



Additional Information

460	Five-Year Review
461	Financial Key Performance Indicators
462	Glossary
465	Scheduled Dates

Five-Year Review

	2023	2022 ¹	2021	2020	2019
Volume Data (thousands)					
Vehicle sales (units)	9,362	8,481	8,576	9,157	10,956
Germany	1,178	1,005	973	1,108	1,347
Abroad	8,184	7,476	7,603	8,049	9,609
Production (units)	9,309	8,717	8,283	8,900	10,823
Germany	1,914	1,648	1,483	1,633	2,112
Abroad	7,395	7,069	6,800	7,267	8,712
Employees (yearly average)	676	669	668	668	668
Germany	293	289	294	294	295
Abroad	383	380	373	373	373
Financial Data (in € million)					
Income Statement					
Sales revenue	322,284	279,050	250,200	222,884	252,632
Cost of sales	-261,262	-226,866	-202,959	-183,937	-203,490
Gross profit	61,022	52,184	47,241	38,947	49,142
Distribution expenses	-21,340	-19,840	-19,228	-18,407	-20,978
Administrative expenses	-12,724	-11,655	-10,420	-9,399	-9,767
Net other operating result	-4,382	1,421	1,682	-1,466	-1,437
Operating result	22,576	22,109	19,275	9,675	16,960
Financial result	618	-40	851	1,991	1,396
Earnings before tax	23,194	22,070	20,126	11,667	18,356
Income tax expense	-5,266	-6,217	-4,698	-2,843	-4,326
Earnings after tax	17,928	15,852	15,428	8,824	14,029
Personnel expenses	49,755	47,002	43,677	40,516	42,913
Balance Sheet (at December 31)					
Noncurrent assets	360,694	339,853	328,261	302,170	300,608
Current assets	239,644	224,159	200,347	194,944	187,463
Total assets	600,338	564,013	528,609	497,114	488,071
Equity	189,912	178,328	146,154	128,783	123,651
of which: noncontrolling interests	14,218	12,952	1,705	1,734	1,870
Noncurrent liabilities	204,552	202,961	218,062	202,921	196,497
Current liabilities	205,874	182,723	164,393	165,410	167,924
Total equity and liabilities	600,338	564,013	528,609	497,114	488,071
Cash flows from operating activities	19,356	28,496	38,633	24,901	17,983
Cash flows from investing activities attributable to operating activities	28,031	25,454	24,181	18,372	20,076
Cash flows from financing activities	16,008	4,225	-7,754	7,637	-865

1 The year 2022 was adjusted due to the new version of IFRS 17.

Financial Key Performance Indicators

%	2023	2022 ¹	2021	2020	2019
Volkswagen Group					
Gross margin	18.9	18.7	18.9	17.5	19.5
Personnel expense ratio	15.4	16.8	17.5	18.2	17.0
Operating return on sales	7.0	7.9	7.7	4.3	6.7
Return on sales before tax	7.2	7.9	8.0	5.2	7.3
Return on sales after tax	5.6	5.7	6.2	4.0	5.6
Equity ratio	31.6	31.6	27.6	25.9	25.3
Automotive Division²					
Change in unit sales year-on-year ³	+10.4	-1.1	-6.3	-16.4	+0.5
Change in sales revenue year-on-year	+15.4	+12.7	+13.3	-14.3	+5.7
Operating return on sales	7.0	7.1	6.4	3.7	6.5
EBITDA (in € million) ⁴	36,513	37,325	31,609	24,462	29,706
Return on investment (ROI) ⁵	12.3	12.0	10.4	6.5	11.2
Cash flows from operating activities as a percentage of sales revenue	14.1	12.9	15.7	13.6	14.5
Cash flows from investing activities attributable to operating activities as a percentage of sales revenue	10.1	10.8	11.5	10.1	9.4
Net liquidity as a percentage of sales revenue	12.5	15.4	10.7	12.0	8.4
Ratio of capex to sales revenue in %	5.4	5.5	5.1	6.1	6.6
Research and development costs as a percentage of sales revenue	8.1	8.1	7.6	7.6	6.7
Investitionsquote im Konzernbereich Automobile	13.5	13.6	12.6	13.7	13.3
Cash Conversion Rate	57.0	29.2	65.1	95.4	78.8
Equity ratio	47.8	45.1	40.1	38.1	37.6
Financial Services Division					
Increase in total assets	12.0	2.6	5.6	0.7	7.9
Return on equity before tax ⁶	8.8	14.1	17.3	8.8	10.8
Equity ratio	14.8	16.1	14.5	13.2	12.8

1 The year 2022 was adjusted due to the new version of IFRS 17.

2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

3 Including the Chinese joint ventures.

4 Operating result plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs, lease assets, goodwill and financial assets as reported in the cash flow statement.

5 For details, see the section entitled "Return on investment (ROI) and value contribution in the reporting period" in the chapter entitled "Results of Operations, Financial Position and Net Assets".

6 Earnings before tax as a percentage of average equity.

Glossary

Selected terms at a glance

Big Data

Big data is a term used to describe new ways of analyzing and evaluating data volumes that are too vast and too complex to be processed using manual or conventional methods.

End-to-end electronics architecture

A scalable platform developed by CARIAD for secure and rapid processing of data in the digitally connected vehicle. This platform improves communication between the vehicle and the cloud, thereby enhancing vehicle performance.

Hybrid drive

Drive combining two different types of engine and energy storage systems (usually an internal combustion engine and an electric motor).

