MILESTONES

2023

Annual and Sustainability Report
Porsche AG

WE ALWAYS LOOK TO THE FUTURE BOLDLY, BUT NEVER FORGET WHO WE ARE AND WHERE WE COME FROM.

Oliver Blume, Chairman of the Executive Board

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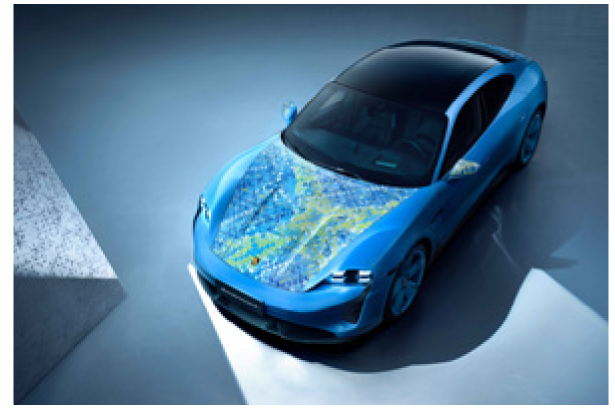
MAGAZINE



For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 464 – 468.

Fully Charged

Porsche has long been charting a successful course. In this interview, Chairman of the Executive Board, Oliver Blume, examines both the past and the future of the sports car manufacturer. A conversation about strong teamwork, consistent strategy, effective planning, and sustainable operations.

Mr. Blume, Porsche has again achieved some record figures in your eighth year as Chairman of the Executive Board, and the results are tangible. How does this multi-year success story make you feel?

Success is always the result of teamwork. And we're a strong team. We've managed to continue developing Porsche over the years and find new motivation time and again after all these years of success. At the center of it all are our products, which combine our Porsche values with state-of-the-art technology. For us, it's all about thrilling our customers and fulfilling their dreams with each and every car. Financial successes are the result of a successful strategy. We've managed to more than double our sales revenue and operating profit in recent years. But there are no coincidences in the automotive industry. Success takes planning. We have a consistent strategy with a concrete concept for implementation. For me, it's important that we don't rest on our laurels. As in motorsport, every race begins at the starting line. If I don't refocus my efforts every time and have the drive to win, I won't be the first to cross the finish line.

You say that success takes planning. Is there a secret formula for this?

I don't have a secret formula, but I do have a philosophy and method for managing the company. My aim is to apply these specifically to the conditions at hand and any questions that arise. It's just like in sports. Experience can be helpful—and so can strategic preparation and structured implementation. Basically, my formula is this: first, analyze the situation with precision; second, prioritize topics and responsibilities; and third, make decisions strategically and with foresight—and implement these with a high degree of determination. I provide our teams with guardrails that offer guidance, but also the leeway they need to flourish, develop ideas, and operate in an entrepreneurial way. The key to success is everyone working for the benefit of the team, the company, and our customers. For me, it's all about the right mindset and team spirit.

So it's about pragmatic guidelines rather than visionary ones?

It ultimately comes down to pragmatism, especially in eventful times like these. Targets set the benchmark. It's essential to make them ambitious, but also achievable. I'm a pragmatic manager. When it comes to setting goals, I think in terms of the big picture, but also in stages. It's like preparing for a hike. It all comes down to which peak we plan to climb and which route we're going to take. For example, why the northern route is better than the southern route. We organize our gear and pack our backpacks carefully. And then we get on our way. We don't need to know exactly what the final leg of the trail will look like when we set off. It's important to get started and then make decisions based on the situation, never losing sight of what we plan to achieve over the long term. Our strategy shows us the way, and our annual priorities shape the stages. The summit is our goal, and we approach it one step at a time.

Does that make transformation a competition in stages?

