reporting period	€ million	7
Carrying amount of the obligation	€ million	7
Fair value at grant date	€ million	7
Granted performance shares	Shares	85,440
of which granted during the reporting period	Shares	85,440

44. RELATED PARTY DISCLOSURES IN ACCORDANCE WITH IAS 24

In accordance with IAS 24, related parties are natural persons and companies that can be influenced by Porsche AG, that can exert influence on Porsche AG or are under the influence of another related party of Porsche AG.

Since August 1, 2012, Volkswagen AG has held 100% of the shares in Porsche AG via Porsche Holding Stuttgart GmbH. On September 28, 2022, Volkswagen placed 25% of the preferred shares (including surplus allocation) of Porsche AG with investors for a placement price of €82.50 per preferred share. Since the following day, these preferred shares have been traded on the stock exchange. The basis for the IPO was a comprehensive agreement on the conclusion of several contracts between Volkswagen and Porsche SE. In this connection, both parties agreed, among other things, that Porsche SE acquire 25% of the ordinary shares in Porsche AG plus one ordinary share of Volkswagen. The price per ordinary share was the placement price per preferred share plus a premium of 7.5%. These were acquired in two tranches. A first tranche of 17.5% of the ordinary shares plus one ordinary share was transferred to Porsche SE in October 2022. The second tranche of 7.5% of the ordinary shares in Porsche AG was concluded on December 30, 2022. As of this day, ownership was transferred to Porsche SE. The other shares in ordinary share capital of 75% less one ordinary share in Porsche AG continue to be held by Porsche Holding Stuttgart GmbH as of the reporting date.

As of the reporting date, Porsche AG remains a subsidiary of Porsche Holding Stuttgart GmbH. A domination and profit and loss transfer agreement was in place between Porsche AG and Porsche Holding Stuttgart GmbH up to and including December 31, 2022. The domination agreement ended pursuant to section 307 AktG as of December 31, 2022 and with it the contractual group with Volkswagen AG. In connection with the IPO and the sale of ordinary shares in Porsche SE, Volkswagen AG and Porsche SE agreed on a significant participation of representatives of Porsche SE on the Supervisory Board of Porsche AG. Final decision-making rights of the shareholder representatives on the Supervisory Board determined by Volkswagen with regard to directing relevant activities within the meaning of IFRS 10 at Porsche AG continue to result in the control of Porsche AG by Volkswagen AG (de facto group).

As of the reporting date, Porsche SE held the majority of 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 Porsche SE, via the Annual General Meeting, cannot elect all shareholder representatives to Volkswagen AG's supervisory board for as long as the State of Lower Saxony holds at least 15% of the ordinary shares. The Porsche SE group (Porsche SE) is therefore classified as a related party as defined by IAS 24.

As part of the transfer of the operating business and, in turn, the transfer of Porsche Holding Stuttgart GmbH by Porsche SE to Volkswagen AG in fiscal year 2012, Porsche SE entered into the following agreements with Volkswagen AG and entities of the Porsche Holding Stuttgart GmbH group in particular:

— Under the transfer agreement, Porsche SE in certain circumstances holds Porsche Holding Stuttgart GmbH, Porsche AG and their legal predecessors harmless from tax disadvantages that exceed the obligations from periods up to and including July 31, 2009 recognized at the level of these entities. In return, Volkswagen AG has undertaken to reimburse Porsche SE for any tax advantages of Porsche Holding Stuttgart GmbH, Porsche AG and their legal predecessors and subsidiaries relating to tax assessment periods up to July 31, 2009.
— Porsche SE under certain circumstances holds its subsidiaries transferred under the contribution agreement, Porsche Holding Stuttgart GmbH and Porsche AG and its subsidiaries, harmless from certain obligations towards Porsche SE pertaining to the period up to and including December 31, 2011 and that go beyond the obligations recognized for these entities for this period.
— It was also agreed to allocate any subsequent VAT receivables and/or VAT liabilities arising from transactions up to December 31, 2009 between Porsche SE and Porsche AG to the entity concerned.
— Various information, conduct and cooperation duties were agreed between Porsche SE and the Volkswagen Group.
— Volkswagen AG assumed responsibility for general financing for Porsche AG in the same way as it does for other subsidiaries of Volkswagen AG.

In connection with the IPO of Porsche AG, on September 5, 2022, Porsche AG and Volkswagen AG concluded an agreement regulating future relations, in particular the cooperation, coordination and collaboration regarding certain matters. The agreement regarding collaboration in tax matters between Porsche AG and Volkswagen AG of September 18, 2022, encompasses the following in particular:

— Volkswagen AG bears the tax risk of additional taxes, to the extent to which these are not already covered by corresponding risk provisioning.
— Volkswagen AG assumes all pre-IPO costs, which also include potential taxes from pre-IPO structuring.
— Statement of financial position items that resulted in higher income taxes at Volkswagen AG for assessment periods until the end of 2022, but can lead to tax benefits at Porsche AG through reversal effects in subsequent years from 2023 onwards , will be reimbursed to Volkswagen AG .
— Various information, conduct and cooperation duties were agreed between Porsche AG and Volkswagen AG.

Furthermore, Porsche AG entered into an industrial cooperation agreement with Volkswagen AG on September 5, 2022, which regulates the future design of the industrial and strategic cooperation between the Volkswagen Group and the Porsche AG Group. Under this agreement, Porsche AG and Volkswagen AG have agreed to further develop and detail out the existing cooperation between the contractual parties in the fields of purchase and procurement in a separate agreement. Therefore, and in accordance with the specifications of the Industrial Cooperation Agreement, Porsche AG and Volkswagen AG entered into a purchasing and procurement cooperation agreement. This agreement contains general principles for the continuation of the existing cooperation between the contractual parties, including rules on its general organisation as well as specific provisions for certain essential areas of purchasing and procurement.

Pursuant to a consortium agreement, the Porsche and Piëch families have direct and indirect control, respectively, over Porsche SE. Therefore, relations with individuals and entities of the Porsche and Piëch families are subject to the disclosure requirements.

Pursuant to the announcement from January 9, 2023, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover, hold 20.00% of the voting rights in Volkswagen AG on December 31, 2022. Furthermore, as mentioned above, the Annual General Meeting of Volkswagen AG resolved on December 3, 2009 that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

The tables below show the amounts of the supplies and services transacted as well as outstanding receivables and liabilities between fully consolidated companies of the Porsche AG Group and related parties.

Related parties

€ million	Supplies and services rendered 2022	Supplies and services rendered 2021	Supplies and services received 2022	Supplies and services received 2021
Porsche und Piëch families	0	0	0	–
Porsche SE	2	2	0	0
State of Lower Saxony, its majority interests and joint ventures	0	0	–	–
Volkswagen AG - Group	5,030	4,159	6,233	4,964
Porsche Holding Stuttgart GmbH	207	368	1	0
Non-consolidated entities	72	31	203	114
Joint ventures and their majority interests	2	2	38	17
Associates and their majority interests	6	6	128	106
Pension plans	0	–	1	–
Members of the Executive Board and the Supervisory Board Porsche AG	1	1	0	–
Other related parties	–	–	–	–
Total	**5,320**	**4,569**	**6,604**	**5,201**

€ million	Receivables Dec. 31, 2022	Receivables Dec. 31, 2021	Liabilities Dec. 31, 2022	Liabilities Dec. 31, 2021
Porsche und Piëch families	0	0	0	–
Porsche SE	1	0	0	0
State of Lower Saxony, its majority interests and joint ventures	33	21	–	–
Volkswagen AG - Group	8,030	6,822	2,748	2,078
Porsche Holding Stuttgart GmbH	40	10,246	4,079	2,444
Non-consolidated entities	197	128	95	81
Joint ventures and their majority interests	56	5	1	2
Associates and their majority interests	42	38	97	91
Pension plans	0	–	0	–
Members of the Executive Board and the Supervisory Board Porsche AG	0	0	–	–
Other related parties	–	–	–	–
Total	**8,399**	**17,260**	**7,021**	**4,696**

All transactions with related parties are regularly carried out at arm's length conditions.

There were no material trade relationships with the Porsche and Piëch families and their affiliated companies in the reporting period or the prior period.

Receivables from the State of Lower Saxony largely relate to bonds of €33 million (2021: €21 million).

There is a master loan agreement with the Volkswagen Group for a line of €4,000 million, which was not utilized as in the prior year.

Receivables from the Volkswagen group largely relate to loans granted of €4,275 million (2021: €2,348 million), receivables from intragroup balances of €2,391 million (2021: €3,415 million), as well as trade receivables of €502 million (2021: €493 million).

The supplies and services rendered to the Volkswagen group contain amounts of €458 million (2021: €229 million) for service transfers in the area of research and development.

A group agreement was concluded between Porsche AG and Volkswagen AG on the indemnification and reimbursement of costs in connection with the IPO of Porsche AG. Under this group agreement, Porsche AG was reimbursed costs of €50 million and Volkswagen AG has agreed to indemnify and hold harmless Porsche AG from any liabilities, losses, and damages resulting from or related to the IPO.

In addition, there were other obligations not recognized in the statement of financial position in 2022 to Volkswagen group companies amounting to €129 million (2021: €77 million).

Porsche AG received a capital contribution from Porsche Holding Stuttgart GmbH in 2022 in the amount of €3,057 million, thereof €2,800 million in the course of the structural measures before the IPO (see note → 25. EQUITY). In the prior period, this capital contribution amounted to €471 million.

Before the IPO, Porsche AG performed two spin-offs according to section 123 of the German Transformation Act (UmwG). In this context, loan receivables due from Porsche Holding Stuttgart GmbH of €8,351 million (including accrued interest as of July 6, 2022) and other financial assets from a clearing account of Porsche AG against Porsche Holding Stuttgart GmbH of €2,028 million were transferred to Porsche Niederlassung Mannheim GmbH effective under civil law upon entry in the commercial register on July 6, 2022. All shares in Porsche Niederlassung Mannheim GmbH were transferred to Memphis I GmbH, a subsidiary of Porsche Holding Stuttgart GmbH, effective under civil law upon entry in the commercial register on July 11, 2022 (see note → 25. EQUITY).

Furthermore, there were receivables from and liabilities to Porsche Holding Stuttgart GmbH as of the reporting date (see notes → 20. NON-CURRENT AND CURRENT OTHER FINANCIAL ASSETS and → 30. NON-CURRENT AND CURRENT OTHER FINANCIAL LIABILITIES). Financial services rendered to that company led to interest income of €207 million (2021: €368 million).

Receivables from non-consolidated subsidiaries primarily result from loans granted of €145 million (2021: €89 million), with €35 million (2021: €0 million) relating to Dastera Grundstücksverwaltungs-gesellschaft mbH & Co. Vermietungs KG, as well as trade receivables of €20 million (2021: €12 million). Receivables from associates primarily result from receivables from non-current finance leases of €25 million (2021: €25 million) as well as from loans granted of €14 million (2021: €6 million).

In 2022, there were other obligations not recognized in the statement of financial position to non-consolidated subsidiaries amounting to €27 million (2021: €1 million) and to joint ventures amounting to €124 million (2021: €121 million).

The maximum credit risk for financial guarantees issued to joint ventures amounted to €66 million (2021: €73 million).

The disclosure requirements under IAS 24 also extend to persons who have the power to exercise significant influence over the entity, i.e., who have the power to participate in the financial and operating policies of the entity, but do not control it, including close family members. In the reporting period, this related to the members of the Executive Board of Porsche AG and its Supervisory Board as well as their close family members. Supplies and services rendered and receivables from members of management bodies and the Supervisory Board only included services from the vehicle, parts and design business, and other services. The employee representatives appointed to the Supervisory Board continue to be entitled to a normal salary in accordance with their employment contracts.

The benefits and compensation paid to the members of the Executive Board and of the Supervisory Board for their work as members of those bodies are presented below and are not included in the above list of supplies and services rendered or received or the list of the receivables and liabilities.

In addition, the following benefits and compensation granted to the members of the Executive Board and of the Supervisory Board of Porsche AG have been recognized as expenses for their work as members of those bodies at Porsche AG:

€	2022	2021
Short-term employee benefits	15	17
Benefits based on performance shares	12	7
Post-employment benefits	2	3
	29	**27**

There were balances outstanding at the end of the period including obligations for short-term and long-term benefits including post-employment benefits as well as for the fair values of the performance shares granted to the Executive Board members under the performance share plan based on the Volkswagen preferred shares and virtual shares in connection with the IPO bonus of €56 million (2021: €65 million) →43. REMUNERATION BASED ON PERFORMANCE SHARES (SHARE-BASED PAYMENT). The post-employment benefits concern the additions to pension provisions for service cost relating to active Executive Board members including the pension plans funded by Executive Board members. The chairman of the Executive Board of Porsche AG, who is also chairman of the board of management of Volkswagen AG, was remunerated exclusively by Volkswagen AG in the fiscal year with the exception of the compensation paid on the basis of virtual shares in connection with the IPO bonus.

In the fiscal year, the Porsche AG Group made capital contributions at related parties of €372 million (2021: €288 million).

Write-downs of €7 million (2021: €10 million) were recognized in respect of the outstanding receivables from related parties.

45. TOTAL FEES OF THE GROUP AUDITOR

Porsche AG is required by German commercial law to disclose the total fees charged by the group auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, for the fiscal year.

€ million	2022	2021
Financial statement audit services	3	2
Other assurance services	4	0
Tax advisory services	0	2
Other services	0	1
	7	**5**

The financial statement audit services related to the audit of the consolidated financial statements of Porsche AG and of annual financial statements of German group companies as well as to reviews of the interim consolidated financial statements of Porsche AG as well as of interim financial statements of German group companies during the year. Other assurance services primarily comprised statutory and non-statutory audits, non-statutory assurance services with regard to capital market transactions as well as issuing comfort letters.

46. SUBSEQUENT EVENTS

There were no events of significance for the net assets, financial position and results of operations after the end of fiscal year 2022.

47. NOTIFICATIONS OF CHANGES IN THE VOTING RIGHTS IN PORSCHE AG PURSUANT TO THE GERMAN SECURITIES TRADING ACT (WPHG)

47.1 Publication pursuant to section 40 (1) WpHG from September 30, 2022

1. Details of issuer
Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Porscheplatz 1, 70435 Stuttgart, Germany

2. Reason for notification
Other reason:
First-time admission of the shares to trading on an organized market

3. Details of party subject to the notification obligation	
Name:	City and country of registered office:
Dr. Hans Michel Piëch	

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Holding Stuttgart GmbH
Porsche Automobil Holding SE

5. Date on which threshold was crossed or reached:
September 28, 2022

6. Total positions				
	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	Total of both % (7.a. + 7.b.)	Total number of voting rights of issuer
Resulting situation	100.00%	7.50%	100.00%	455,500,000
Previous notification	n/a%	n/a%	n/a%	

7. Notified details of the resulting situation a. Voting rights attached to shares (section 33, 34 WpHG)				
ISIN	absolute		%	
	Direct (section 33 WpHG)	Indirect (section 34 WpHG)	Direct (section 33 WpHG)	Indirect (section 34 WpHG)
DE000PAG9113	0	455,500,000	0%	100.00%
Total	455,500,000		100.00%	

b.1. Instruments according to section 38 (1) no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights %
				%
		Total		%

b.2. Instruments according to section 38 (1) no. 1 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights %
Conditional transfer claim	January 9, 2023	n/a	n/a	34,162,500	7.50%
			Total	34,162,500	7.50%

8. Information in relation to the party subject to the notification obligation			
Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:			
Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Hans Michel Piëch	%	%	%
Dr. Hans Michel Piëch GmbH	%	%	%
HMP Vermögensverwaltung GmbH	%	%	%
Porsche Automobil Holding SE	17.51%	7.50%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	82.49%	%	82.49%

9. In case of proxy voting according to section 34 (3) WpHG Date of Annual General Meeting:		
% of voting rights attached to shares	% of voting rights through instruments	Total of both
%	%	%

47.2 Publication pursuant to section 40 (1) WpHG from September 30, 2022

1. Details of issuer
Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Porscheplatz 1, 70435 Stuttgart, Germany

2. Reason for notification
Other reason:
First-time admission of the shares to trading on an organized market

3. Details of party subject to the notification obligation	
Name: Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche, Gerhard Anton Porsche, Dr. Ferdinand Oliver Porsche, Mag. Mark Philipp Porsche, Kai Alexander Porsche, Dr. Geraldine Porsche, Ing. Hans-Peter Porsche, Peter Daniell Porsche, Dr. Louise Kiesling	City and country of registered office:

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Holding Stuttgart GmbH
Porsche Automobil Holding SE

5. Date on which threshold was crossed or reached:
September 28, 2022

6. Total positions				
	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	Total of both % (7.a. + 7.b.)	Total number of voting rights of issuer
Resulting situation	100.00%	7.50%	100.00%	455,500,000
Previous notification	n/a%	n/a%	n/a%	

7. Notified details of the resulting situation a. Voting rights attached to shares (section 33, 34 WpHG)				
ISIN	absolute		%	
	Direct (section 33 WpHG)	Indirect (section 34 WpHG)	Direct (section 33 WpHG)	Indirect (section 34 WpHG)
DE000PAG9113	0	455,500,000	0%	100.00%
Total	455,500,000		100.00%	

b.1. Instruments according to section 38 (1) no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights %
				%
		Total		%

b.2. Instruments according to section 38 (1) no. 1 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights %
Conditional transfer claim	January 9, 2023	n/a	n/a	34,162,500	7.50%
			Total	34,162,500	7.50%

8. Information in relation to the party subject to the notification obligation			
Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:			
Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche, Gerhard Anton Porsche, Dr. Ferdinand Oliver Porsche, Mag. Mark Philipp Porsche, Kai Alexander Porsche, Dr. Geraldine Porsche, Ing. Hans-Peter Porsche, Peter Daniell Porsche, Dr. Louise Kiesling	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien-Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	17.51%	7.50%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	82.49%	%	82.49%
-	%	%	%
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Familie WP Holding GmbH	%	%	%
Ferdinand Porsche Familien-Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%

Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	17.51%	7.50%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	82.49%	%	82.49%

9. In case of proxy voting according to section 34 (3) WpHG Date of Annual General Meeting:		
% of voting rights attached to shares	% of voting rights through instruments	Total of both
%	%	%

47.3 Publication pursuant to section 40 (1) WpHG from September 30, 2022

1. Details of issuer
Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Porscheplatz 1, 70435 Stuttgart, Germany

2. Reason for notification
Other reason: First-time admission of the shares to trading on an organized market

3. Details of party subject to the notification obligation	
Name: Porsche Piëch Holding GmbH	City and country of registered office: Salzburg, Austria

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Holding Stuttgart GmbH Porsche Automobil Holding SE

5. Date on which threshold was crossed or reached:
September 28, 2022

6. Total positions				
	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1.+ 7.b.2.)	Total of both % (7.a. + 7.b.)	Total number of voting rights of issuer
Resulting situation	100.00%	7.50%	100.00%	455,500,000
Previous notification	n/a%	n/a%	n/a%	

7. Notified details of the resulting situation a. Voting rights attached to shares (section 33, 34 WpHG)				
ISIN	absolute		%	
	Direct (section 33 WpHG)	Indirect (section 34 WpHG)	Direct (section 33 WpHG)	Indirect (section 34 WpHG)
DE000PAG9113	0	455,500,000	0%	100.00%
Total	455,500,000		100.00%	

b.1. Instruments according to section 38 (1) no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights %
				%
		Total		%

b.2. Instruments according to section 38 (1) no. 1 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights %
Conditional transfer claim	January 9, 2023	n/a	n/a	34,162,500	7.50%
			Total	34,162,500	7.50%

8. Information in relation to the party subject to the notification obligation			
Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:			
Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Porsche Piëch Holding GmbH	%	%	%
Porsche Gesellschaft m.b.H.	%	%	%
Porsche Gesellschaft mit beschränkter Haftung	%	%	%
Porsche Automobil Holding SE	17.51%	7.50%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	82.49%	%	82.49%

9. In case of proxy voting according to section 34 (3) WpHG Date of Annual General Meeting:		
% of voting rights attached to shares	% of voting rights through instruments	Total of both
%	%	%

47.4 Publication pursuant to section 40 (1) WpHG from September 30, 2022

1. Details of issuer Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Porscheplatz 1, 70435 Stuttgart

2. Reason for notification Other reason: First-time admission of the shares to trading on an organized market

3. Details of party subject to the notification obligation Name: Mag. Josef Ahorner	City and country of registered office:

4. Names of shareholder(s) Porsche Holding Stuttgart GmbH Porsche Automobil Holding SE

5. Date on which threshold was crossed or reached: September 28, 2022

6. Total positions

	% of voting rights attached to shares (total notified details of the resulting situation a.)	% of voting rights through instruments (total notified details of the resulting situation b.1.+ b.2.)	Total of both (total notified details of the resulting situation a. + b.)	Total number of voting rights pursuant to section 41 WpHG
Resulting situation	100.00%	7.50%	100.00%	455,500,000
Previous notification	n/a%	n/a%	0.00%	

7. Notified details of the resulting situation a. Voting rights attached to shares (section 33, 34 WpHG)				
ISIN	absolute		%	
	Direct (section 33 WpHG)	Indirect (section 34 WpHG)	Direct (section 33 WpHG)	Indirect (section 34 WpHG)
DE000PAG9113	0	455,500,000	0%	100.00%
Total	455,500,000		100.00%	

b.1. Instruments according to section 38 (1) no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights %
				0.00%
		Total		0.00%

b.2. Instruments according to section 38 (1) no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights %
Conditional transfer claim	January 9, 2023	n/a	n/a	34,162,500	7.50%
			Total	34,162,500	7.50%

8. Information in relation to the party subject to the notification obligation			
Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:			
Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Mag. Josef Ahorner	%	%	%
Ahorner Holding GmbH	%	%	%
Ahorner GmbH	%	%	%
Porsche Automobil Holding SE	17.51%	7.50%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	82.49%	%	82.49%

9. In case of proxy voting according to section 34 (3) WpHG Date of Annual General Meeting:		
% of voting rights attached to shares	% of voting rights through instruments	Total of both
%	%	%

48. GERMAN CORPORATE GOVERNANCE CODE

In December 2022, the Executive Board and the Supervisory Board of Porsche AG issued a declaration of conformity with the German Corporate Governance Code pursuant to section 161 AktG and made it permanently available to the shareholders of Porsche AG at → https://investorrelations.porsche.com/en/corporate-governance/.