Hybrid notes

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

Industry 4.0

Describes the fourth industrial revolution and the systematic development of real-time and intelligent networks between people, objects and systems, exploiting all of the opportunities of information technology along the entire value chain. Intelligent machines, inventory systems and operating equipment that independently exchange information, trigger actions and control each other will be integrated into production and logistics at a technical level. This offers tremendous versatility, efficient resource utilization, ergonomics and the integration of customers and business partners in operational processes throughout the entire value chain.

Liquefied Natural Gas (LNG)

LNG is needed so that natural gas engines can be used in long-distance trucks and buses, since this is the only way of achieving the required energy density.

Modular Electric Drive Toolkit (MEB)

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

Modular Transverse Toolkit (MQB)

As an extension of the modular strategy, this platform can be deployed in vehicles whose architecture permits a transverse arrangement of the engine components. The modular perspective enables high synergies to be achieved between the vehicles in the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, SEAT and Škoda brands.

Net carbon neutrality

Net carbon neutrality will be achieved if anthropogenic CO₂ (carbon dioxide) emissions are offset globally through avoidance, reduction and compensation over a specified period of time. This encompasses all other relevant greenhouse gases as well. Avoidance and reduction of such gases is a priority for the Volkswagen Group.

Plug-in hybrid

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

Premium Platform Electric (PPE)

A new vehicle platform for all-electric premium, sport and luxury class vehicles. The components and functions of this platform are especially tailored to meet the high demands of this segment. This platform enables high synergies to be achieved particularly between the Audi, Porsche and Bentley brands.

Rating

Systematic assessment of companies in terms of their credit quality. Ratings are expressed by means of rating classes, which are defined differently by the individual rating agencies.

Scalable Systems Platform (SSP)

The Scalable Systems Platform (SSP) is a future-oriented and industry-leading mechatronics platform for all-electric and fully digitalized vehicles based on a standardized software architecture. Innovative technologies and scalability enable high synergies from the smallest vehicles all the way up to the premium segment with the necessary differentiation between the brand groups Volume, Premium and Sport & Luxury, while at the same time enabling low investment requirements.

Software Defined Vehicles (SDV)

Vehicles designed and developed with a focus on software. Highly digitalized with high-performance computers and modern, embedded computer systems. Their functions can be centrally controlled and updated and extended over the vehicle's life. Their software docks flexibly with all kinds of hardware – from control units to sensors such as cameras and lidar. SDVs are considered the basis for safe, intelligently communicating vehicle fleets, a new customer experience in infotainment and highly automated driving functions.

Test procedure

Levels of fuel consumption and exhaust gas emissions for vehicles registered in Europe were previously measured on a chassis dynamometer with the help of the "New European Driving Cycle (NEDC)". Since fall 2017, the existing test procedure for emissions and fuel consumption used in the EU is being gradually replaced by the Worldwide Harmonized Light Vehicles Test Procedure (WLTP). This has been in place for new vehicle types since fall 2017 and for all new vehicles since fall 2018. The aim of this new test cycle is to state CO₂ emissions and fuel consumption in a more practice-oriented manner. A further important European regulation is the Real Driving Emissions (RDE) for passenger cars and light commercial vehicles, which also monitors emissions using portable emission measuring technology in real road traffic.

Turntable concept

Concept of flexible manufacturing enabling the production of different models in variable daily volumes within a single plant, as well as offering the facility to vary daily production volumes of one model between two or more plants.

Vehicle-Lifetime-Value

The value a vehicle generates for the Volkswagen Group including the dealer organization over its entire life cycle, starting with income from the sale, through income during the operational life, up to the recycling at the end of the vehicle life cycle.

Vocational groups

For example, electronics, logistics, marketing, or finance. A new teaching and learning culture is gradually being established by promoting training in the vocational groups. The specialists are actively involved in the teaching process by passing on their skills and knowledge to their colleagues.

Zero-Emissions Vehicle (ZEV)

Vehicles that operate without exhibiting any harmful emissions from combustion gases. Examples of zero-emissions vehicles include purely battery-powered electric vehicles (BEV) or fuel cell vehicles.

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.

Cash Conversion Rate

The cash conversion rate is the ratio of net cash flow to the operating result in the Automotive Division. It shows the relationship between excess funds and operating profit.

Distribution ratio

The distribution ratio is the ratio of total dividends attributable to ordinary and preferred shares to earnings after tax attributable to the shareholders of Volkswagen AG. The distribution ratio provides information on how earnings are distributed.

Dividend yield

The dividend yield is the ratio of the dividend for the reporting year to the closing price per share class on the last trading day of the reporting year; it represents the interest rate earned per share. The dividend yield is used in particular for measuring and comparing shares.

Equity ratio

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

Gross margin

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

Price-earnings ratio

The price-earnings ratio is calculated by dividing the share price per share class at the end of the year by the earnings per share. It reflects a company's profitability per share; a comparison over several years shows how its performance has developed over time.

Return on equity before tax

The return on equity shows the ratio of profit before tax to average shareholders' equity of a period, expressed as a percentage. It reflects the company's profitability per share and indicates the interest rate earned on equity.

Return on sales before tax

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

Tax rate

The tax rate is the ratio of income tax expense to profit before tax, expressed in percent. It shows what percentage of the profit generated has to be paid over as tax.

Scheduled Dates 2024

→ **March 13**

Volkswagen AG Annual Media
Conference and Investor Conference

→ **April 30**

Interim Report January – March 2024

→ **May 29**

Volkswagen AG Annual
General Meeting

→ **August 1**

Half-Yearly Financial Report 2024

→ **October 30**

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