49. REMUNERATION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The total remuneration granted to the members of the Executive Board amounts to €24 million (2021: €20 million).

Under the performance share plan, the active members of the Executive Board were allocated a total of 30,603 performance shares for the fiscal year 2022 (2021: 29,606), the value of which came to €5 million as of the date of allocation (2021: €4 million). As part of the IPO, the Supervisory Board of Porsche AG also granted an IPO bonus for the members of the Executive Board in the form of a virtual share plan → 43. REMUNERATION BASED ON PERFORMANCE SHARES (SHARE-BASED PAYMENT). In this context, the members of the Executive Board were granted 85,440 virtual shares (2021:0), the value of which amounted to €7 million (2021: €0 million) at the time of granting them.

The total remuneration granted to the members of the Supervisory Board amounts to €2 million (2021: €1 million).

PENSION CLAIMS AND PAYMENTS TO FORMER MEMBERS OF THE EXECUTIVE BOARD

The former members of the Executive Board and their surviving dependents were granted €2 million (2021: €2 million). For this group of people, there were provisions for pensions of €47 million (2021: €54 million).

The individual remuneration of members of the Executive Board and the Supervisory Board are explained in the remuneration report. This also contains an extensive assessment of the individual remuneration components.

50. LIST OF SHAREHOLDINGS

		Exchange rate	Porsche AG's interest in capital in %						
Name and domicile of company	Currency	(1 € =) Dec. 31, 2022	Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
I. PARENT COMPANY									
Dr. Ing. h.c. F. Porsche AG, Stuttgart									
II. SUBSIDIARIES									
A. Consolidated companies									
1. Germany									
MHP Management- und IT-Beratung GmbH, Ludwigsburg	EUR		81.80	–	81.80	214,076	96,303		2021
Porsche Consulting GmbH, Bietigheim-Bissingen	EUR		100.00	–	100.00	700	–	1	2021
Porsche Deutschland GmbH, Bietigheim-Bissingen	EUR		100.00	–	100.00	11,625	–	1	2021
Porsche Dienstleistungs GmbH, Stuttgart	EUR		100.00	–	100.00	43	–	1	2021
Porsche Digital GmbH, Ludwigsburg	EUR		100.00	–	100.00	20,025	–	1	2021
Porsche Engineering Group GmbH, Weissach	EUR		100.00	–	100.00	4,000	–	1	2021
Porsche Engineering Services GmbH, Bietigheim-Bissingen	EUR		100.00	–	100.00	1,601	–	1	2021
Porsche Erste Beteiligungsgesellschaft mbH, Stuttgart	EUR		100.00	–	100.00	64,425	–	1	2021
Porsche Financial Services GmbH & Co. KG, Bietigheim-Bissingen	EUR		–	100.00	100.00	150,016	10,155		2021
Porsche Financial Services GmbH, Bietigheim-Bissingen	EUR		100.00	–	100.00	26,608	–	1	2021
Porsche Financial Services Verwaltungsgesellschaft mbH, Bietigheim-Bissingen	EUR		–	100.00	100.00	108	4		2021
Porsche Immobilien GmbH & Co. KG, Stuttgart	EUR		100.00	–	100.00	59,971	5,792		2021
Porsche Investments GmbH, Stuttgart	EUR		100.00	–	100.00	172,062	–30,656		2021
Porsche Leipzig GmbH, Leipzig	EUR		100.00	–	100.00	2,500	–	1	2021
Porsche Lifestyle GmbH & Co. KG, Ludwigsburg	EUR		100.00	–	100.00	–19,825	4,474		2021
Porsche Logistik GmbH, Stuttgart	EUR		100.00	–	100.00	1,000	–	1	2021
Porsche Niederlassung Berlin GmbH, Berlin	EUR		–	100.00	100.00	2,500	–	1	2021
Porsche Niederlassung Berlin-Potsdam GmbH, Kleinmachnow	EUR		–	100.00	100.00	1,700	–	1	2021
Porsche Niederlassung Hamburg GmbH, Hamburg	EUR		–	100.00	100.00	2,000	–	1	2021
Porsche Niederlassung Stuttgart GmbH, Stuttgart	EUR		–	100.00	100.00	2,500	–	1	2021
Porsche Nordamerika Holding GmbH, Ludwigsburg	EUR		100.00	–	100.00	58,311	–	1	2021
Porsche Sales & Marketplace GmbH, Stuttgart	EUR		100.00	–	100.00	2,123	–	1	2021
Porsche Verwaltungsgesellschaft mit beschränkter Haftung, Ludwigsburg	EUR		100.00	–	100.00	41	1		2021
Porsche Werkzeugbau GmbH, Schwarzenberg	EUR		100.00	–	100.00	38,472	3,327		2021
Porsche Zentrum Hoppegarten GmbH, Stuttgart	EUR		–	100.00	100.00	2,556	–	1	2021
UI-356-Fonds, Frankfurt am Main	EUR		80.61	19.39	100.00	1,071,692	16,802	9	2021
UI-SP25-Fonds, Frankfurt am Main	EUR		100.00	–	100.00	–	–	4, 6, 9	2022
2. International									
Carrera Finance S.A., Luxembourg	EUR		–	–	–	31	–	9	2021
Carrera Italia SPV S.r.l., Conegliano	EUR		–	–	–	10	–	9	2021
Centro Porsche Padova S.r.l., Padua	EUR		–	100.00	100.00	5,817	1,725		2021
ExB II LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	29,153	1,017	9	2021
ExB LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	13,758	–1,671	9	2021
Nardò Technical Center S.r.l., Santa Chiara di Nardò	EUR		–	100.00	100.00	12,298	392		2021
OOO Porsche Center Moscow, Moscow	RUB	76.2868	–	100.00	100.00	1,683,265	359,861		2021
OOO Porsche Financial Services Russland, Moscow	RUB	76.2868	–	100.00	100.00	531,567	157,645		2021
OOO Porsche Russland, Moscow	RUB	76.2868	99.00	1.00	100.00	10,740,469	1,735,521		2021
PCars LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	14,134	–1,727	9	2021
PCREST II Holdings Ltd., Vancouver/BC	CAD	1.4440	–	100.00	100.00	990	–	9	2021
PCREST Ltd., Mississauga/ON	CAD	1.4440	–	100.00	100.00	3	–	5	2021
PCTX LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	506	2		2021
PDRIVE LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	20,228	141	9	2021
PFORCE LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	21,090	–343	9	2021
PGEAR LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	18,435	–4,158	9	2021
PILOT 2017-A LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	71,294	9,044	9	2021
PILOT 2017-B LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	10,318	–26	9	2021
PILOT 2019-A LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	36,302	14,455	9	2021
Porsamadrid S.L., Madrid	EUR		–	100.00	100.00	4,706	776		2021
Porsche (China) Motors Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	3,138,271	3,040,563		2021

Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2022	Porsche AG's interest in capital in %			Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
			Direct	Indirect	Total				
Porsche (Shanghai) Commercial Services Co., Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	471,011	166,642		2021
Porsche Asia Pacific Pte. Ltd., Singapore	SGD	1.4310	100.00	–	100.00	64,984	6,489		2021
Porsche Auto Funding LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	4,000	–	9	2021
Porsche Aviation Products, Inc., Atlanta/GA	USD	1.0677	–	100.00	100.00	661	1		2021
Porsche Brasil Importadora de Veículos Ltda., São Paulo	BRL	5.6444	100.00	–	100.00	63,689	53,689		2021
Porsche Business Services, Inc., Atlanta/GA	USD	1.0677	–	100.00	100.00	–3,621	778		2021
Porsche Canadian Funding II L.P., Mississauga/ON	CAD	1.4440	–	100.00	100.00	110,300	8,922	9	2021
Porsche Canadian Funding L.P., Mississauga/ON	CAD	1.4440	–	100.00	100.00	93,580	8,951		2021
Porsche Canadian Investment ULC, Halifax/NS	CAD	1.4440	–	100.00	100.00	705	6		2021
Porsche Cars Australia Pty. Ltd., Collingwood	AUD	1.5706	100.00	–	100.00	157,519	12,809		2021
Porsche Cars Canada Ltd., Mississauga/ON	CAD	1.4440	–	100.00	100.00	192,652	32,132		2021
Porsche Cars Great Britain Ltd., Reading	GBP	0.8868	100.00	–	100.00	140,646	19,215		2021
Porsche Cars North America, Inc., Atlanta/GA	USD	1.0677	–	100.00	100.00	1,891,816	294,227		2021
Porsche Central and Eastern Europe s.r.o., Prague	CZK	24.1450	100.00	–	100.00	139,283	13,436		2021
Porsche Centre Beijing Central Ltd., Beijing	CNY	7.3661	–	100.00	100.00	53,984	72,461		2021
Porsche Centre Beijing Goldenport Ltd., Beijing	CNY	7.3661	–	100.00	100.00	72,543	71,290		2021
Porsche Centre North Toronto Ltd., Toronto/ON	CAD	1.4440	–	100.00	100.00	14,495	4,666		2021
Porsche Centre Shanghai Pudong Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	127,466	104,087		2021
Porsche Centre Shanghai Waigaoqiao Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	133,151	85,786		2021
Porsche Consulting Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	37,653	16,142		2021
Porsche Consulting S.r.l., Milan	EUR		–	100.00	100.00	16,680	2,912		2021
Porsche Consulting, Inc., Atlanta/GA	USD	1.0677	–	100.00	100.00	3,746	1,016		2021
Porsche Design GmbH, Zell am See	EUR		–	100.00	100.00	7,622	–1,297		2021
Porsche Design of America, Inc., Ontario/CA	USD	1.0677	–	100.00	100.00	2,486	197		2021
Porsche Distribution S.A.S., Vélizy-Villacoublay	EUR		–	100.00	100.00	39,270	5,053		2021
Porsche Engineering Services s.r.o., Prague	CZK	24.1450	–	100.00	100.00	297,599	61,845		2021
Porsche Enterprises, Inc., Atlanta/GA	USD	1.0677	–	100.00	100.00	129,586	–6,950		2021
Porsche Financial Leasing Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	196,383	204		2021
Porsche Financial Services Australia Pty. Ltd., Collingwood	AUD	1.5706	–	100.00	100.00	3,721	595		2021
Porsche Financial Services Canada G.P., Mississauga/ON	CAD	1.4440	–	100.00	100.00	23,875	–5,493	8	2021
Porsche Financial Services France S.A.S., Asnières-sur-Seine	EUR		–	100.00	100.00	18,254	3,811		2021
Porsche Financial Services Great Britain Ltd., Reading	GBP	0.8868	–	100.00	100.00	91,883	18,317		2021
Porsche Financial Services Italia S.p.A., Padua	EUR		–	100.00	100.00	75,903	10,177		2021
Porsche Financial Services Japan K.K., Tokyo	JPY	140.6650	–	100.00	100.00	7,475,767	894,400		2021
Porsche Financial Services Korea Ltd., Seoul	KRW	1,338.2950	–	100.00	100.00	–	–	7	2022
Porsche Financial Services Schweiz AG, Rotkreuz	CHF	0.9852	–	100.00	100.00	12,501	5,315		2021
Porsche Financial Services, Inc., Atlanta/GA	USD	1.0677	–	100.00	100.00	171,101	29,646	8	2021
Porsche France S.A.S., Asnières-sur-Seine	EUR		100.00	–	100.00	129,623	9,470		2021
Porsche Funding L.P., Atlanta/GA	USD	1.0677	–	100.00	100.00	646,344	18,207		2021
Porsche Haus S.r.l., Milan	EUR		–	100.00	100.00	7,457	1,858		2021
Porsche Hong Kong Ltd., Hong Kong	HKD	8.3210	100.00	–	100.00	14,432,808	3,166,076		2021
Porsche Ibérica S.A., Madrid	EUR		99.99	–	99.99	104,766	6,569		2021
Porsche Innovative Lease Owner Trust 2016-A, Atlanta/GA	USD	1.0677	–	100.00	100.00	60,772	15,322	9	2021
Porsche International Financing DAC, Dublin	EUR		100.00	–	100.00	106,493	20,723		2021
Porsche International Reinsurance DAC, Dublin	EUR		–	100.00	100.00	210,314	24,510		2021
Porsche Italia S.p.A., Padua	EUR		100.00	–	100.00	134,355	12,189		2021
Porsche Japan K.K., Tokyo	JPY	140.6650	100.00	–	100.00	4,495,161	1,758,515		2021
Porsche Korea Ltd., Seoul	KRW	1,338.2950	100.00	–	100.00	42,573,698	38,603,290		2021
Porsche Latin America, Inc., Miami/FL	USD	1.0677	–	100.00	100.00	4,441	534		2021
Porsche Leasing Ltd., Atlanta/GA	USD	1.0677	–	100.00	100.00	–	–	9	2021
Porsche Logistics Services LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	4,860	16		2021
Porsche Middle East and Africa FZE, Dubai	USD	1.0677	100.00	–	100.00	69,100	8,907		2021
Porsche Motorsport North America, Inc., Santa Ana/CA	USD	1.0677	–	100.00	100.00	11,352	1,125		2021
Porsche Retail Group Australia Pty. Ltd., Collingwood	AUD	1.5706	–	100.00	100.00	49,707	9,839		2021
Porsche Retail Group Ltd., Reading	GBP	0.8868	–	100.00	100.00	56,955	12,409		2021
Porsche Sales & Marketplace Inc., Atlanta/GA	USD	1.0677	–	100.00	100.00	–3,824	–1,456		2021
Porsche Schweiz AG, Rotkreuz	CHF	0.9852	100.00	–	100.00	35,780	13,626		2021
Porsche Services Ibérica, S.L., Madrid	EUR		–	100.00	100.00	1,665	–119		2021
Porsche Taiwan Motors Ltd., Taipei	TWD	32.7048	75.00	–	75.00	992,483	809,810		2021
Porsche Zentrum Zug, Risch AG, Rotkreuz	CHF	0.9852	–	100.00	100.00	7,674	3,425		2021
PPF Holding AG, Zug	CHF	0.9852	100.00	–	100.00	6,699	–39		2021
PREV LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	81,771	30,240	9	2021
PSHIFT LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	82,753	47,903	9	2021
PVOLT LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	25,469	–436	9	2021
Shanghai Jie Gang Enterprise Management Co., Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	23,650	–70		2021
B. Unconsolidated companies									
1. Germany									
Cellforce Group GmbH, Tübingen	EUR		72.72	–	72.72	22,889	–3,681		2021
Cetitec GmbH, Pforzheim	EUR		75.00	–	75.00	6,752	3,623		2021
Dastera Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	EUR		94.00	–	94.00	–307	–125	9	2021
Datura Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	EUR		94.00	–	94.00	–242	180	9	2021
Initium GmbH, Berlin	EUR		–	100.00	100.00	125	–	1	2021
Manthey Racing GmbH, Meuspath	EUR		51.00	–	51.00	6,857	1,612		2021
Manthey Servicezentrum GmbH, Meuspath	EUR		–	100.00	100.00	442	269		2021
P3X GmbH & Co. KG, Munich	EUR		100.00	–	100.00	–	–	4, 6	2022
P3X Management GmbH, Munich	EUR		–	100.00	100.00	–	–	4, 6	2022
Porsche eBike Performance GmbH, Ottobrunn	EUR		–	60.00	60.00	–	–	7	2022
serva GmbH, in liquidation, Stuttgart	EUR		–	100.00	100.00	1,239	–2,451	2	2021

Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2022	Porsche AG's interest in capital in %			Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
			Direct	Indirect	Total				
2. International									
AFN Ltd., Reading	GBP	0.8868	–	100.00	100.00	0	–	[5]	2021
Cetitec d.o.o., Cakovec	HRK	7.5364	–	100.00	100.00	3,715	3,695		2021
Cetitec USA Inc., Dublin/OH	USD	1.0677	–	100.00	100.00	244	1		2021
Greyp bikes d.o.o., Sveta Nedelja	HRK	7.5364	–	68.17	68.17	–28,174	–34,944		2021
MHP (Shanghai) Management Consultancy Co., Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	4,698	–6,458		2021
MHP Americas, Inc., Atlanta/GA	USD	1.0677	–	100.00	100.00	77	984		2021
MHP Consulting Romania S.R.L., Cluj-Napoca	RON	4.9483	–	100.00	100.00	22,428	5,390		2021
MHP Consulting UK Ltd., Birmingham	GBP	0.8868	–	100.00	100.00	–2,162	94		2021
P Rental Services S.r.l., Trento	EUR		–	100.00	100.00	–	–	[7]	2022
Porsche Consulting Canada Ltd., Toronto/ON	CAD	1.4440	–	100.00	100.00	1,588	1,119		2021
Porsche Consulting Ltda., São Paulo	BRL	5.6444	–	100.00	100.00	11,445	–1,902		2021
Porsche Consulting S.A.S., Asnières-sur-Seine	EUR		–	100.00	100.00	90	109		2021
Porsche Design Asia Hong Kong Ltd., Hong Kong	HKD	8.3210	–	100.00	100.00	3,391	31		2021
Porsche Design Great Britain Ltd., Reading	GBP	0.8868	–	100.00	100.00	–6,074	–422		2021
Porsche Design Italia S.r.l., Padua	EUR		–	100.00	100.00	279	2		2021
Porsche Design Netherlands B.V., Roermond	EUR		–	100.00	100.00	735	–28		2021
Porsche Design Sales (Shanghai) Co., Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	909	–122	[5]	2021
Porsche Design Studio North America, Inc., Beverly Hills/CA	USD	1.0677	–	100.00	100.00	48	–	[5]	2021
Porsche Design Timepieces AG, Solothurn	CHF	0.9852	–	100.00	100.00	3,818	553		2021
Porsche Digital China Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	14,020	4,017		2021
Porsche Digital Croatia d.o.o., Zagreb	HRK	7.5364	–	50.00	50.00	5,586	735		2021
Porsche Digital España, S.L., Barcelona	EUR		–	100.00	100.00	448	24		2021
Porsche Digital Israel Ltd., Tel Aviv	ILS	3.7562	–	100.00	100.00	–	–	[4, 6]	2022
Porsche Digital Mexico, S. de R.L. de C.V., Guadalajara	MXN	20.8879	–	100.00	100.00	–	–	[4, 6]	2022
Porsche Digital, Inc., Atlanta/GA	USD	1.0677	–	100.00	100.00	6,165	2,345		2021
Porsche Drive Canada, Ltd., Toronto/ON	CAD	1.4440	–	100.00	100.00	–	–	[4]	2021
Porsche Drive LLC, Atlanta/GA	USD	1.0677	–	100.00	100.00	–	–	[4]	2021
Porsche Engineering (Shanghai) Co., Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	55,864	24,497		2021
Porsche Engineering Romania S.R.L., Cluj-Napoca	RON	4.9483	–	100.00	100.00	8,872	2,981		2021
Porsche Motorsport Asia-Pacific Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	15,055	–945	[4]	2021
Porsche Sales & Marketplace Canada, Ltd., Toronto/ON	CAD	1.4440	–	100.00	100.00	–55	–87		2021
Porsche Services Korea LLC, Seoul	KRW	1,338.2950	–	100.00	100.00	3,777,266	878,809		2021
Porsche Services Middle East & Africa FZE, Dubai	USD	1.0677	–	100.00	100.00	656	298		2021
Porsche Services Singapore Pte. Ltd., Singapore	SGD	1.4310	–	100.00	100.00	–91	–285		2021
Porsche Singapore Pte. Ltd., Singapore	SGD	1.4310	–	75.00	75.00	–	–	[4, 6]	2022
Porsche Smart Battery Shop s.r.o., Dubnica nad Váhom	EUR		–	100.00	100.00	–	–	[4, 6]	2022
Porsche Werkzeugbau s.r.o., Dubnica nad Váhom	EUR		–	100.00	100.00	15,915	839		2021
Shanghai Advanced Automobile Technical Centre Co., Ltd., Shanghai	CNY	7.3661	–	100.00	100.00	11,727	1,777		2021

Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2022	Porsche AG's interest in capital in %			Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
			Direct	Indirect	Total				
III. JOINT VENTURES									
A. Equity-accounted companies									
1. Germany									
2. International									
B. Companies accounted for at cost									
1. Germany									
Axel Springer Porsche GmbH & Co. KG, Berlin	EUR		–	50.00	50.00	14,196	–4,232		2021
Axel Springer Porsche Management GmbH, Berlin	EUR		–	50.00	50.00	12	–3		2021
FlexFactory GmbH, Stuttgart	EUR		–	50.00	50.00	3,493	–1,497		2021
Intelligent Energy System Services GmbH, Ludwigsburg	EUR		–	50.00	50.00	1,456	568	[4]	2021
PDB-Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim	EUR		20.00	–	20.00	–	–	[10, 11]	2021
Smart Press Shop GmbH & Co. KG, Halle	EUR		50.00	–	50.00	22,808	–8,160		2021
Smart Press Shop Verwaltungs-GmbH, Stuttgart	EUR		50.00	–	50.00	33	4		2021
2. International									
Bugatti International Holding S.à r.l., Luxembourg	EUR		49.00	–	49.00	92,999	–13	[4]	2021
Material Science Center Qatar QSTP-LLC, in liquidation, Doha	QAR	3.8999	25.00	–	25.00	8,247	–5,846	[2, 5]	2014
IV. ASSOCIATES									
A. Equity-accounted associates									
1. Germany									
Bertrandt AG, Ehningen	EUR		29.10	–	29.10	338,737	10,069	[3]	2021
IONITY Holding GmbH & Co. KG, Munich	EUR		–	15.12	15.12	167,334	–60,921		2021
2. International									
Bugatti Rimac d.o.o., Sveta Nedelja	HRK	7.5364	45.00	–	45.00	–	–	[4]	2021
Rimac Group d.o.o., Sveta Nedelja	HRK	7.5364	–	20.63	20.63	918,715	1,125		2020
B. Associates accounted for at cost									
1. Germany									
&Charge GmbH, Frankfurt am Main	EUR		–	21.65	21.65	–	–		2021
Fanzone Media GmbH, Berlin	EUR		–	4.99	4.99	618	–150	[4]	2020
New Horizon GmbH, Berlin	EUR		–	16.64	16.64	10,624	–5,482		2021
P2 eBike GmbH, Stuttgart	EUR		–	40.00	40.00	–	–	[4, 7]	2022
The Business Romantic Society Verwaltungs GmbH, Berlin	EUR		–	5.14	5.14	898	–1,160		2021
2. International									
Group14 Technologies, Inc., Wilmington/DE	USD	1.0677	–	3.52	3.52	–	–	[7]	2022
HIF Global LLC, Houston/TX	USD	1.0677	–	11.65	11.65	–	–	[7]	2022
Stellar Telecommunications S.A.S., Meudon	EUR		–	20.00	20.00	–37	–62	[4]	2021

Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2022	Porsche AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
V. OTHER EQUITY INVESTMENTS									
1. Germany									
1KOMMA5° GmbH, Hamburg	EUR		–	6.08	6.08	–	–	7	2022
aware THE PLATFORM GmbH, Berlin	EUR		–	5.00	5.00	–44	–571		2021
Customcells Holding GmbH, Itzehoe	EUR		–	13.27	13.27	14,931	1,245		2021
Daato Technologies GmbH, Berlin	EUR		–	5.55	5.55	–	–	7	2022
Denizen GmbH, Berlin	EUR		–	5.00	5.00	–	–	7	2022
e.ventures europe V GmbH & Co. KG, Hamburg	EUR		–	7.91	7.91	76,976	–16,952	9	2021
e.ventures europe VI GmbH & Co. KG, Hamburg	EUR		–	3.33	3.33	79,494	–2,927	9	2021
etone Motion Analysis GmbH, Berlin	EUR		–	2.37	2.37	9,421	–19,160		2021
Headline Europe VII GmbH & Co. KG, Berlin	EUR		–	3.33	3.33	–	–	7	2022
HWW - Höchstleistungsrechner für Wissenschaft und Wirtschaft GmbH, Stuttgart	EUR		10.00	–	10.00	1,374	99		2021
Impact Labs GmbH, Hamburg	EUR		–	7.75	7.75	–	–	7	2022
My Inner Health Club GmbH, Berlin	EUR		–	5.00	5.00	–	–	7	2022
NitroBox GmbH, Haqmburg	EUR		–	7.35	7.35	1,364	–325		2020
onGRID Sports Technology GmbH, Berlin	EUR		–	8.09	8.09	–	–	4, 7	2022
RYDES GmbH, Berlin	EUR		–	14.79	14.79	–370	–386		2021
Sharpist GmbH, Berlin	EUR		–	3.70	3.70	–	–	7	2022
WORKERBASE GmbH, Munich	EUR		–	4.97	4.97	–	–	7	2022
2. International									
actnano Inc., Dover/DE	USD	1.0677	–	3.59	3.59	–	–		2021
Anagog Ltd., Tel Aviv	ILS	3.7562	–	4.74	4.74	18,189	–24,989		2021
Bcomp AG, Fribourg	CHF	0.9852	–	3.71	3.71	–	–	7	2022
Beijing Achievers Management Consulting Co., Ltd., Beijing	CNY	7.3661	–	8.40	8.40	–	–	7	2022
Bumper International Ltd., London	GBP	0.8868	–	4.79	4.79	1,720	175		2021
CarPutty Inc., Wilmington/DE	USD	1.0677	–	10.08	10.08	–	–	7	2022
Connect IQ Labs, Inc., Redwood City/CA	USD	1.0677	–	4.90	4.90	5,882	–5,315		2021
Cresta Intelligence Inc., Wilmington/DE	USD	1.0677	–	0.79	0.79	98,230	–21,041		2021
DSP Concepts, Inc., Dover/DE	USD	1.0677	–	4.17	4.17	32,900	–11,800		2021
e.ventures US V, L.P., San Francisco/CA	USD	1.0677	–	3.99	3.99	593,081	349,713	9	2021
Eve One L.P., George Town	USD	1.0677	–	4.64	4.64	208,051	–4,894	9	2020
Fontinalis Capital Partners III, L.P., Detroit/MI	USD	1.0677	–	9.64	9.64	57,235	22,895	9	2021
Griiip Automotive Engineering Ltd., Petach Tikva	ILS	3.7562	–	4.79	4.79	–	–	7	2022
Grove Ventures II L.P., Grand Cayman	USD	1.0677	–	2.50	2.50	67,304	–2,497	9	2021
Grove Ventures III L.P., Grand Cayman	USD	1.0677	–	1.63	1.63	–	–	7	2022
Grove Ventures L.P., Grand Cayman	USD	1.0677	–	9.09	9.09	247,785	–2,379	9	2021
Hangzhou Wanxiang Culture Technology Co., Ltd., Hangzhou	CNY	7.3661	–	3.30	3.30	–	–		2021
Intamsys Technology Co., Ltd., Dongguan	CNY	7.3661	–	2.77	2.77	27,122	–17,332		2021
LAKA Ltd., London	GBP	0.8868	–	1.19	1.19	–	–	7	2022
Magma Growth Equity I L.P., Grand Cayman	USD	1.0677	–	11.33	11.33	49,683	–627	9	2021
Nozomi Networks, Inc., Wilmington/DE	USD	1.0677	–	0.73	0.73	58,430	–29,400		2021
Playbook Technologies Inc., New York/NY	USD	1.0677	–	6.04	6.04	734	–5,235		2021
RS Holdings, Inc., Wilmington/DE	USD	1.0677	–	4.42	4.42	7,377	–2,407		2021
RSE Markets, Inc., Dover/DE	USD	1.0677	–	4.61	4.61	31,865	–12,517		2021
RunBuggy OMI, Inc., Newark/DE	USD	1.0677	–	3.14	3.14	–	–	7	2022
StretchMe Sp. z o.o., Kraków	GBP	0.8868	–	9.00	9.00	–	–	7	2022
Tactile Mobility Ltd., Haifa	USD	1.0677	–	11.14	11.14	26,702	–6,034		2021
The Embassies of Good Living AG, Zürich	CHF	0.9852	–	7.15	7.15	445	–970		2021
TriEye Ltd., Tel Aviv	ILS	3.7562	–	3.45	3.45	–38,973	–60,150		2021
Urgent.ly Inc., Vienna/VA	USD	1.0677	–	5.49	5.49	–41	–56		2021
Valence Security Inc., Wilmington/DE	USD	1.0677	–	3.66	3.66	–	–	7	2022
Via Transportation, Inc., New York/NY	USD	1.0677	–	0.03	0.03	–	–		2020
Wayray AG, Zürich	USD	1.0677	–	7.90	7.90	46,032	–13,089		2020
Xuanlin (Shanghai) Information Technology Co., Ltd., Shanghai	CNY	7.3661	–	6.00	6.00	–	–		2020
Zededa, Inc., San Jose/CA	USD	1.0677	–	2.34	2.34	–	–	7	2022
Zync Inc., San Francisco/CA	USD	1.0677	–	5.00	5.00	–784	–790		2020

1 Profit and loss transfer agreement
2 In liquidation
3 Different fiscal year
4 Short fiscal year
5 Currently not trading
6 Newly established/split off company
7 Newly acquired company
8 Figures in accordance with IFRSs
9 Structured entity in accordance with IFRS 10 and IFRS 12
10 Joint Operation in accordance with IFRS 11
11 The parent company is shareholder with unlimited liability

Stuttgart, February 20, 2023

Dr. Ing. h.c. F. Porsche Aktiengesellschaft
The Executive Board

FURTHER INFORMATION

911 Carrera RS 2.7

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements prepared in accordance with German accepted accounting principles give a true and fair view of the net assets, financial position and results of operations of the Porsche AG Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Porsche AG Group, together with a description of the material opportunities and risks associated with the expected development of the Porsche AG Group.

Stuttgart, February 20, 2023

Dr. Ing. h.c. F. Porsche Aktiengesellschaft
The Executive Board

INDEPENDENT AUDITOR'S REPORT

TO DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT

Report on the audit of the consolidated financial statements and of the combined management report

OPINIONS

We have audited the consolidated financial statements of Dr. Ing. h.c. F. Porsche AG, Stuttgart, and its subsidiaries (the "group"), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from January 1, 2022 to December 31, 2022, the consolidated statement of financial position as of December 31, 2022, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from January 1, 2022 to December 31, 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Dr. Ing. h.c. F. Porsche AG, which was combined with the management report of the company, for the fiscal year from January 1, 2022 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of the parts of the combined management report specified in the appendix to the auditor's report and the company information stated therein that is provided outside of the annual report and is referenced in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

— the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e (1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the group as of December 31, 2022 and of its financial performance for the reporting year from January 1, 2022 to December 31, 2022, and

— the accompanying combined management report as a whole provides an appropriate view of the group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the content of the parts of the combined management report specified in the appendix to the auditor's report.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit and our examination have not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with article 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1, 2022 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Recognition and recoverability of development costs

REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

Key criteria for recognizing development costs are the ability to implement the development projects (including their technical feasibility, the intention to complete them and the ability to use them) as well as the realization of an expected future economic benefit. The complexity of research and development projects is mounting in view of the technological transformation of the Porsche AG Group and the resulting new development areas (including high investments in electromobility, software and autonomous driving). Assessments of project feasibility play an ever greater role in this connection and entail the use of considerable judgment.

Where capitalized development costs are not yet subject to amortization, they must be tested for impairment as part of the related cash-generating unit at least annually at the level of the automotive segment defined as a cash-generating unit. The assumption of realizing future economic benefits and the result of testing the recoverability of capitalized development costs during the analyses and impairment tests performed are highly dependent on the executive directors' estimate of future cash flows and the discount rate used. The recoverable amount of the cash-generating unit is calculated on the basis of its value in use, applying discounted cash flow models.

In addition to the continued effects of the COVID-19 pandemic that are subject to regional variation and temporary production stops due to supply bottlenecks for parts, the direct and indirect impact of the Russia-Ukraine conflict in particular affected the cash inflows in fiscal year 2022 and may also affect the further development of cash inflows. Moreover, there was an increase in the capital market interest rates relevant for determining the discount rate.

The ongoing transformation of the core business toward electromobility and digitalization, the transition to autonomous vehicles and growing environmental regulation lead to uncertainties that need to be considered when estimating market shares and margins for electric vehicles and the long-term growth rates. Growth expectations of the executive directors are subject to risk and may be revised in response to changes in environmental regulation and market conditions.

In addition, the executive directors have scope for judgment in determining the cash-generating unit for impairment testing, in determining the discount rate used and the long-term growth rate assumed.

In light of the foregoing, the materiality of the capitalized development costs in relation to total assets, the total amount of research and development costs and the judgment exercised in the accounting process, the capitalization of development costs and the impairment test were a key audit matter.

AUDITOR'S RESPONSE

During our audit, we examined the process for demarcating the research and development costs, particularly with reference to the criteria for capitalization. In this connection, we carried out analytical audit procedures such as comparisons of project budgets and capitalization rates, inspected documentation on project feasibility and tested process-related controls in some areas. We also assessed the future economic benefit criterion for capitalization based on the assumptions regarding the cash inflows of the cash-generating unit to which the capitalized development work is allocated.

Moreover, we involved valuation specialists to assess among other things the methodology used to determine the relevant cash-generating unit and perform the impairment test in light of the provisions of IAS 36. We also checked the arithmetical accuracy of the valuation model used.

We analyzed the planning process established in the Porsche AG Group as well as the impairment testing process and tested the operating effectiveness of the controls implemented in each process. As a starting point, we compared the Porsche AG Group's operational multi-year plan prepared by the executive directors and acknowledged by the Supervisory Board with the forecast figures in the underlying impairment test. We discussed the key planning assumptions with the executive directors and compared them with past earnings and cash inflows to assess the planning accuracy. We based plausibility testing of the inputs for the impairment test among other things on a comparison with general and industry-specific market expectations underlying the expected cash inflows.

We discussed with the executive directors the impact of the Russia-Ukraine conflict, the regional variation in the effects of the COVID-19 pandemic on important sales regions and the supply bottlenecks for parts on the development of cash inflows in the cash-generating unit and compared them with current market expectations. We also investigated the expectations regarding the development of market shares for, and the cost of, battery electric vehicles, the effects on the planned investments and their indirect effects on the long-term cash inflows expected by the executive directors.

With respect to the rollforward from the operational multi-year planning to the long-term forecast, we assessed the plausibility of the assumed growth rate by comparing them with observable data. To assess the discount rate and growth rate applied, we analyzed the inputs used to determine them on the basis of publicly available information and obtained an understanding of the methods used with regard to the relevant requirements of IAS 36.

We also assessed the sensitivity analyses performed by the executive directors in order to estimate any potential impairment risk associated with a reasonably possible change in one of the significant assumptions used in the valuation.

Our procedures did not lead to any reservations relating to the recognition and recoverability of the capitalized development costs.

REFERENCE TO RELATED DISCLOSURES

With regard to the recognition and measurement policies applied for capitalized development costs, refer to the disclosure on intangible assets in the "Accounting policies" section of the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty as well as the disclosures on capitalized development costs, we refer to the disclosures in the "Accounting policies" section on estimates and assumptions by management and note 13, "Intangible assets" in the "Notes to the consolidated statement of financial position" section of the notes to the consolidated financial statements.

2. Completeness and measurement of provisions for warranty obligations

REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

Obligations for warranty claims are calculated on the basis of estimated warranty costs and ex gratia arrangements. Where unusual individual technical risks are anticipated, an individual assessment is made whether and, if so, to what extent measures are required to remediate them and provisions need to be recognized.

The amount of provisions for warranty claims is significant overall. Besides the general use of judgment in selecting the valuation methods and assessing the obligations, increasing estimation uncertainty stems from the growing proportion of hybrid and battery electric vehicles entering the market and a lack of experience of their susceptibility to faults. In light of the amount of the provisions and the judgment exercised during valuation, the completeness and measurement of provisions for warranty obligations was a key audit matter.

AUDITOR'S RESPONSE

With regard to the accounting for the provisions for warranty obligations, we examined the underlying processes for recording previous claims, calculating and valuing the estimated future warranty costs and recognizing the provisions, and tested controls in some areas.

In light of the uncertainty in relation to the estimated future warranty costs, we assessed the underlying valuation assumptions, especially the expected claim rate per vehicle and the cost thereof, using analyses of historical data. Where there was a lack of past experience, we obtained an understanding of the assumptions made by the executive directors and tested their plausibility using historical data for comparable items. Using the calculation bases derived from these historical data, we checked the estimated costs for the expected claims per vehicle. To assess the completeness of the provisions, we also reconciled the number of vehicles sold used as a basis for recognizing the provision with the unit sales. We obtained an understanding of the method used for calculating the provisions, including the discounting, and reperformed the calculations.

For significant individual technical risks, we assessed the expected incidence of technical faults and the calculation of expected costs per claim/vehicle using documentation on previous claims, inspecting resolutions passed by technical committees and holding discussions with the departments responsible.

Our audit procedures did not lead to any reservations relating to the completeness and valuation of provisions for warranty obligations.

REFERENCE TO RELATED DISCLOSURES
With regard to the recognition and measurement policies applied in accounting for provisions for warranty obligations, refer to the disclosures in the "Accounting policies" section on estimates and assessments by management and note 27, "Non-current and current other provisions" in the "Notes to the consolidated statement of financial position" section of the notes to the consolidated financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which is part of the group corporate governance declaration, and for the remuneration report pursuant to section 162 AktG. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report specified in the appendix to the auditor's report.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

— is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
— otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the combined management report
The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
— Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
— Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
— Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.
— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB.
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
— Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering of the consolidated financial statements and the combined management report prepared for publication purposes in accordance with section 317 (3a) HGB

OPINION

We have performed assurance work in accordance with section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in PAG_KFB_IFRS_2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from January 1, 2022 to December 31, 2022 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

BASIS FOR THE OPINION

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with section 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with section 317 (3a) HGB (IDW AsS 410) (06.2022). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with section 328 (1) sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with section 328 (1) sentence 4 No. 2 HGB.

In addition, the executive directors of the company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the Annual General Meeting on August 1, 2022. We were engaged by the Supervisory Board on December 20, 2022. We have been the group auditor of Dr. Ing. h.c. F. Porsche AG without interruption since fiscal year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the group entities the following services that are not disclosed in the consolidated financial statements or in the combined management report:

- Non-statutory assurance services with regard to capital market transactions
- Non-statutory assurance services with regard to financial information
- Statutory assurance services with regard to financial information
- Non-statutory audit of IT systems

OTHER MATTER — USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format — including the versions to be published in the Unternehmensregister [German Company Register] — are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Maxim Orlov.

APPENDIX TO THE AUDITOR'S REPORT:

1. Parts of the combined management report whose content is unaudited

We have not audited the content of the following parts of the combined management report:

— the group non-financial statement combined with the non-financial statement contained in the "Non-Financial Statement" section of the combined management report
— the disclosures extraneous to management reports contained in the "Report on Risks and Opportunities" chapter in the section entitled "Monitoring of the effectiveness of risk management, the internal control system and the compliance management system"
— the corporate governance declaration which is published on the website stated in the combined management report and is part of the combined management report

2. Further other information

"Other information" comprises the following parts of the annual report, which were provided to us prior to us issuing this auditor's report:

— Magazine
— To our shareholders
— Sustainability
— Remuneration report
— Responsibility statement
— Further information

but not the consolidated financial statements, not the management report disclosures whose content is audited and not our auditor's report thereon.

3. Company information outside the annual report referenced in the notes to the consolidated financial statements and combined management report

The notes to the consolidated financial statements and combined management report contain other cross-references to the websites of the group. We have not audited the contents of information to which the cross-references refer.

Stuttgart, February 28, 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Matischiok	**Orlov**
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

INDEPENDENT AUDITOR'S REPORT

TO DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT

We have audited the attached remuneration report of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart, prepared to comply with section 162 of the German Stock Corporation Act (AktG) for the fiscal year from January 1, 2022 to December 31, 2022 and the related disclosures.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The executive directors and supervisory board of Dr. Ing. h.c. F. Porsche Aktiengesellschaft are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of section 162 AktG. In addition, the executive directors and supervisory board are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on this remuneration report and the related disclosures based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report and the related disclosures are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the remuneration report and the related disclosures. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the remuneration report and the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report and the related disclosures in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the accounting policies used and the reasonableness of accounting estimates made by the executive directors and supervisory board, as well as evaluating the overall presentation of the remuneration report and the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the fiscal year from January 1, 2022 to December 31, 2022 and the related disclosures comply, in all material respects, with the financial reporting provisions of section 162 AktG.

OTHER MATTER — FORMAL AUDIT OF THE REMUNERATION REPORT

The audit of the content of the remuneration report described in this auditor's report comprises the formal audit of the remuneration report required by section 162 (3) AktG and the issue of a report on this audit. As we are issuing an unqualified opinion on the audit of the content of the remuneration report, this also includes the opinion that the disclosures pursuant to section 162 (1) and (2) AktG are made in the remuneration report in all material respects.

LIMITATION OF LIABILITY

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the IDW on 1 January 2017 are applicable to this engagement and also govern our responsibility and liability to third parties in the context of this engagement (↗ **www.de.ey.com/general-engagement-terms**).

Stuttgart, February 28, 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Matischiok	**Orlov**
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

INDEPENDENT AUDITOR'S REPORT

ON A LIMITED ASSURANCE ENGAGEMENT

To Dr. Ing. h.c. F. Porsche AG, Stuttgart

We have performed a limited assurance engagement on the non-financial report of Dr. Ing. h.c. F. Porsche AG, Stuttgart, (hereinafter the "Company"), which comprises the "Non-financial statement 2022" section of the management report as well as the disclosures in the "Business model" section of the group management report incorporated by reference, for the period from 1 January 2022 to 31 December 2022 (hereinafter the "non-financial statement". Not subject to our assurance engagement are other references to disclosures made outside the non-financial statement as well as prior-year disclosures.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the non-financial statement in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB ("Handelsgesetzbuch": German Commercial Code) and Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as set out in section "EU-Taxonomy" of the non-financial statement.

These responsibilities of the Company's executive directors include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a non-financial statement that is free from material misstatement, whether due to fraud (manipulation of the non-financial statement or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU-Taxonomy" of the non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

INDEPENDENCE AND QUALITY ASSURANCE OF THE AUDITOR'S FIRM

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements — in particular the BS WP/vBP ("Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors) in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

RESPONSIBILITIES OF THE AUDITOR

Our responsibility is to express a conclusion with limited assurance on the non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's non-financial statement/non-financial report is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in section "EU-Taxonomy" of the non-financial statement. Not subject to our assurance engagement are other references to disclosures made outside the non-financial statement as well as prior-year disclosures.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the sustainability organization and stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved in the preparation of the non-financial statement about the preparation process, about the internal control system related to this process, and about disclosures in the non-financial statement,
- Inquiries of the employees regarding the selection of topics for the non-financial statement, the risk assessment and the policies of the Company and the Group for the topics identified as material,
- Inquiries of employees of the Company and the Group responsible for data capture and consolidation as well as the preparation of the non-financial statement, to evaluate the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the non-financial statement,
- Identification of likely risks of material misstatement in the non-financial statement,
- Analytical procedures on selected disclosures in the non-financial statement at the level of the Company and the Group,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Reconciliation of selected disclosures with the corresponding data in the annual financial statements and management report,
- Evaluation of the process to identify the economic activities taxonomy-aligned and the corresponding disclosures in the non-financial statement,
- Evaluation of the presentation of the non-financial statement

In determining the disclosures in accordance with Art. 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

ASSURANCE CONCLUSION

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial statement of the Company for the period from 1 January 2022 to 31 December 2022 is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors as disclosed in section "EU-Taxonomy" of the non-financial statement.

We do not express an assurance conclusion on the prior-year disclosures.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

GENERAL ENGAGEMENT TERMS AND LIABILITY

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (↗ **www.de.ey.com/general-engagement-terms**). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, February 28, 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter	**Hans-Georg Welz**
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

ABOUT THIS REPORT

REPORTING POLICY

Reporting structure

The two primary objectives of Porsche AG's activities are to accomplish economic success and take on responsibility — for sustainable activity, for secure jobs, and for society. Active practice, trust, and commitment are what set Porsche apart. It is therefore important to Porsche AG to make the public aware of business developments and its activities in connection with sustainability.

As such, this report encompasses the financial and sustainability reporting of the Porsche AG Group.

Changes in reporting

Porsche AG is subject to extended reporting obligations as a result of its IPO. The annual and sustainability report of the Porsche AG Group comprises three parts: the financial report (→ pages 160–371), the non-financial statement as part of the combined management report (→ pages 188–221), and the sustainability report (→ page 72–117).

The consolidated financial statements of Porsche AG as of December 31, 2022 have been prepared in accordance with the applicable International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), as of the reporting date, as well as the supplementary regulations of Section 315e of Germany's Commercial Code (HGB). The combined management report is based on the German Commercial Code (HGB) and the German accounting standards formalizing the requirements of the Commercial Code.

The non-financial statement relates to the subject areas of Section 289c HGB: environmental, employee, and social concerns, respect for human rights, and the fight against corruption and bribery. In accordance with the CSR Directive Implementation Act (CSR-RUG), this text focuses on material topics that are necessary in order to understand the course of business, the business result, the position of the Porsche AG Group, and the impact of the Porsche AG Group on the non-financial aspects.

Furthermore, Porsche AG is complying with the reporting obligations arising from Article 8 of the newly introduced Taxonomy Regulation (officially Regulation (EU) 2020/852) for the first time. The section entitled "EU taxonomy" has been integrated into the non-financial statement for the first time as a result.

The Porsche AG has prepared its annual and sustainability report in accordance with the current version of the GRI Sustainability Reporting Standards in 2021. The GRI content index can be found on → pages 391–396. The GRI examined this content index in its entirety as part of its "Content Index — Essentials" service.

Furthermore, Porsche follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) on effective climate-related reporting. The information on how climate-related opportunities and risks are handled is published as part of a TCFD index on → page 397.

Additionally, the Sustainability Accounting Standard Board (SASB) has published the "Automobiles" industry standard, on the basis of which companies are able to publish relevant industry-specific sustainability information for investors. The SASB index is presented from → page 400 onwards.

Porsche AG has been a member of the United Nations Global Compact since 2022. Therefore, the company reports on how it implements the 10 principles of the Global Compact into its business practices.

MORE INFORMATION ABOUT THE REPORT

Publication and applicability

→ GRI 2-2 and GRI 2-3

The report is published at the annual press conference of Porsche AG. The reporting period was from January 1, 2022 to December 31, 2022.

The information in this report relates to the entire Porsche AG Group. If information only applies to individual areas, this is made explicitly clear. Unless indicated otherwise, all information relating to the Porsche AG Group also applies to Porsche AG. Besides Porsche AG, the Porsche AG Group encompasses all major national and international subsidiaries over which Porsche AG exercises direct or indirect control. Overall, the basis of consolidation consists of 114 fully consolidated companies, 28 of which are based in Germany and 86 abroad.

External audit

→ GRI 2-5

In addition to careful data collection and recording via internal reporting and processing systems, as well as detailed internal consolidation and inspection of the information and data contained therein, an independent audit was conducted on the consolidated financial statements and combined management report by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY). The remuneration report 2022 has been prepared and audited by EY in accordance with the requirements of Section 162 AktG.

Pursuant to Section 289b (3) and Section 315b (3) HGB, EY conducted a voluntary business audit, in a limited assurance engagement, on the content of the non-financial statement in accordance with ISAE 3000 (Revised).

More information is available in the → Auditor's opinion as well as the → Independent auditor's report on a limited assurance engagement to audit the non-financial statement.

Material topics as part of the non-financial statement

Porsche AG conducted a materiality analysis to identify material topics that contribute to the concerns defined under CSR-RUG and fall into the categories of environment, social, and corporate governance.

The following table contains the topics defined as material by Porsche AG, as well as their positions in the annual and sustainability report. All material topics are covered in the non-financial statement. The sustainability report contains information about the material topics beyond the minimum legal requirements. Moreover, Porsche AG reports in its sustainability report on topics that, although not identified as material, are relevant nonetheless.

Topics	Topics in the non-financial statement	Topics in the non-financial statement and sustainability report	Topics in the sustainability report
Environment			
Vehicle decarbonization		■	
Production decarbonization			■
Alternative drive systems		■	
Consumption of resources and sustainable raw materials in vehicles		■	
Consumption of resources and recycling in production			■
Protection of biodiversity			■
Environmental standards in the supply chain	■		
Social			
Safeguarding of human rights	■		
Social commitment			■
Employer attractiveness			■
Occupational health and safety		■	
Employee development and socially ethical transformation		■	
Diversity and equal opportunity		■	
Corporate co-determination			■
Stakeholder dialogue	■		

Topics	Topics in the non-financial statement	Topics in the non-financial statement and sustainability report	Topics in the sustainability report
Governance			
Innovations		■	
New mobility concepts		■	
Safeguarding of human rights and environmental protection in the supply chain			■
Sustainability in the business processes			■
Fiscal transparency			■
Transparent corporate governance			■
Compliance and integrity		■	
Digitalization, data protection, and corporate digital responsibility		■	
Customer and vehicle safety		■	
Long-term customer relations and satisfaction		■	

NOTES BY THE EDITOR

The figures presented in the report are rounded to one decimal place.

In this report, the term "CO_2 emissions" also refers to emissions of other harmful greenhouse gases such as methane (CH_4) and nitrous oxide (N_2O). They are presented as CO_2 equivalents. This does not apply to the emissions of the vehicle fleet.

This annual and sustainability report is published in German and English. The German version is binding. If content that has been previously published has since been corrected, for example due to changes in collection methods for key figures and data, this is indicated.

For the sake of legibility, the company uses generic masculine pronouns in this report. This means that it applies to all genders and gender identities equally.

The annual and sustainability report is printed exclusively on the three eco-friendly paper types "Lessebo Smooth Bright FSC", "Enviro Pure FSC", and "Extract Pitch".

GRI CONTENT INDEX

GRI | CONTENT INDEX ESSENTIALS SERVICE 2023

As part of its "Content Index — Essentials" service, GRI Services examined whether the GRI content index is presented clearly and in compliance with the standards, and whether the references for disclosures 2-1 to 2-5, 3-1, and 3-2 are consistent with the sections in the main part of the report. The service was performed on the German version of the report.

GRI standards		Page	Omission/comment
In accordance with the GRI standards, Porsche AG Group reported on the period from January 1, 2022 to December 31, 2022.			
GRI 1: Foundation 2021			
General Disclosures			
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	162, 163	
2-2	Entities included in the organization's sustainability reporting	389	
2-3	Reporting period, frequency, and contact point	389	
2-4	Restatements of information	83, 110, 190, 193	
2-5	External assurance	389	
Activities and workers			
2-6	Activities, value chain, and other business relationships	83–85, 162–164, 189, 190	
2-7	Employees	416, 418, 419	
2-8	Workers who are not employees	420	
Governance			
2-9	Governance structure and composition	122–135	
2-10	Nomination and selection of the highest governance body	122–129	
2-11	Chair of the highest governance body	130, 132	
2-12	Role of the highest governance body in overseeing the management of impacts	74–79, 188	
2-13	Delegation of responsibility for managing impacts	74–79, 188	
2-14	Role of the highest governance body in sustainability reporting	74–79, 188	
2-15	Conflicts of interest	115–117, 213–216	
2-16	Communication of critical concerns	115–117, 213–216	
2-17	Collective knowledge of the highest governance body	74–79, 188	
2-18	Evaluation of the performance of the highest governance body	126–128, 136–159	
2-19	Remuneration policies	136–159	

GRI standards		Page	Omission/comment
2-20	Process to determine remuneration	136–159	
2-21	Annual total compensation ratio		Information is collected internally but not published for reasons of confidentiality.
Strategy, policies, and practices			
2-22	Statement on sustainable development strategy	74–79, 163–165, 188	
2-23	Policy commitments	115–117, 213–216	
2-24	Embedding policy commitments	115–117, 213–216	
2-25	Processes to remediate negative impacts	111, 112, 115–117, 192, 193, 206–207, 213–216	
2-26	Mechanisms for seeking advice and raising concerns	115–117, 213–216	
2-27	Compliance with laws and regulations	115–117, 213–216, 344–349	
2-28	Membership associations	79–82, 212–213	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	79–82, 212–213	
2-30	Collective bargaining agreements	105, 106	
Material Topics			
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	77–82	
3-2	List of material topics:		

Environment	Social	Governance
Vehicle decarbonization (GRI 305), Production decarbonization (GRI 302, GRI 305), Alternative drive systems (GRI 305), Consumption of resources and sustainable raw materials in vehicles (GRI 301), Consumption of resources and recycling in production (GRI 302, GRI 303, GRI 306), Protection of biodiversity (GRI 304), Environmental protection in the supply chain (GRI 308)	Safeguarding of human rights (GRI 408, GRI 409, GRI 410, GRI 414), Social commitment (GRI 201, GRI 203), Attractiveness as an employer (GRI 401, GRI 402), Occupational health and safety (GRI 403), Employee development and socially ethical transformation (GRI 404), Diversity and equal opportunity (GRI 405, GRI 406), Corporate co-determination (GRI 407), Stakeholder dialogue (GRI 201, GRI 401)	Innovations (GRI 201, GRI 203), New mobility concepts (GRI 201, GRI 416), Sustainability in the business processes (GRI 201, GRI 203), Transparent corporate governance (GRI 201), Compliance and integrity (GRI 205, GRI 206, GRI 406), Digitalization, data protection, and corporate digital responsibility (GRI 418), Customer and vehicle safety (GRI 416), Long-term customer relations and satisfaction (GRI 416, GRI 418)

GRI standards		Page	Omission/comment
Economic Performance			
GRI 3: Material Topics 2021			
3-3	Management of material topics	79, 108, 109, 113, 114, 188, 220	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	400	
201-2	Financial implications and other risks and opportunities due to climate change	222	
201-4	Financial assistance received from government	113, 269, 277	

GRI standards		Page	Omission/comment
Indirect Economic Impacts			
GRI 3: Material Topics 2021			
3-3	Management of material topics	92, 108, 113	
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	190	
203-2	Significant indirect economic impacts	92	
Procurement Practices			
GRI 3: Material Topics 2021			
3-3	Management of material topics	111, 194, 208	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	426, 427	
Anti-corruption			
GRI 3: Material Topics 2021			
3-3	Management of material topics	115, 213	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	426	Information is only partially available.
205-2	Communication and training about anti-corruption policies and procedures	215	
Anti-competitive Behavior			
GRI 3: Material Topics 2021			
3-3	Management of material topics	115, 213	
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Information is not published for reasons of confidentiality.
Materials			
GRI 3: Material Topics 2021			
3-3	Management of material topics	88, 89, 192	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	88	
301-2	Recycled input materials used		Detailed information is currently unavailable.
301-3	Reclaimed products and their packaging materials	88, 89, 192	
Energy			
GRI 3: Material Topics 2021			
3-3	Management of material topics	83, 85, 189	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	85, 406, 407	
302-2	Energy consumption outside of the organization	83, 189	
302-3	Energy intensity		Information is currently unavailable.
302-4	Reduction of energy consumption		Information is currently unavailable.
302-5	Reductions in energy requirements of products and services	189, 190, 191	
Water and Effluents			
GRI 3: Material Topics 2021			
3-3	Management of material topics	89	

GRI standards		Page	Omission/comment
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	89	
303-2	Management of water discharge-related impacts	89	
303-3	Water withdrawal	414	
303-4	Water discharge	415	
303-5	Water consumption	89, 415	
Biodiversity			
GRI 3: Material Topics 2021			
3-3	Management of material topics	90	
GRI 304: Biodiversity 2016			
304-3	Habitats protected or restored	90	
Emissions			
GRI 3: Material Topics 2021			
3-3	Management of material topics	83, 85, 86	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	86, 408, 409	
305-2	Energy indirect (Scope 2) GHG emissions	86, 408, 409	
305-3	Other indirect (Scope 3) GHG emissions	409	
305-4	GHG emissions intensity	408	
305-5	Reduction of GHG emissions	408	
305-6	Emissions of ozone-depleting substances (ODS)	408	
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	410	
Waste			
GRI 3: Material Topics 2021			
3-3	Management of material topics	89	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	89, 412	
306-2	Management of significant waste-related impacts	89, 412	
306-3	Waste generated	412–413	
306-4	Waste diverted from disposal	413	
306-5	Waste directed to disposal	413	
Supplier Environmental Assessment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	111, 192	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	426	
308-2	Negative environmental impacts in the supply chain and actions taken	427	
Employment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	79, 96, 99, 209	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	417, 420	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	421, 423	
401-3	Parental leave	96, 423	

GRI standards		Page	Omission/comment
Labor/Management Relations			
GRI 3: Material Topics 2021			
3-3	Management of material topics	96, 105	
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	105	
Occupational Health and Safety			
GRI 3: Material Topics 2021			
3-3	Management of material topics	97, 207	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	97, 207	
403-2	Hazard identification, risk assessment, and incident investigation	97–98, 207	
403-3	Occupational health services	98, 208	
403-4	Worker participation, consultation, and communication on occupational health and safety	97–98, 207	
403-5	Worker training on occupational health and safety	99, 208	
403-6	Promotion of worker health	97–98, 207	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	97–98, 207	
403-8	Workers covered by an occupational health and safety management system	99, 207	
403-9	Work-related injuries	425	
Training and Education			
GRI 3: Material Topics 2021			
3-3	Management of material topics	99, 209	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	421–423	
404-2	Programs for upgrading employee skills and transition assistance programs	99, 209	
404-3	Percentage of employees receiving regular perfor-mance and career development reviews	99, 209	
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021			
3-3	Management of material topics	103, 210	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	103, 210, 421	
405-2	Ratio of basic salary and remuneration of women to men	104–105, 424	
Non-discrimination			
GRI 3: Material Topics 2021			
3-3	Management of material topics	103, 115, 210, 213	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	103, 424	
Freedom of Association and Collective Bargaining			
GRI 3: Material Topics 2021			
3-3	Management of material topics	105, 110–111, 206	
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		The data is currently unavailable and the company is working to make the data available in future reporting periods.

GRI standards		Page	Omission/comment
Child Labor			
GRI 3: Material Topics 2021			
3-3	Management of material topics	110–111, 206	
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	110–111, 206	
Forced or Compulsory Labor			
GRI 3: Material Topics 2021			
3-3	Management of material topics	110–111, 206	
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	110–111, 206	
Security Practices			
GRI 3: Material Topics 2021			
3-3	Management of material topics	111, 115, 206	
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	111, 115	
Supplier Social Assessment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	111, 206	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	110–111	
414-2	Negative social impacts in the supply chain and actions taken	110–111, 206	
Customer Health and Safety			
GRI 3: Material Topics 2021			
3-3	Management of material topics	109, 117, 219, 220	
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	117, 219, 220	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	222–231	
Customer Privacy			
GRI 3: Material Topics 2021			
3-3	Management of material topics	117, 218, 220	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Due to internal confidentiality rules, no details of the total number of data privacy cases are published.

TCFD INDEX

The requirements of the Task Force on Climate-Related Financial Disclosures (TCFD) cover the areas of governance, strategy, risk management, and metrics and targets. The purpose of the following report, which equates to parts of the TCFD requirements, is to adequately publicize the risks and opportunities as consequences of climate change and strengthen financial market stability.

DESCRIBE THE BOARD'S OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES:

Pursuant to Section 91 (2) and (3) of Germany's Stock Corporation Act (AktG), the management board of a stock corporation is obligated to institute a monitoring system in order to allow developments jeopardizing the company's continued existence to be identified at an early point in time. This is implemented at Porsche AG by means of the existing risk management system. The risk management system is used to identify and evaluate risks throughout the Group as well as handle and monitor their management. These include "climate-related" risks, for example physical or transitory climate risks. The Executive Board of Porsche AG receives quarterly reports on the current risk exposure (primary individual risks and overall risk assessment) and, based on these, is informed about the current degree of jeopardy for the company's continued existence in particular. In addition, the effectiveness of the risk early-warning system is audited annually by external auditors.

DESCRIBE MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES:

Based on the existing risk management system specifications, the first line (that is, management of the operating units) is the first entity that evaluates, manages, and monitors risks. Managing and monitoring each risk is the responsibility of the management of the organizational unit in whose field of responsibility it arose. These rules apply to all risks and therefore also to climate-related risks.

DESCRIBE THE CLIMATE-RELATED RISKS AND OPPORTUNITIES PORSCHE AG HAS IDENTIFIED OVER THE SHORT, MEDIUM, AND LONG TERM:

Regular revision of Porsche AG's risk map means it is constantly changing. Consequently, the risk management system was expanded comprehensively in the reporting year. The focus was on the impacts of physical climate change (such as extreme weather) and the transitory changes resulting from the shift to a climate-friendly economy (such as regulations and fleet CO_2 emission rules).

Physical climate risks

A project carried out across the Volkswagen Group involved a climate risk and vulnerability assessment that identified what production sites might be negatively affected by physical climate risks. The identified physical climate risks were assessed based on the service lives of the relevant assets.

Porsche AG's climate-based DNSH evaluation (see above) is based on the RCP 8.5 scenario up to the year 2050, and is therefore based on the maximum possible CO_2 concentration according to the Intergovernmental Panel on Climate Change (IPCC). The relevance of other identified threats was examined on a local level and any necessary steps to reduce the risk have been drawn up. Consequently, the evaluation is based on a maximum global temperature increase of 4.8°C.

Transitory climate risks

The catalog of risks contains transitory climate risks in addition to physical climate risks. This is an umbrella term for risks that arise from the shift to a climate-friendly economy. Porsche AG has identified the following risks:

— Technological transitory climate risk
— Political transitory risk
— Market and demand-based transitory climate risk

These risks have been analyzed and integrated into the risk management system. A financial risk assessment has been performed by interdisciplinary teams comprising members from risk management and each department. Appropriate risk control measures have been derived from this assessment.

The financial assessment of the physical and transitory climate risks is performed using the same methods as the overall risk management system.

DESCRIBE THE IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON PORSCHE AG'S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING:

Short-, medium-, and long-term climate-related risks and opportunities are highly strategically significant to Porsche AG's organization. For one, this was demonstrated by the materiality analysis conducted by Porsche AG in 2021. The materiality analysis examines and evaluates the risks and opportunities of sustainability topics from the perspectives of business, impacts, and stakeholders. More information is available under → **"Materiality analysis" in the sustainability report** of Porsche AG.

The impacts of climate-related risks and opportunities on strategy, operating activities, and financial planning are addressed under → **"Sustainability management" in the non-financial statement** and **"Sustainability strategy" in the sustainability report.**

To counter these risks, Porsche AG incorporated the "Decarbonization" area of action within the sustainability strategy into the corporate strategy and also into its financial planning.

Other climate-related risks and opportunities are addressed in the → **environmental sections of the non-financial statement** and → **sustainability report**, as well as the → **Non-financial key figures**.

DESCRIBE THE RESILIENCE OF THE ORGANIZATION'S STRATEGY, TAKING INTO CONSIDERATION DIFFERENT CLIMATE-RELATED SCENARIOS, INCLUDING A 2°C OR LOWER SCENARIO:

As part of its strategic activities, Porsche AG wants to integrate the physical and transitory impacts of climate change and address them accordingly.

DESCRIBE PORSCHE AG'S PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS:

Climate-related risks are an integral aspect of Porsche AG's risk management system. This means that ESG risks and other risks are not treated differently. Any identified risk relating to sustainability is considered an ESG risk.

As described in the "Strategy" section, more ESG risks were added in the reporting year. At Porsche AG Group, every department and selected Group company is directly linked to the risk management system. The selected Group companies therefore have the opportunity (and an obligation) to identify negative deviations from a target figure (= risks). This occurs via the risk management system processes (risk identification, risk assessment, risk management, risk monitoring).

More details about these topics can be found in the → **Risk and opportunity report.**

DESCRIBE PORSCHE AG'S PROCESSES FOR MANAGING CLIMATE-RELATED RISKS:

Depending on the content, climate-related risks are addressed by the relevant department in whose field of responsibility they arise, with risk management measures then being implemented.

DESCRIBE HOW PROCESSES FOR IDENTIFYING, ASSESSING, AND MANAGING CLIMATE-RELATED RISKS ARE INTEGRATED INTO PORSCHE AG'S OVERALL RISK MANAGEMENT:

By definition, all of the processes for identifying, assessing, and managing climate-related risks are part of Porsche AG's risk management. Consequently, Porsche AG is taking the approach of an integrated management system. Porsche AG deliberately views ESG risks as risks, which means that there is no differentiation between general risk management and the management of climate-related risks.

DISCLOSE THE METRICS USED BY PORSCHE AG TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES IN LINE WITH ITS STRATEGY AND RISK MANAGEMENT PROCESS:

Porsche AG's risk strategy does not currently include any specific requirements regarding the management of climate-related risks. There is the requirement that the overall risk must not exceed a certain threshold (risk appetite), in order that the degree of jeopardy for the company's continued existence can be recognized early on. Porsche AG does, however, measure material contributions in the area of climate-related opportunities and risks as part of its sustainability and environmental management:

More information about the assessment of climate-related topics is available under → **"Materiality analysis" in the sustainability report** of Porsche AG.

Two key figures are of particularly high strategic relevance: "DCI" and "BEV share." For one, this was demonstrated by the fact that the "BEV share" was identified as one of the most significant non-financial KPIs in the reporting year. More information is available in the following sections:

— "Environmental and energy key figures" (Decarbonization Index)
— Alternative drive systems (BEV models)
— "Vehicle decarbonization (decarbonization program)"

Porsche AG sees the decarbonization of its value chain not only as a strategic mission, but also as a financial opportunity. Effective decarbonization requires a strict control mechanism. Porsche AG has therefore established an internal CO_2 target control system that, as part of vehicle projects for example, continuously evaluates the CO_2 emissions of vehicle projects and reduction measures in the development process, and decides on reduction measures based on marginal costs [€/tCO_2]. Porsche AG set aside financial resources in its strategic budget in order to accomplish its decarbonization targets.

DISCLOSE SCOPE 1, SCOPE 2, AND, IF NECESSARY, SCOPE 3 GHG EMISSIONS, INCLUDING THE RELATED RISKS.

All information about Scope 1 and Scope 2 GHG emissions can be found in the following section of the sustainability report → **"Production decarbonization"** and in the → **"Non-financial key figures."**

DESCRIBE THE TARGETS USED BY PORSCHE AG TO MANAGE CLIMATE-RELATED RISKS AND OPPORTUNITIES AND PERFORMANCE AGAINST TARGETS:

The management of sustainability targets also includes topics which are of relevance to climate-related risks and opportunities. This is available in the following sections:

→ **"The strategy field of governance and transparency"**
→ **"The strategy field of decarbonization"**
→ **"Sustainability organization"**

SASB INDEX[1]

Topic/code/requirement	Response
Activity Metrics	
TR-AU-000.A Number of vehicles manufactured	321,321 Porsche vehicles were manufactured in 2022.
TR-AU-000.B Number of vehicles sold	309,884 Porsche vehicles were sold in 2022.
Product Safety	
TR-AU-250a.1 Percentage of vehicle models rated by NCAP programs with an overall five-star safety rating, by region	Porsche AG attaches great importance on the safety of its vehicles in the design and development stages. The Porsche vehicles, which were tested according to the requirements of the European New Car Assessment Program, all received a five-star overall rating for safety.
TR-AU-250a.2 Number of safety-related defect complaints; percentage investigated	100% of safety-related defect complaints have been investigated.
TR-AU-250a.3 Number of vehicles recalled	There were eleven safety-related product recall actions in 2022.
Labor Practices	
TR-AU-310a.1 Percentage of active workforce covered under collective bargaining agreements	Collective bargaining agreements cover 98.1% of the total workforce in Porsche AG's consolidated subsidiaries in Germany. The Porsche AG is part of the UN Global Compact and is committed to its ten principles and to social responsibility. In doing so, the Porsche AG supports key worker rights, from the abolition of forced and child labor to equal opportunities.
TR-AU-310a.2 Number of (1) work stoppages and (2) total days idle	In 2022, there were five warning strikes in connection with collective bargaining negotiations and zero idle days at the individual sites in Germany.

[1] Editorial amendment after initial publication.

Topic/code/requirement	Response
Fuel Economy & Use-Phase Emissions	
TR-AU-410a.1 Sales-weighted average passenger fleet fuel economy, by region	Porsche AG and selected subsidiaries are part of the Volkswagen Group's emissions pool.
TR-AU-410a.2 Number of (1) zero-emission vehicles (ZEV) sold, (2) hybrid vehicles sold, and (3) plug-in hybrid vehicles sold	see table below

		2022
Worldwide	Zero-emission vehicles (ZEV)[1]	34,969
	Hybrid vehicles[2]	–
	Plug-in hybrid vehicles	32,597
	Internal combustion engines	242,318

[1] In 2022, the percentage of all-electric vehicles delivered declined year-on-year. This was due to supply chain bottlenecks and the limited availability of parts for the first all-electric Taycan model.

[2] Porsche AG and selected subsidiaries merely produce plug-in hybrid vehicles.

Topic/code/requirement	Response
TR-AU-410a.3 Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities	The lever on the greatest influence on Porsche AG is the product portfolio. The strategy of Porsche AG is to invest in battery-electric vehicles (BEVs). Porsche AG is currently planning for more than 80% of new Porsche models to be all-electric by 2030. In addition to its electrification strategy, Porsche AG has focused on the continuous decarbonization of its products and business processes in its strategy. Porsche AG is working towards becoming net carbon neutral across the value chain in 2030.
Materials Sourcing	
TR-AU-440a.1 Description of the management of risks associated with the use of critical materials	In order to comply with due diligence obligations in the supply chain, different kinds of assessment and measures are implemented. The S-rating is Porsche AG's instrument to measure a direct supplier's compliance with the Code of Conduct for Business Partners. If a direct supplier receives a negative score, it will no longer be considered for future contracts until it has addressed the identified shortcomings and meets the sustainability requirements. This year, Porsche AG published a statement on the observation and promotion of human rights. With regard to human rights, Porsche AG, in cooperation with the Volkswagen Group, uses a due diligence management system that systematically analyzes, prioritizes, and reduces risks to human rights in the supply chain. Porsche AG implemented a multi-level complaints management system for Porsche AG in the reporting year, which provides internal and external complainants with a confidential communication channel for reporting possible human rights violations and breaches of environmental obligations. Internal and external target groups can find information on the website of the Porsche AG about the reporting channels in the complaint management system. All complaints about potential violations of human rights and environmental obligations in our field of business and supply chain are processed in a standardized process. In cooperation with a start-up, Porsche AG uses artificial intelligence to scan supplier-related news to identify non-compliance of suppliers.

Topic/code/requirement	Response
	With regard to the environmental impact of its supply chain, Porsche AG aspires to decarbonize its entire vehicle value chain to achieve net carbon neutrality in 2030. To accomplish this goal, all direct suppliers of Porsche AG with more than 100 employees at their production sites are obligated to introduce an environmental management system certified under ISO 14001 or EMAS. Furthermore, all suppliers of vehicle projects with all-electric series are obligated to shift their production lines to certified electricity from renewable sources from the reporting year onwards. To support Porsche AG's goal of a decarbonized supply chain, more than 80% of newly delivered vehicles are to be fully electric in 2030. With regard to the procurement of raw materials, all direct suppliers are expected to follow the OECD Due Diligence Guidance for Responsible Supply Chains of Materials from Conflict-Affected and High-Risk Areas. Additional due diligence measures for mica mining have been implemented in high-risk countries; the processes on-site are examined selectively by supply chain auditors. Porsche AG is also an active member of the Responsible Mica Initiative. The most significant findings and measures relating to high-risk raw materials are published in the Responsible Raw Materials Report. The report on the activities of Porsche AG in 2022 is being prepared and will be published shortly as part of the report of the Volkswagen Group.
Material Efficiency & Recycling	
TR-AU-440b.1 Total amount of waste from manufacturing, percentage recycled	Porsche AG and selected subsidiaries had a waste recycling rate of 99% in 2022. (The waste recycling rate encompasses thermal recycling.)
TR-AU-440b.2 Weight of end-of-life material recovered	As a strategy field, circular economy plays an important role in product development. Porsche AG intends to use sustainable materials and closed raw material cycles. Porsche AG has therefore set targets relating to the use of circular materials. These targets apply to all newly developed all-electric vehicle projects with a production start date from 2026. The topic is already being increasingly enshrined in the preliminary development phase. For example, research is being carried out into the use of sustainable raw materials and recycled materials for interior fittings and support components.
TR-AU-440b.3 Average recyclability of vehicles sold	The development process takes into account the EU end-of-life vehicles Directive 2000/53/EC, which requires at least 85% of the vehicle weight to be reusable and/or recyclable and at least 95% to be reusable and/or recoverable.

KEY FINANCIAL FIGURES

Key figures

		2022	2021	2020
Most important key performance indicators				
Porsche AG Group				
Sales revenue	€ million	37,630	33,138	28,695
Return on sales	%	18.0	16.0	14.6
Automotive segment				
Automotive EBITDA margin	%	25.2	24.5	24.5
Automotive net cash flow margin	%	11.2	12.1	8.4
Automotive BEV share	%	11.3	13.7	7.4
Other financial performance indicators				
Porsche AG Group				
Operating profit	€ million	6,770	5,314	4,177
Profit before tax	€ million	7,069	5,729	4,397
Profit after tax	€ million	4,957	4,038	3,166
Earnings per ordinary share/preferred share	€	5.43/5.44	4.42/4.43	–
Automotive segment				
Automotive operating profit	€ million	6,423	5,033	4,022
Automotive return on sales	%	18.6	16.6	15.4
Automotive EBITDA[1]	€ million	8,724	7,420	6,391
Automotive net cash flow	€ million	3,866	3,676	2,198
Automotive cash flows from operating activities	€ million	7,855	7,010	4,900
Automotive net liquidity[2]	€ million	8,282	4,970	2,961
Automotive research and development costs[3]	€ million	2,651	2,417	2,243
Automotive capital expenditure[4]	€ million	1,642	1,378	1,478
Automotive return on investment[5]	%	24.9	21.3	18.1
Financial services segment				
Financial services operating profit	€ million	341	313	191
Financial services return on sales	%	10.3	10.0	6.7
Financial services return on equity before tax[6]	%	20.5	21.2	14.7
Other non-financial performance indicators				
Deliveries[7]	Vehicles	309,884	301,915	272,162
Production[8]	Vehicles	321,321	300,081	263,236
Employees[9]	Number	39,162	36,996	36,359

1 Automotive operating profit before depreciation/amortization and changes in value of property, plant and equipment, capitalized development costs and other intangible assets in the automotive segment.
2 Total of cash and cash equivalents, securities, loans and time deposits net of third-party borrowings in the automotive segment.
3 Research costs, non-capitalizable development costs and investments in development costs that have to be capitalized in the automotive segment.
4 Additions (cost) to intangible assets (excluding capitalized development costs) and property, plant and equipment (excluding right-of-use assets) in the automotive segment.
5 Operating profit after tax in relation to the average invested capital, each relating to the automotive segment.
6 Profit before tax in relation to average equity tied up in the financial services segment.
7 Number of vehicles handed over to end customers.
8 2021 incl. 16,953 vehicles not yet eligible for registration at the time of factory delivery due to the semiconductor shortage.
9 Value as of the reporting date.

Overview of the profit before tax, tax expenditure, and tax payments per country of the fully consolidated companies of the Porsche AG Group

€ million	Profit before tax under IFRS after consolidation	Income tax expenditure after consolidation	Deferred taxes	Total tax expenditure	Percentage	Total tax payments	Percentage
UAE	7.3	0.0	0.0	0.0	0.0%	0.0	0.0%
Austria	0.4	0.2	0.3	0.5	0.0%	0.2	0.0%
Australia	22.7	9.5	–1.2	8.3	0.4%	11.4	0.5%
Brazil	34.0	16.7	–3.2	13.5	0.6%	14.2	0.6%
Canada	34.2	11.4	–1.1	10.3	0.5%	15.5	0.7%
Switzerland	14.9	2.5	–0.2	2.4	0.1%	3.0	0.1%
China	884.2	192.4	–89.2	103.2	4.9%	184.1	7.8%
Czech Republic	3.9	1.3	–0.2	1.1	0.1%	1.4	0.1%
Germany	5,138.4	1,427.8	408.2	1,836.0	86.9%	2,001.8	85.0%
Spain	14.0	4.5	0.2	4.6	0.2%	6.3	0.3%
France	18.1	6.5	0.6	7.1	0.3%	7.9	0.3%
United Kingdom	57.6	5.3	–1.6	3.7	0.2%	6.8	0.3%
Ireland	41.8	6.7	–0.1	6.6	0.3%	6.0	0.3%
Italy	41.6	15.8	0.2	16.0	0.8%	11.6	0.5%
Japan	25.7	10.9	2.5	13.4	0.6%	9.6	0.4%
South Korea	28.5	10.2	–6.3	3.9	0.2%	7.6	0.3%
Russia	0.0	0.2	1.2	1.4	0.1%	0.8	0.0%
Singapore	9.3	2.1	0.1	2.1	0.1%	0.9	0.0%
Taiwan	26.2	8.0	2.2	10.2	0.5%	8.3	0.4%
United States	666.3	195.6	–127.6	68.0	3.2%	58.7	2.5%
Total	**7,069.3**	**1,927.4**	**185.0**	**2,112.4**	**100.0%**	**2,356.2**	**100.0%**

Value added statement
of the Porsche AG Group for the period from January 1 to December 31, 2022

€ million	2022	2021	2020
Source			
Sales revenue	37,630	33,138	28,695
Other income	1,720	893	709
Cost of materials	–22,934	–19,363	–16,661
Depreciation, amortization, and impairment losses	–3,189	–3,214	–3,357
Other upfront expenditures	–1,173	–1,207	–818
Value added	**12,054**	**10,247**	**8,568**

	2022		2021		2020	
	€ million	%	€ million	%	€ million	%
Appropriation						
to shareholders (profit transfer)	3,986	33.1	1,862	18.2	1,864	21.8
to employees (wages, salaries, benefits)	4,961	41.2	4,478	43.7	4,230	49.4
to the state (taxes, duties)	1,975	16.4	1,605	15.7	1,044	12.2
Income tax	n/a	n/a	n/a	n/a	n/a	n/a
Other taxes	n/a	n/a	n/a	n/a	n/a	n/a
to creditors (interest expense)	157	1.3	126	1.2	138	1.6
to the company (reserves)	974	8.1	2,176	21.2	1,292	15.1
Value added	**12,054**	**100.0**	**10,247**	**100.0**	**8,568**	**100.0**

NON-FINANCIAL KEY FIGURES

ENVIRONMENTAL AND ENERGY KEY FIGURES

Total energy consumption[1, 2]

MWh	2022	2021	2020
Total	**786,291**	**851,880**	**712,350**

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] The key figures relate to the sites in Stuttgart-Zuffenhausen, Leipzig, Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim, and the sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Direct energy consumption by primary energy source[1]

MWh	2022	2021	2020
Total[2]	**374,632**	**433,289**	**340,327**
Production sites[3]	**297,836**	**347,832**	**266,375**
Gas	209,908	272,976	204,868
Of which biomethane	204,844	269,750	149,130
Combustible gas for manufacturing processes	72,605	72,811	56,936
Of which combustible biomethane gas for manufacturing processes	72,605	72,811	31,697
Heating oil	15,323	2,046	4,571
Development sites[4]	**61,087**	**69,891**	**61,427**
Gas	56,609	69,697	61,222
Of which biomethane	53,507	65,555	no data
Combustible gas for manufacturing processes	2,076	0	0
Of which combustible biomethane gas for manufacturing processes	1,736	0	0
Heating oil	2,329	194	205
Specialist energy products[5]	73	0	0
Other sites[6]	**1,201**	**1,485**	**1,641**
Gas	1,201	1,485	1,637
Heating oil	0	0	4
Fuel[7]	**14,508**	**14,081**	**10,884**
Production sites[8]	**2,604**	**3,147**	**3,162**
Development sites[4]	**11,904**	**10,934**	**7,722**
Other sites[6]	**0**	**0**	**0**

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Total including CHP plant and fuel.
[3] Sites in Stuttgart-Zuffenhausen and Leipzig.
[4] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[5] Purchased energy products such as refrigeration or compressed air.
[6] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.
[7] Contains no fuels from renewable sources. Conversion factor from liters to MWh: petrol corresponds to 8.72 kWh/l; diesel corresponds to 9.91 kWh/l.
[8] Fuel for engine test stands; contains petrol and diesel.

Indirect energy consumption by primary energy source[1]

MWh	2022	2021	2020
Total	**426,167**	**418,591**	**372,023**
Production sites[2]	338,032	332,182	294,317
Electrical energy[3]	252,748	237,283	229,176
District heating	39,263	43,527	30,719
CHP plants and PV arrays	46,021	51,372	34,422
Development sites[4]	77,224	74,662	66,380
Electrical energy[3]	61,949	58,795	52,295
District heating	2,292	2,487	1,228
Weissach CHP plant	12,983	13,380	12,857
Other sites[5]	10,911	11,747	11,326
Electrical energy[3]	7,989	8,165	8,493
District heating	2,922	3,582	2,833

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Sites in Stuttgart-Zuffenhausen and Leipzig.
[3] Around 99% of the electrical energy is TÜV-certified green electricity. The remainder relates to the acquisition of new buildings and to existing gray electricity contracts, which were fully transitioned to green electricity on January 1, 2023.
[4] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[5] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Energy consumption within the organization[1]

MWh	2022	2021	2020
Primary energy consumption from renewable sources[2]	332,692	408,115	180,827
Secondary energy consumption from renewable sources[3]	362,523	350,595	318,856
Air conditioning	73	no data	no data
Electricity	381,690	368,996	337,244
Of which generated externally	322,686	304,243	289,964
Of which from non-renewable sources	1,376	1,953	1,463
Electricity generated externally from renewable energy[3]	321,310	302,290	288,501
Electricity generated internally[4]	59,004	64,752	47,280
Electricity generated internally from renewable energy[5]	59,004	64,752	32,513
Energy from own vehicle operation (electrical energy)[5]	2,038	1,424	734
Heat[5]	220,376	265,696	169,520
Total energy from own vehicle operation[5]	42,503	35,841	18,556

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] The figures for 2022 and 2021 relate to the sites in Stuttgart-Zuffenhausen, Leipzig, and Weissach. The figure for 2020 relates to the site in Stuttgart-Zuffenhausen.
[3] Sites in Stuttgart-Zuffenhausen, Leipzig, Weissach, Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.
[4] Sites in Stuttgart-Zuffenhausen, Leipzig, and Weissach.
[5] The figures for 2022 and 2021 relate to the sites in Stuttgart-Zuffenhausen, Leipzig, and Weissach. The figure for 2020 relates to the sites in Stuttgart-Zuffenhausen and Leipzig.

Direct (Scope 1) GHG emissions[1, 2]

t of CO_2 equivalent	2022	2021	2020
Total	**12,218**	**7,656**	**25,656**
Production sites	7,175	2,825	12,166
Stuttgart-Zuffenhausen	6,419	2,631	1,548
Of which released directly	5,114	1,954	n/a
Of which from refrigerants	570	158	n/a
Of which from destroyed VOCs	734	519	n/a
Leipzig	756	194	10,618
Of which released directly	579	14	n/a
Of which from refrigerants	45	122	n/a
Of which from destroyed VOCs	132	58	n/a
Development sites[3]	4,825	4,561	13,192
Of which released directly	4,358	3,663	n/a
Of which from refrigerants	466	898	n/a
Other sites[4]	218	270	298
Of which released directly	218	270	n/a

[1] Ever since the 2021 reporting year, the reported GHG emissions (Scope 1) have also contained emissions from refrigerants and the burning of VOC.
[2] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[3] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[4] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Energy indirect (Scope 2) GHG emissions[1]

t of CO_2 equivalent	2022	2021	2020
Total	**80,131**	**75,824**	**71,822**
Production sites	63,351	59,593	57,003
Stuttgart-Zuffenhausen[2]	29,708	27,204	29,473
Leipzig[3]	33,643	32,389	27,531
Development sites[2, 4]	14,376	13,660	12,315
Other sites[2, 5]	2,404	2,571	2,503

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
The following emission factors are used for the key energy figures in this report: natural gas 181.6 kg CO_2/MWh; heating oil 266.4 kg CO_2/MWh; electricity: 0 gCO_2/kWh or 231/271 g CO_2/kWh (conventionally sourced remainder), refrigerants (global warming potential (GWP)).
[2] Local energy mix 231 g CO_2/kWh.
[3] Local energy mix 271 g CO_2/kWh.
[4] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[5] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Market-based energy indirect (Scope 2) GHG emissions[1]

t of CO_2 equivalent	2022	2021	2020
Total	**941**	**1,434**	**1,315**
Production sites	0	70	1
Stuttgart-Zuffenhausen	0	70	1
Leipzig	0	0	0
Development sites[2]	283	398	552
Other sites[3]	658	966	762

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[3] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Direct and indirect (Scope 1 and 2) GHG emissions[1]

t of CO_2 equivalent	2022	2021	2020
Total	**13,160**	**9,090**	**26,971**
Production sites	7,175	2,895	12,167
Stuttgart-Zuffenhausen	6,419	2,701	1,549
Leipzig	756	194	10,618
Development sites[2]	5,108	4,959	13,744
Other sites[3]	877	1,236	1,060

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[3] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Other indirect GHG emissions (Scope 3)

t of CO_2 equivalent	2022[2]	2021[2]	2020[3]
Total	**51,647**	**27,574**	**28,753**
Porsche's vehicle fleet[1]	11,376	9,464	4,936
Business trips	40,271	18,110	23,817
Of which by rail	0	0	0
Of which by plane	28,584	6,807	8,402
Of which by rented car	11,687	11,303	15,415

[1] The annual figures are based on the fuels reported for internal factory traffic, departmental and business travel, and test-drives.
The conversion is based on known emission factors and the German energy mix (420 g CO_2/kWh from the German Environment Agency).
[2] Sites in Stuttgart-Zuffenhausen, Leipzig, and Weissach.
[3] Sites in Stuttgart-Zuffenhausen and Leipzig.

NO_x emissions[1, 2]

t	2022	2021	2020
Total	**33.61**	**41.75**	**33.06**
Production sites	27.17	33.99	26.20
Stuttgart-Zuffenhausen	20.41	25.88	20.06
Leipzig	6.76	8.11	6.14
Development sites[3]	6.32	7.60	6.68
Other sites[4]	0.12	0.16	0.18

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] The key figures refer exclusively to production processes, not to Porsche vehicles.
[3] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[4] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

SO_x emissions[1]

t	2022	2021	2020
Total	**0.29**	**0.31**	**0.24**
Production sites	0.22	0.24	0.18
Stuttgart-Zuffenhausen	0.22	0.24	0.18
Leipzig	0.00	0.00	0.00
Development sites[2]	0.07	0.07	0.06
Other sites[3]	0	0	0

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[3] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Volatile organic compounds (VOC)[1]

t	2022	2021	2020
Total	**129.40**	**123.29**	**105.29**
Production sites	129.40	123.29	105.29
Stuttgart-Zuffenhausen	53.84	52.81	48.36
Leipzig	75.56	70.48	56.93
Development sites[2]	0	0	0
Other sites[3]	0	0	0

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[3] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

VOC from vehicle production sites[1]

kg/vehicle	2022	2021	2020
VOC	0.58	0.58	0.59

[1] Sites in Stuttgart-Zuffenhausen and Leipzig.

Dust emissions[1]

t	2022	2021	2020
Total	**0.19**	**0.27**	**0.22**
Production sites	0.16	0.22	0.18
Stuttgart-Zuffenhausen	0.13	0.17	0.13
Leipzig	0.03	0.05	0.05
Development sites[2]	0.03	0.05	0.04
Other sites[3]	0	0	0

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[3] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Material consumption of Porsche's own vehicle production[1]

t	2022	2021	2020
Total	**652,655**	**603,259**	**528,504**
Steel/cast iron	263,617	241,883	215,507
Alloys	170,413	157,965	136,429
Copper	17,146	15,998	13,740
Plastics	120,658	112,697	98,873
Others	80,821	74,716	63,955

[1] Sites in Stuttgart-Zuffenhausen and Leipzig.

Waste by location, type, and disposal method[1]

t	2022	2021	2020
Total	**22,874**	**21,755**	**20,787**
Production sites			
Total	**17,018**	**16,143**	**13,556**
Waste for recycling			
Hazardous waste	5,001	4,481	4,080
Non-hazardous waste	8,005	7,376	5,394
Non-production-specific waste	806	705	298
Metallic waste	3,031	2,604	3,027
Waste for removal			
Hazardous waste	77	885	630
Non-hazardous waste	82	80	90
Non-production-specific waste	16	12	37
Stuttgart-Zuffenhausen	9,670	9,183	6,917
Waste for recycling			
Hazardous waste	2,653	2,149	1,866
Non-hazardous waste	4,288	3,725	2,173
Non-production-specific waste	632	625	248
Metallic waste	1,926	1,728	1,886
Waste for removal			
Hazardous waste	73	864	621
Non-hazardous waste	82	80	89
Non-production-specific waste	16	12	34
Leipzig	7,348	6,959	6,640
Waste for recycling			
Hazardous waste	2,348	2,331	2,214
Non-hazardous waste	3,717	3,651	3,221
Non-production-specific waste	174	79	51
Metallic waste	1,105	876	1,142
Waste for removal			
Hazardous waste	4	22	9
Non-hazardous waste	0	0	1
Non-production-specific waste	0	0	2
Development sites[2]			
Total	**5,143**	**5,272**	**6,797**
Waste for recycling			
Hazardous waste	2,011	1,280	1,686
Non-hazardous waste	1,782	937	1,160
Non-production-specific waste	355	89	57
Metallic waste	882	2,196	3,130
Waste for removal			
Hazardous waste	2	30	18
Non-hazardous waste	103	731	743
Non-production-specific waste	8	9	3

Waste by location, type, and disposal method[1] (Continued)

t	2022	2021	2020
Other sites[3]			
Total	**712**	**340**	**434**
Waste for recycling			
Hazardous waste	6	5	23
Non-hazardous waste	590	167	336
Non-production-specific waste	79	124	1
Metallic waste	37	44	74
Waste for removal			
Hazardous waste	0	0	2

[1] The annual figures are based on a projection of the actual values recorded for January to October.
[2] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[3] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Waste for recycling[1, 2, 3]

t	2022	2021	2020
Waste diverted from disposal	22,586	20,008	19,264

[1] The annual figures are based on a projection of the actual values recorded for January to October.
[2] The total recycled waste contains the waste categories "Hazardous waste", "Non-hazardous waste", "Non-production-specific waste", and "Metallic waste".
[3] Total of all waste for recycling from the production sites, development sites, and other sites. All waste is recycled outside of Porsche sites.

Hazardous waste for recycling[1]

t	2022	2021	2020
Total	**7,018**	**5,766**	**5,789**

[1] The annual figures are based on a projection of the actual values recorded for January to October.

Non-hazardous waste for recycling[1]

t	2022	2021	2020
Total	**10,378**	**8,480**	**6,890**

[1] The annual figures are based on a projection of the actual values recorded for January to October.

Waste for removal[1, 2, 3]

t	2022	2021	2020
Waste directed to disposal	288	1,747	1,523

[1] The annual figures are based on a projection of the actual values recorded for January to October.
[2] The total removed waste contains the waste categories "Hazardous waste", "Non-hazardous waste", "Non-production-specific waste", and "Metallic waste".
[3] Total of all waste for removal from the production sites, development sites, and other sites. All waste is removed outside of Porsche sites.

Hazardous waste for removal[1]

t	2022	2021	2020
Total	**79**	**916**	**650**

[1] The annual figures are based on a projection of the actual values recorded for January to October.

Non-hazardous waste for removal[1]

t	2022	2021	2020
Total	**185**	**811**	**833**

[1] The annual figures are based on a projection of the actual values recorded for January to October.

Waste from vehicle production sites[1]

kg/vehicle	2022	2021	2020
Waste	0.71	4.51	4.06

[1] Sites in Stuttgart-Zuffenhausen and Leipzig.

Water withdrawal[1, 2, 3]

m^3	2022	2021	2020
Total	**793,416**	**758,443**	**710,237**
Of which water from third parties	790,471	756,783	701,308
Of which groundwater	2,945	1,660	8,929

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Fresh water (≤ 1,000 mg/l total dissolved solids (TDS)) is only drawn from areas with no water stress.
[3] Total water withdrawal of the production sites in Stuttgart-Zuffenhausen and Leipzig, the development sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim, and the other sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Fresh water withdrawal[1, 2]

m^3	2022	2021	2020
Total withdrawal	**793,416**	**758,443**	**710,237**
Of which fresh water (≤ 1,000 mg/l total dissolved solids (TDS))	793,416	758,443	710,237
Of which other water (> 1,000 mg/l total dissolved solids (TDS))	0	0	0

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Total water withdrawal of the production sites in Stuttgart-Zuffenhausen and Leipzig, the development sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim, and the other sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Water recirculation[1, 2]

m^3	2022	2021	2020
Total	**653,289**	**624,597**	**577,026**
Production sites[3]	568,953	539,785	491,679
Development sites[4]	78,366	79,069	75,728
Other sites[5]	5,970	5,743	9,619

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Fresh water (≤ 1,000 mg/l total dissolved solids (TDS)) is only recirculated into areas with no water stress.
[3] Stuttgart-Zuffenhausen and Leipzig.
[4] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[5] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Total consumption of water from all areas[1]

m^3	2022	2021	2020
Total	**140,127**	**133,846**	**133,211**
Production sites	118,546	112,454	97,082
Stuttgart-Zuffenhausen	63,078	72,510	66,318
Leipzig	55,468	39,944	30,764
Development sites[2]	21,581	21,392	36,129
Other sites[3]	0	0	0

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Sites in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[3] Sites in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Water consumption of vehicle production sites[1]

m^3/vehicle	2022	2021	2020
Water consumption	3.08	3.05	3.32

[1] Sites in Stuttgart-Zuffenhausen and Leipzig.

PERSONNEL AND SOCIAL KEY FIGURES[1]

Total workforce

	2022	2021	2020
Total	**39,162**	**36,996**	**36,359**
By company			
Porsche AG	23,025	22,379	22,290
Of which at Stuttgart-Zuffenhausen	16,371	15,954	15,881
Of which at Weissach (including external locations)	6,654	6,425	6,409
Porsche Leipzig GmbH	4,364	4,309	4,194
Other group companies	11,773	10,308	9,875
By region			
Region: Germany	34,558	33,089	32,661
Region: Europe (excluding Germany)	2,073	1,695	1,565
Region: North America	905	840	819
Region: Asia	1,308	1,098	1,055
Other regions (Australia, Latin America)	318	274	259
No. of employees by gender			
Female	7,348	6,808	6,588
Male	31,814	30,188	29,771
Breakdown of employees by gender (%)			
Female	18.8	18.4	18.1
Male	81.2	81.6	81.9

[1] Unless specified otherwise, the listed key figures relate to the Porsche AG Group.

Number and distribution of new employees

	2022	2021	2020
Total	**3,886**	**1,955**	**2,504**
By age			
< 30 years	1,927	810	1,259
30–50 years	1,866	1,076	1,151
> 50 years	93	69	94
By gender			
Female	904	586	453
Male	2,982	1,369	2,051
By region			
Region: Germany	3,284	1,553	2,221
Region: Europe (excluding Germany)	225	180	96
Region: North America	173	110	78
Region: Asia	164	100	93
Other regions (Australia, Latin America)	40	12	16
Breakdown by age (%)			
< 30 years	49.6	41.4	50.3
30–50 years	48.0	55.1	46.0
> 50 years	2.4	3.5	3.7
Breakdown by gender (%)			
Female	23.3	30.0	18.1
Male	76.7	70.0	81.9
Breakdown by region (%)			
Region: Germany	84.5	79.5	88.7
Region: Europe (excluding Germany)	5.8	9.2	3.8
Region: North America	4.5	5.6	3.1
Region: Asia	4.2	5.1	3.7
Other regions (Australia, Latin America)	1.0	0.6	0.7

Full-time employees

	2022	2021	2020
Total	**36,688**	**34,297**	**34,010**
By company			
Porsche AG	21,761	21,217	21,226
Of which at Stuttgart-Zuffenhausen	15,509	15,168	15,173
Of which at Weissach (including external locations)	6,252	6,049	6,053
Porsche Leipzig GmbH	4,185	3,737	3,756
Other group companies	10,742	9,343	9,028
By region			
Region: Germany	32,271	30,576	30,437
Region: Europe (excluding Germany)	1,919	1,518	1,471
Region: North America	901	840	813
Region: Asia	1,287	1,094	1,034
Other regions (Australia, Latin America)	310	269	255
No. of employees by gender			
Female	5,595	5,213	5,090
Male	31,093	29,084	28,920
Breakdown of employees by gender (%)			
Female	15.3	15.2	15.0
Male	84.7	84.8	85.0

Part-time employees

	2022	2021	2020
Total	**2,474**	**2,699**	**2,349**
By company			
Porsche AG	1,264	1,162	1,064
Of which at Stuttgart-Zuffenhausen	862	706	708
Of which at Weissach (including external locations)	402	456	356
Porsche Leipzig GmbH	179	572	438
Other group companies	1,031	965	847
By region			
Region: Germany	2,287	2,513	2,224
Region: Europe (excluding Germany)	154	177	94
Region: North America	4	0	6
Region: Asia	21	4	21
Other regions (Australia, Latin America)	8	5	4
No. of employees by gender			
Female	1,753	1,595	1,498
Male	721	1,104	851
Breakdown of employees by gender (%)			
Female	70.9	59.1	63.8
Male	29.1	40.9	36.2

Permanent employees

	2022	2021	2020
Total	**36,095**	**33,981**	**33,206**
By company			
Porsche AG	20,879	20,117	20,056
Of which at Stuttgart-Zuffenhausen	14,277	13,764	13,679
Of which at Weissach (including external locations)	6,602	6,353	6,377
Porsche Leipzig GmbH	4,299	4,240	4,068
Other group companies	10,917	9,624	9,082
By region			
Region: Germany	32,135	30,548	29,946
Region: Europe (excluding Germany)	1,954	1,641	1,522
Region: North America	905	840	819
Region: Asia	793	683	662
Other regions (Australia, Latin America)	308	269	257
No. of employees by gender			
Female	6,854	6,323	6,100
Male	29,241	27,658	27,106
Breakdown of employees by gender (%)			
Female	19.0	18.6	18.4
Male	81.0	81.4	81.6

Temporary workers

	2022	2021	2020
Total	**3,067**	**3,015**	**3,153**
By company			
Porsche AG	2,146	2,262	2,234
Of which at Stuttgart-Zuffenhausen	2,094	2,220	2,202
Of which at Weissach (including external locations)	52	42	32
Porsche Leipzig GmbH	65	69	126
Other group companies	856	684	793
By region			
Region: Germany	2,423	2,541	2,715
Region: Europe (excluding Germany)	119	54	43
Region: North America	0	0	0
Region: Asia	515	415	393
Other regions (Australia, Latin America)	10	5	2
No. of employees by gender			
Female	494	485	488
Male	2,573	2,530	2,665
Breakdown of employees by gender (%)			
Female	16.1	16.1	15.5
Male	83.9	83.9	84.5

External employment

	2022	2021	2020
Workers who are not employees but whose work and/or workplace is controlled by the organization	3,283	2,937	2,605

Employee turnover

%	2022	2021	2020
Proportion of employees who left the company	2.9	2.4	2.1

Total number and breakdown of employee turnover

	2022	2021	2020
Total	**1,138**	**896**	**724**
By age			
< 30 years	313	246	199
30–50 years	756	595	481
> 50 years	69	55	44
By gender			
Female	323	254	205
Male	815	642	519
By region			
Region: Germany	805	654	529
Region: Europe (excluding Germany)	135	85	69
Region: North America	113	89	71
Region: Asia	69	56	45
Other regions (Australia, Latin America)	16	12	10
Breakdown by age (%)			
< 30 years	27.5	27.5	27.5
30–50 years	66.4	66.4	66.4
> 50 years	6.1	6.1	6.1
Breakdown by gender (%)			
Female	28.4	28.4	28.3
Male	71.6	71.6	71.7
Breakdown by region (%)			
Region: Germany	70.7	73.0	73.1
Region: Europe (excluding Germany)	11.8	9.5	9.5
Region: North America	10.0	10.0	9.8
Region: Asia	6.1	6.2	6.2
Other regions (Australia, Latin America)	1.4	1.3	1.4

Diversity and equal opportunity

%	2022	2021	2020
Governance bodies by gender[1]			
Female	14.3	14.3	0.0
Male	85.7	85.7	100.0
Proportion of governance bodies by age group			
< 30 years	0	0	0
30–50 years	0	0	0
> 50 years	100.0	100.0	100.0
Employees by age group			
< 30 years	18.6	22.1	20.9
30–50 years	63.5	60.0	61.6
> 50 years	17.9	17.9	17.5

[1] Editorial amendment after initial publication.

Average hours of training per year per employee

	2022	2021	2020
Total	**13.1**	**11.4**	**13.9**
Female	14.1	13.4	13.5
Porsche AG	15.0	14.8	16.3
Porsche Leipzig GmbH	14.8	10.0	10.1
Other group companies[1]	10.3	9.3	3.4
Male	12.9	11.0	14.0
Porsche AG	11.8	10.9	15.6
Porsche Leipzig GmbH	16.1	10.5	8.5
Other group companies[1]	18.4	14.4	7.2
Employees subject to wage agreements	12.4	10.6	13.3
Porsche AG	11.5	10.5	15.1
Porsche Leipzig GmbH	15.7	10.3	8.3
Other group companies[1]	14.5	11.8	4.9
Employees exempt from wage agreements and executive employees	20.2	19.9	20.2
Porsche AG	19.6	20.3	20.9
Porsche Leipzig GmbH	35.7	21.6	27.6
Other group companies[1]	21.7	16.5	12.0

[1] The annual figures relate to Porsche Deutschland GmbH, Porsche Engineering Group GmbH, Porsche Engineering Services GmbH, Porsche Financial Services GmbH, Porsche Lifestyle GmbH & Co. KG, Porsche Digital GmbH, Porsche Dienstleistungs GmbH, and Porsche Niederlassung Stuttgart GmbH.

Average number of training hours for management qualification

	2022
Total	**23.5**
Female	28.0
Porsche AG	27.0
Porsche Leipzig GmbH	55.5
Other group companies[1]	25.0
Male	22.9
Porsche AG	22.7
Porsche Leipzig GmbH	33.0
Other Group companies[1]	17.4

[1] The annual figures relate to Porsche Deutschland GmbH, Porsche Engineering Group GmbH, Porsche Engineering Services GmbH, Porsche Financial Services GmbH, Porsche Lifestyle GmbH & Co. KG, Porsche Digital GmbH, Porsche Dienstleistungs GmbH, and Porsche Niederlassung Stuttgart GmbH.

Number of advanced training measures

	2022	2021	2020
Total	**242,992**	**210,611**	**125,297**
Female	40,704	39,327	23,767
Porsche AG	29,413	32,013	21,147
Porsche Leipzig GmbH	5,805	3,848	1,187
Other group companies[1]	5,486	3,466	1,433
Male	202,288	171,284	101,530
Porsche AG	132,782	124,085	88,859
Porsche Leipzig GmbH	58,343	40,484	8,959
Other group companies[1]	11,163	6,715	3,712
Employees subject to wage agreements	213,193	180,875	105,978
Porsche AG	136,309	129,195	92,164
Porsche Leipzig GmbH	62,253	43,184	9,575
Other group companies[1]	14,631	8,496	4,239
Employees exempt from wage agreements and executive employees	29,799	29,736	19,319
Porsche AG	25,886	26,903	17,842
Porsche Leipzig GmbH	1,895	1,148	571
Other group companies[1]	2,018	1,685	906
Digital formats	191,875	161,721	84,368
Offline formats	51,117	48,890	40,913

[1] The annual figures relate to Porsche Deutschland GmbH, Porsche Engineering Group GmbH, Porsche Engineering Services GmbH, Porsche Financial Services GmbH, Porsche Lifestyle GmbH & Co. KG, Porsche Digital GmbH, Porsche Dienstleistungs GmbH, and Porsche Niederlassung Stuttgart GmbH.

Employees who participated in advanced training

	2022	2021	2020
Total	**27,646**	**25,316**	**23,679**
Female	4,329	4,199	3,759
Porsche AG	3,253	3,188	3,077
Porsche Leipzig GmbH	352	349	309
Other group companies[1]	724	662	373
Male	23,317	21,117	19,920
Porsche AG	18,300	16,235	15,987
Porsche Leipzig GmbH	3,803	3,797	3,017
Other group companies[1]	1,214	1,085	916
Employees subject to wage agreements	25,064	22,759	21,231
Porsche AG	19,273	17,151	16,888
Porsche Leipzig GmbH	4,079	4,073	3,259
Other group companies[1]	1,712	1,535	1,084
Employees exempt from wage agreements and executive employees	2,582	2,557	2,448
Porsche AG	2,280	2,272	2,176
Porsche Leipzig GmbH	76	73	67
Other group companies[1]	226	212	205

[1] The annual figures relate to Porsche Deutschland GmbH, Porsche Engineering Group GmbH, Porsche Engineering Services GmbH, Porsche Financial Services GmbH, Porsche Lifestyle GmbH & Co. KG, Porsche Digital GmbH, Porsche Dienstleistungs GmbH, and Porsche Niederlassung Stuttgart GmbH.

Parental leave and return to the workplace

	2022	2021	2020
Total number of employees who took parental leave[1]	**2,025**	**1,534**	**1,523**
Female employees who took parental leave	674	350	281
Male employees who took parental leave	1,351	1,184	1,242
Total number of employees who returned to work after parental leave[2]	**1,580**	**1,434**	**1,484**
Female employees who returned to work after parental leave	317	268	244
Male employees who returned to work after parental leave	1,263	1,166	1,240
Proportion of female employees who returned to work after parental leave (%)	20.0	18.7	16.4
Proportion of male employees who returned to work after parental leave (%)	80.0	81.3	83.6
Total number of returning employees who are still employed after 12 months[2]	**1,752**	**1,278**	**1,454**
Proportion of female employees who are still employed after 12 months	591	223	236
Proportion of male employees who are still employed after 12 months	1,161	1,055	1,218
Proportion of returning female employees who are still employed after 12 months (%)	33.7	17.5	16.2
Proportion of returning male employees who are still employed after 12 months (%)	66.3	82.5	83.8

[1] The total number of employees entitled to parental leave cannot be determined because employees are not obligated to report a birth. The year for which the parental leave is recorded is the year in which the period of leave begins.
[2] Due to the relatively long duration of parental leave or as a result of leave commencing late in the respective reporting year, not all employees have returned by the time of data collection. The return to work and retention rate cannot be calculated on an annual basis as employees who returned in a given year did not necessarily also begin their parental leave in that same calendar year.

Employees by type of employment

%	2022	2021	2020
Employees subject to wage agreements	88.4	88.4	88.2
Employees exempt from wage agreements and executive employees	11.6	11.6	11.8

Comparison of the basic annual and direct remuneration of women and men[1, 2]

%	< 30 years	30–50 years	> 50 years
Remuneration of women compared to men			
Total basic annual remuneration	115	110	87
Total direct remuneration	108	107	82
Basic annual remuneration for non-union employees[3]	–	99	99
Direct remuneration for non-union employees[3]	–	102	101
Basic annual remuneration for union employees	115	112	99
Direct remuneration for union employees	108	107	98
Proportions per age group			
Women total	18	15	13
Men total	82	85	87
Female non-union employees[3]	–	16	6
Male non-union employees[3]	–	84	94
Female union employees	18	15	15
Male union employees	82	85	85

[1] Basic annual remuneration based on monthly salary for Dec. 2022, direct remuneration as the sum of basic annual remuneration, variable remuneration, plus fixed and variable special payments.
[2] Consideration of all Porsche AG employees in Germany (excluding part-time retirees), evaluation date: Dec. 2022.
[3] No employees aged < 30 years were not covered by a collective bargaining agreement.

Disciplinary action due to cases of discrimination at Porsche AG

	2022	2021	2020
Total	**7**	**6**	**5**
Number of discrimination reports that resulted in termination	0	0	0
Number of discrimination reports that resulted in a first written warning	0	0	1
Number of discrimination reports that resulted in a second written warning	7	6	4
Number of discrimination reports that resulted in other disciplinary action	0	0	0

Stoppages and lost days

	2022	2021	2020[1]
Stoppages	5	14	0
Lost days	0	5	0

[1] No participation in strikes.

Accidents, lost days, and fatalities[1]

	2022	2021	2020
Accidents[2]	171	203	214
Lost days[3]	2,233	1,964	1,733
Fatalities	0	0	0
Porsche AG			
Accidents[2]	152	185	191
Lost days[3]	2,009	1,767	1,440
Fatalities	0	0	0
Porsche Leipzig GmbH			
Accidents[2]	19	18	23
Lost days[3]	224	197	293
Fatalities	0	0	0
Total injury rate[4] (%)	**4.4**	**5.2**	**5.8**
Porsche AG	4.6	5.7	6.1
Porsche Leipzig GmbH	3.1	2.9	4.0
Total accident severity[5]	**57.5**	**50.7**	**46.6**
Porsche AG	61.3	54.2	45.8
Porsche Leipzig GmbH	37.0	32.0	51.0

[1] Porsche does not make a distinction according to gender or between employees and workers who are not employees but whose work and/or workplace is controlled by the organization, and does not show the individual categories for work-related injuries (level of detail not material).
[2] Porsche only reports accidents that were officially recorded. Non-serious injuries (minor accidents) are not reported. Accidents that do not result in lost days (calendar days) are classed as minor accidents.
[3] Missed working days resulting from accidents reported in the reporting period are counted as lost days (usually Monday to Friday); the day of the accident itself is not included (≥ 1 lost calendar day).
[4] Injury rate = occupational accident index: provides information on how frequently accidents have occurred within the company relative to the total of all hours worked. The calculation formula used as the basis is the number of work-related accidents times one million hours, divided by actual hours worked.
[5] Accident severity: provides information on many lost days have occurred due to occupational accidents relative to the total of all hours worked. The calculation formula used as the basis is the number of lost working days due to occupational accidents times one million hours.

KEY GOVERNANCE FIGURES

Internal sustainability training of Procurement employees at Porsche AG[1]

	2022	2021	2020
Number of trained employees	560	439	174

[1] Digital training module on the sustainability rating (S-rating) in the process of awarding contracts.

Operations assessed for significant risks

	2022
Proportionate scope in subsidiaries (%)	93.2
Number of subsidiaries covered by the Code of Conduct	97
Number of centralized compliance monitoring operations conducted	7

Number of audits of new direct suppliers of Porsche AG based on sustainability criteria[1]

	2022	2021	2020
For production material	14	20	52
For non-production material	17	57	86

[1] Based on an estimated sustainability rating (S-rating).

Direct suppliers of Porsche AG audited on the basis of sustainability criteria

%	2022	2021	2020
For production material	100	100	100
For non-production material	35.5	31.7	23.3

Direct suppliers of Porsche AG where considerable actual and potential negative sustainability impacts were identified[1]

	2022	2021	2020
For production material	2	4	5
For non-production material	2	8	6

[1] Based on an estimated sustainability rating (S-rating).

Proportion of direct suppliers of Porsche AG where considerable actual and potential negative sustainability impacts were identified and improvements were agreed as a result of the assessment[1]

%	2022	2021	2020
For production material	100	100	100
For non-production material	100	100	100

[1] Based on an estimated sustainability rating (S-rating).

Direct suppliers of Porsche AG audited on the basis of sustainability criteria[1]

	2022	2021	2020
For production material	1,249	1,360	1,295
For non-production material	1,751	1,766	957

[1] Based on an estimated sustainability rating (S-rating).

Structure of direct suppliers of Porsche AG[1]

%	2022	2021	2020
Share of local direct suppliers from the EU in the total procurement volume[2]	96.0	97.0	97.4
Share of local direct suppliers of production material from the EU[3]	95.2	96.4	96.2
Share of local direct suppliers of non-production material from the EU[3]	99.0	99.2	99.2

[1] Based on creditor's billing address.
[2] Based on procurement volume.
[3] Based on the total number of suppliers.

EMISSION AND CONSUMPTION INFORMATION

All new vehicles offered by Porsche are type-approved according to WLTP, which is why the NEDC values stated were derived from the WLTP values until December 31, 2022. Official NEDC values derived from WLTP values are no longer available for new vehicles as of January 1, 2023 and can therefore not be provided.

Where values are indicated as ranges, they do not refer to a single, specific vehicle and are not part of the offered product range. They are only for the purposes of comparison between different vehicle types. Additional equipment and accessories (add-on parts, tire formats, etc.) can change relevant vehicle parameters such as weight, rolling resistance, and aerodynamics. These factors, in addition to weather, traffic conditions, and driving behavior, can influence the fuel/electricity consumption, CO_2 emissions, range, and performance values of a vehicle.

More information about the differences between WLTP and NEDC is available at ↗ **https://www.porsche.com/wltp**.

Internal combustion engine vehicles

Model	Power output [kW]	Power [PS]	WLTP Fuel consumption combined [l/100 km]	WLTP CO_2 emissions combined [g/km]
718 Boxster				
718 Boxster	220	300	9.7–8.9	220–201
718 Boxster Style Edition	220	300	9.7–9.0	220–203
718 Boxster T	220	300	9.7–8.9	219–202
718 Boxster S	257	350	10.4–9.6	235–218
718 Boxster GTS 4.0	294	400	10.9–10.1	247–230
718 Spyder	309	420	11.1–10.7	251–242

As of February 21, 2023. Current consumption figures can be found at ↗ **https://www.porsche.com/international/fuel-consumption**.

Internal combustion engine vehicles

Model	Power output [kW]	Power [PS]	WLTP Fuel consumption combined [l/100 km]	WLTP CO_2 emissions combined [g/km]
718 Cayman				
718 Cayman	220	300	9.7–8.9	220–201
718 Cayman Style Edition	220	300	9.7–8.9	219–202
718 Cayman T	220	300	9.6–8.9	218–202
718 Cayman S	257	350	10.3–9.6	235–217
718 Cayman GTS 4.0	294	400	10.9–10.1	247–230
718 Cayman GT4	309	420	11.1–10.7	251–242
718 Cayman GT4 RS	368	500	13.2	299
911				
911 Carrera	283	385	10.8–10.3	245–233
911 Carrera T	283	385	10.9–10.3	247–233
911 Carrera Cabriolet	283	385	10.8–10.4	245–236
911 Carrera S	331	450	11.1–10.1	251–229
911 Carrera S Cabriolet	331	450	11.0–10.3	250–233
911 Carrera 4	283	385	10.9–10.3	247–234
911 Carrera 4 Cabriolet	283	385	10.8–10.5	246–237
911 Carrera 4S	331	450	11.1–10.2	253–231
911 Carrera 4S Cabriolet	331	450	11.1–10.4	252–235
911 Targa 4	283	385	10.9–10.5	247–238
911 Targa 4S	331	450	11.1–10.4	252–236
911 Carrera GTS	353	480	11.4–10.4	258–236
911 Carrera GTS Cabriolet	353	480	11.3–10.5	256–239
911 Carrera 4 GTS	353	480	11.4–10.6	259–240
911 Carrera 4 GTS Cabriolet	353	480	11.3–10.8	256–244
911 Targa 4 GTS	353	480	11.3–10.8	257–245
911 Edition 50 Years Porsche Design	353	480	11.3–10.8	257–245
911 GT3	375	510	13.0–12.9	294–293
911 GT3 with Touring Package	375	510	12.9	293–292
911 GT3 RS	386	525	13.4	305
911 Turbo	427	580	12.3–12.0	279–271
911 Turbo Cabriolet	427	580	12.5–12.1	284–275
911 Turbo S	478	650	12.3–12.0	278–271
911 Turbo S Cabriolet	478	650	12.5–12.1	284–275
911 Sport Classic	405	550	12.6	285
911 Dakar	353	480	11.3	256

Internal combustion engine vehicles

Model	Power output [kW]	Power [PS]	WLTP Fuel consumption combined [l/100 km]	WLTP CO_2 emissions combined [g/km]
Panamera				
Panamera	243	330	11.4–10.2	258–232
Panamera 4	243	330	11.3–10.4	257–235
Panamera 4 Platinum Edition	243	330	11.3–10.7	257–243
Panamera 4 Executive	243	330	11.3–10.6	257–240
Panamera 4 Sport Turismo	243	330	11.5–10.6	260–241
Panamera 4 Sport Turismo Platinum Edition	243	330	11.5–10.9	260–247
Panamera 4S	324	440	11.3–10.3	256–234
Panamera 4S Executive	324	440	11.3–10.5	256–238
Panamera 4S Sport Turismo	324	440	11.5–10.7	260–242
Panamera GTS	353	480	13.1–12.1	296–275
Panamera GTS Sport Turismo	353	480	13.2–12.4	300–280
Panamera Turbo S	463	630	13.2–12.8	298–290
Panamera Turbo S Executive	463	630	13.2–12.9	299–293
Panamera Turbo S Sport Turismo	463	630	13.3–13.0	302–295
Macan				
Macan	195	265	10.7–10.1	243–228
Macan T	195	265	10.7–10.1	242–229
Macan S	280	380	11.7–11.1	265–251
Macan GTS	324	440	11.7–11.3	265–255
Cayenne				
Cayenne	250	340	12.5–11.5	283–259
Cayenne Platinum Edition	250	340	12.5–11.7	283–266
Cayenne Coupé	250	340	12.5–11.6	283–263
Cayenne Coupé Platinum Edition	250	340	12.5–11.8	283–266
Cayenne S	324	440	12.9–11.8	292–268
Cayenne S Platinum Edition	324	440	12.9–12.1	292–274
Cayenne S Coupé	324	440	12.9–12.0	292–271
Cayenne S Coupé Platinum Edition	324	440	12.9–12.1	292–274
Cayenne GTS	338	460	14.1–13.3	319–301
Cayenne GTS Coupé	338	460	14.0–13.3	318–302
Cayenne Turbo	404	550	14.1–13.5	319–305
Cayenne Turbo Coupé	404	550	14.1–13.5	319–307
Cayenne Turbo GT	471	640	14.1	319

As of February 21, 2023. Current consumption figures can be found at ↗ **https://www.porsche.com/international/fuel-consumption**.

Plug-in hybrids

Model	Power output [kW][1]	Power [PS][1]	WLTP Fuel consumption weighted combined [l/100 km]	WLTP Power consumption weighted combined [kWh/100 km]	WLTP CO_2 emissions weighted combined [g/km]	WLTP Electric range (EAER) [km]	WLTP Electric range urban (EAER city) [km]
Panamera							
Panamera 4 E-Hybrid	340	462	2.5–2.0	24.4–22.6	57–45	49–56	52–56
Panamera 4 E-Hybrid Platinum Edition	340	462	2.5–2.1	24.4–23.1	57–48	49–54	52–55
Panamera 4 E-Hybrid Executive	340	462	2.6–2.1	24.6–22.8	59–47	48–55	50–55
Panamera 4 E-Hybrid Sport Turismo	340	462	2.7–2.1	24.9–23.1	60–49	47–54	51–55
Panamera 4 E-Hybrid Sport Turismo Platinum Edition	340	462	2.7–2.3	24.9–23.5	60–51	47–53	51–55
Panamera 4S E-Hybrid	412	560	2.8–2.2	24.5–22.6	64–50	46–53	49–54
Panamera 4S E-Hybrid Executive	412	560	2.9–2.3	24.6–23.0	65–53	46–51	48–52
Panamera 4S E-Hybrid Sport Turismo	412	560	3.0–2.4	24.9–23.1	67–53	45–50	49–53
Panamera Turbo S E-Hybrid	515	700	2.9–2.7	24.6–24.0	66–62	48–50	49–50
Panamera Turbo S E-Hybrid Executive	515	700	2.9–2.8	24.7–24.2	67–64	47–48	49
Panamera Turbo S E-Hybrid Sport Turismo	515	700	3.0–2.9	24.9–24.4	69–65	46–47	49–50
Cayenne							
Cayenne E-Hybrid	340	462	3.7–3.1	26.5–25.1	83–71	41–44	44–48
Cayenne E-Hybrid Platinum Edition	340	462	3.7–3.3	26.5–25.6	83–75	41–43	44–46
Cayenne E-Hybrid Coupé	340	462	3.7–3.2	26.5–25.4	85–73	41–43	43–47
Cayenne E-Hybrid Coupé Platinum Edition	340	462	3.7–3.3	26.5–25.6	85–75	41–43	43–46
Cayenne Turbo S E-Hybrid	500	680	4.0–3.8	25.9–25.3	92–86	39–40	41–42
Cayenne Turbo S E-Hybrid Coupé	500	680	4.1–3.8	25.9–25.4	92–87	39–40	40–42

[1] Overall system performance

Model	Power output [kW]	Power [PS]	WLTP Power consumption combined [kWh/100 km]	CO_2 emissions combined [g/km]	Electric range combined [km]	Electric range urban [km]
Taycan						
Taycan	300	408	23.9–19.6	0	371–505	440–568
Taycan Sport Turismo	300	408	24.6–20.2	0	358–491	433–562
Taycan 4 Cross Turismo	350	476	24.8–21.4	0	416–490	518–600
Taycan 4S	390	530	24.1–19.8	0	370–512	454–611
Taycan 4S Sport Turismo	390	530	24.7–20.4	0	358–497	449–603
Taycan 4S Cross Turismo	420	571	24.8–21.3	0	415–490	517–600
Taycan GTS	440	598	23.3–20.3	0	439–504	539–624
Taycan GTS Sport Turismo	440	598	24.1–21.0	0	424–490	524–615
Taycan Turbo	500	680	23.6–20.2	0	435–507	537–630
Taycan Turbo Sport Turismo	500	680	24.2–20.9	0	424–491	531–619
Taycan Turbo Cross Turismo	500	680	24.2–21.2	0	423–485	533–616
Taycan Turbo S	560	761	23.4–21.9	0	440–468	524–573
Taycan Turbo S Sport Turismo	560	761	24.0–22.5	0	430–458	518–564
Taycan Turbo S Cross Turismo	560	761	24.0–22.4	0	428–459	519–564

As of February 21, 2023. Current consumption figures can be found at ↗ **https://www.porsche.com/international/fuel-consumption**.

GLOSSARY

A

Automotive BEV share
The BEV share is defined as the proportion of battery electric vehicles (BEVs) in relation to the total number of deliveries, that is, the total number of new vehicles delivered to end customers. The Automotive BEV share is driven by the sale of all-electric vehicles.

Automotive EBITDA margin
The Automotive EBITDA is defined as the operating profit of the Automotive segment (EBIT) plus depreciation and impairment losses/reversals of impairment losses on property, plant, and equipment, capitalized development costs, and other intangible assets in the Automotive segment. The definition of the EBITDA margin for the Automotive segment describes the ratio of the Automotive EBITDA to the sales revenue of the Automotive segment.

Automotive net cash flow margin
The definition of the Automotive net cash flow margin describes the ratio of the cash flows from operating activities in the Automotive segment, less the cash flows from investing activities attributable to operating activities in the Automotive segment, to the sales revenue of the Automotive segment. The investing activities attributable to operating activities do not contain changes in investments in securities, loans, and time deposits in the Automotive segment.

B

Basis of consolidation
The basis of consolidation denotes all the companies included in the consolidated financial statements.

BEV
Battery electric vehicles (BEVs)

C

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.

Carbon footprint
The carbon footprint describes the influence of people or organizations on global climate change on the basis of the CO_2 emissions caused by their activities directly or indirectly. The carbon footprint of a product, for example, relates to its entire life cycle, from manufacture to use to disposal.

CO_2 equivalent
Different greenhouse gases all have a different impact on the climate. To make it possible to compare these emissions, their climate impact (global warming potential or GWP) is converted into CO_2 equivalents (CO_2e). For example, methane is 28 times more harmful to the climate than CO_2, so it has a GWP of 28 CO_2e.

Code of Conduct
Behavioral rules that companies choose to adopt voluntarily. A Code of Conduct provides members of the company and business partners with guidance on how to conduct themselves. It aims to promote correct, responsible conduct and avoid unwanted behavior at all times. It is meant to align the company's business activities with the rules and regulations.

D

Decarbonization Index (DCI)
As a key strategic indicator, the DCI helps selected companies of the Volkswagen Group reduce their carbon footprint by providing a transparent calculation. The DCI aims to map the average emissions per vehicle all along the value chain (manufacture, use, and recycling) in CO_2 equivalents as comprehensively as possible — from the raw material mine to recycling, for instance. Among other things, it is based on standardized life cycle analyses performed by Porsche AG in accordance with ISO 14040/44.

Deliveries to customers
"Deliveries to customers" is a metric that reflects the delivery of new vehicles to end customers. These deliveries can be by Group companies or free importers and dealers. This metric differs from sales within the Porsche AG Group, which are a relevant driver of sales revenue. Sales of new and Group-used Porsche-brand vehicles that have left the Automotive segment for the first time are designated as sales, unless a company in the Automotive segment is under a legal obligation to take them back.

E

EBITDA
Automotive operating profit plus depreciation and changes in the carrying amounts of property, plant, and equipment, capitalized development costs, and other intangible assets in the Automotive segment

Eco Management and Audit Scheme (EMAS)
EMAS is a voluntary European initiative and a seal of quality in terms of environmental management. It supports companies and organizations that want to systematically improve their environmental performance beyond the minimum legal requirements and reduce their resource consumption. Participating organizations are required to publish an EMAS environmental statement that is certified by an independent, government-monitored auditor.

G

Gender pay gap
The gender pay gap is the difference in the average remuneration paid to women and men. It can be due to several factors, such as an unequal distribution of managerial positions, traditional gender roles, discrimination, scope of employment, a lack of flexible working models for mothers, or a gender-specific career choice with lower earning opportunities.

German Corporate Governance Code
The German Corporate Governance Code presents essential statutory regulations for the management and supervision of German listed companies and contains, in the form of recommendations and suggestions, and internationally and nationally acknowledged standards for good and responsible corporate governance.

Greenhouse Gas (GHG) Protocol
The GHG Protocol is a series of globally standardized instruments for systematically calculating, reporting, and reducing the greenhouse gas emissions of companies or value chains, for example. The calculation factors in emissions throughout the life cycle of the product or in the entire field of activity. The GHG Protocol sorts emissions into three categories: Scope 1 contains direct emissions, Scope 2 contains indirect emissions from purchased electricity, steam, heat, and cooling, and Scope 3 contains the emissions caused by the company's upstream and downstream activities. The development of the GHG Protocol is coordinated by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

Gross liquidity
The total cash and cash equivalents, securities, loans, and time deposits.

I

Investments in equipment
Additions to intangible assets (with no capitalized development costs) and property, plant, and equipment (with no rights of use) in the Automotive segment.

IPO
Describes the flotation, that is, an initial public offering made by a previously unlisted company (with an AG or SE structure) to sell shares in the issuing company.

L

Leadership in Energy and Environmental Design (LEED)
LEED is a global classification system for environmentally friendly construction, and is based on US standards. It defines a series of standards for environmentally friendly, efficient, and sustainable construction. Independent third parties certify that a building has been designed and built in an environmentally friendly manner.

M

Mica
Derived from the Latin word for glitter, mica denotes a group of glittering materials that occur in granite, sandstone, and marble. In addition to its visual qualities, it is an electrical and heat insulator and strengthens materials. Mica is mined in around 35 countries, including by unofficial small-scale prospecting operations. Madagascar and India are the largest exporters of mica, followed by China and Brazil. Among other initiatives, Porsche AG was actively involved with the Board of Directors of the Responsible Mica Initiative in the reporting year, working to ensure occupational safety as well as fair working conditions and wages.

N

Net liquidity
The total cash and cash equivalents, securities, loans, and time deposits, less financial liabilities to third parties in the Automotive segment.

P

Penetration rate
The percentage of leased or financed new vehicles in the deliveries to customers in markets in the Financial Services segment.

Porsche AG
Dr. h.c. F. Porsche Aktiengesellschaft

Porsche AG Group
Dr. Ing. h.c. F. Porsche Aktiengesellschaft and its fully consolidated subsidiaries. Porsche AG is the parent company of the Porsche AG Group.

Porsche Code
The Porsche Code denotes Porsche's management mission statement and offers long-term guidance as well as a target vision for the employees and managers. It consists of eight dimensions that set out guidelines on how everyone is expected to interact with one another on a daily basis.

Porsche whistleblower system
The Porsche whistleblower system is a mechanism for reporting possible breaches of the rules via internal and external channels. Reports can be submitted via a 24-hour hotline, an online reporting channel, ombudsmen, by email, by post, or in person, and are processed impartially and confidentially.

Premium Platform Electric (PPE)
Premium Platform Electric (PPE) is a modular platform for electric cars that was developed jointly by Porsche AG and AUDI AG. PPE allows for a wide range of rear and all-wheel-drive models in a variety of different versions. The all-electric Macan is set to be the first Porsche based on this.

R

Recyclates
Materials that are obtained either by recycling a product used by an end customer (postconsumer recycling) or by recycling production waste (preconsumer recycling). For example, recycled metal includes aluminum shavings that are collected, melted down, and turned into a new raw material. See also secondary raw materials.

Representative Concentration Pathway (RCP 8.5 scenario)
Representative concentration pathways are representative scenarios that describe the trajectory (that is, pathway) of greenhouse gas concentrations in the atmosphere, land use, and land cover up to the year 2100. These scenarios outline a range of possibilities that are meant to help companies make decisions. RCP 8.5 is a worst-case scenario with high greenhouse gas emissions and limited attempts to reduce them. This scenario is an important way of determining what production sites have to be adapted to physical climate risks. The scenarios were developed by the Intergovernmental Panel on Climate Change (IPCC).

Return on equity
The ratio of profit before tax to the average tied-up equity.

Return on investment
The return on investment represents the return on average invested capital for a particular period on the basis of the operating profit after tax. Invested capital is calculated as the operating assets reported in the balance sheet (property, plant, and equipment, intangible assets, inventories, and receivables) less non-interest-bearing liabilities (trade payables and payments on account received). The average invested capital is derived from the balance at the beginning and the end of the reporting period.

Return on sales
The return on sales of the Porsche AG Group is defined as the ratio of operating profit (before the financial result and taxes; EBIT) to sales revenue. The Executive Board of Porsche AG uses the return on sales to assess the operating profitability of the Porsche AG Group.

S

Scalable Systems Platform (SSP)
The Scalable Systems Platform (SSP) is a cutting-edge mechatronics platform for all-electric vehicles. It is being developed by the Porsche, Audi, and Volkswagen brands, as well as CARIAD for the software architecture. The high-performance version (SSP Sport) in particular is expected to support Porsche BEVs in the longer term.

Secondary raw materials
Materials that are obtained from a recycling process. See recyclates.

T

Task Force on Climate-Related Financial Disclosures (TCFD)
The Task Force on Climate-Related Financial Disclosures (TCFD) is an industry-led working group established by the Financial Stability Board (FSB). The task force helps companies understand and communicate the impacts of climate risks and opportunities on their finances. The TCFD Recommendations Report provides companies with clear recommendations on voluntary, consistent reporting of climate-related financial disclosures. The purpose of this information is to enable creditors and insurers to assess and evaluate climate-related risks and opportunities appropriately.

Tax rate
Ratio of income tax to profit before tax.

U

UN Global Compact
The UN Global Compact is a global United Nations initiative that aims to build a sustainable, more inclusive economy for all. It wants to initiate change processes within companies and has a code of conduct for companies with 10 universal sustainability principles, especially relating to human rights, labor standards, environmental protection, and corruption prevention. Companies that take part in the UN Global Compact undertake to strategically align their business with these 10 principles and report on their progress at regular intervals.

V

Value Balancing Alliance
The Value Balancing Alliance is an alliance of multinational companies that aims to change the way in which companies measure their contributions. The Value Balancing Alliance wants to create a global standard for monetizing and disclosing the positive and negative impacts of corporate activity. It also wants to help organizations integrate these impacts into business steering. Porsche AG was a founding member in 2019.

Z

Zero-Impact Factory
The Porsche AG Group's vision of a factory that has the smallest negative impact on the environment possible. The environmental impact is to be reduced by means of selected KPIs and additional qualitative criteria that are implemented in eleven fields of action. This way, the environmental impacts by Porsche's own production activities are to be reduced by 95% by 2030 compared to the 2018 baseline (or by 2040 for the development site in Weissach).

FINANCIAL CALENDAR 2023

March 13, 2023	Annual Media Conference and Analyst and Investor Conference 2023
May 3, 2023	Quarterly information January–March 2023
June 28, 2023	Annual General Meeting 2023[1]
July 26, 2023	Half-Yearly Financial Report 2023
October 25, 2023	Quarterly information January–September 2023

[1] The Annual General Meeting 2023 of Porsche AG is currently still in the planning stage. The format and venue of the Annual General Meeting will be announced ahead of the event on the Investor Relations website of Porsche AG.




SUCCESS DEPENDS ON
THE TEAM.
DISCUSSING ISSUES,
SETTING GOALS,
AND FIGHTING
FOR THEM.
THAT'S PORSCHE.

The Executive Board

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