Transformation in the automotive sector, with the key issues being around digitalization, sustainability, and electric mobility, is the biggest upheaval we have seen in the history of our industry. It's so much more than just changing technology, too: new organization and processes also play a key role. We're talking about a period of more than 15 years, and we have about a third of that already behind us. There are some important things that still need to be done, such as increasing the efficiency of electric mobility, expanding renewable energies, establishing a comprehensive charging infrastructure, and decarbonizing the company. Different regions of the world will transform at different speeds, which our product strategy takes into account. We're positioned to be flexible. Electric sports cars are a clear priority, but we'll continue to offer combustion engine cars and hybrid drives throughout the period of transformation.

And won't it take a lot of courage, too?

Without a doubt. At Porsche, we entered the field of electric mobility at the end of 2015, which was very early. At that time, the decision to develop the Taycan required a lot of courage. I remember my first Supervisory Board meeting as Porsche CEO as if it were yesterday. We were talking about billions in investment,

The new Taycan charges from 10 to 80 percent in 18 minutes

10 %
0 min

Porsche is the perfect combination of iconic legacy and sporty, state-of-the-art luxury.

Oliver Blume,
Chairman of the Executive Board

49 %
8 min

Success is always the result of teamwork. And we're a strong team.

which represented a new path for us. And more than just a few were skeptical whether it was the right path for Porsche. But when the factory opened its doors in fall 2019 and the global premiere was a huge hit, everyone realized that the Taycan would be a success. We had produced the 100,000th Taycan by the end of 2022, which was followed by more than 40,000 cars in 2023 alone—and that was the last cycle year of the first generation. And now the new Taycan is coming—and setting new technological benchmarks.

Were those notable stage wins?

Yes, because they provide us with a sense of optimism and self-confidence and are a validation of the path we have chosen. Now we're approaching the next major leap in development. Our all-electric vehicles will be even more powerful and efficient—and therefore even more attractive. In addition to the second generation of the Taycan, we're also launching the all-electric Macan in 2024. Both vehicles define the sports car in their segment. Porsche and electric powertrains go hand in hand. Our electrification ambition is to deliver more than 80 percent of our new cars fully electrified in 2030—depending on the demand of our customers and the development of electromobility in the respective regions of the world. We are also working towards a net carbon-neutral value chain of our newly produced cars in 2030.

The new Macan and the next generation of the Taycan are the benchmark.

The new Taycan and the all-electric Macan will demonstrate our extraordinary performance and quality standards in the years to come. Thanks to 800-volt technology, it only takes 18 minutes to charge the Taycan from 10 to 80 percent. When it comes to driving characteristics, the new Macan is the benchmark of its class, thanks to state-of-the-art rear-axle steering and precise all-wheel control. We're also taking a giant step forward in terms of software, with response times comparable to those of a tablet. The system responds in a matter of seconds. When you enter your navigation destination with voice command, even a much longer route will appear immediately. Charge planning is calculated just as fast and with the same level of precision.

You've positioned Porsche as a luxury brand. What exactly makes it so?

It's important to think about how Porsche defines luxury in general. We know that our customers fulfill their dreams with a Porsche. They benefit from the perfect combination of iconic legacy and sporty, state-of-the-art luxury. Our sports cars not only boast extraordinary design, quality, and technology, but also offer irresistible exclusivity and performance. In addition, we combine an outstanding product with a very personal experience and a brand that assumes responsibility in society. As far as I know, that's unique throughout the luxury car segment.

At the very core, it's all about sports cars. Your products are extremely appealing.

Sports cars form the core of our brand. It's always about the right technical concept, product substance, performance, design, and quality. Customers choose a brand they identify with. Customers buy brands—and icons shape them. Iconic products like the 911. You can go on and on describing your new Porsche 911 to friends—full of emotion and enthusiasm. But you can also just look at it. For yourself. It's at this moment that luxury becomes tangible. At Porsche, we stand behind our values, our identity. Porsche has always remained true to its roots. I can always see that a 911 is a 911, and compare it with the first one from 60 years ago. A Porsche is iconic and timeless. It's so very recognizable.

And so this brand recognition becomes a part of my world?

Yes. The car I drive is part of my personality. In a broader sense, that also applies to values and products in other segments. Fashion is a prime example. People buy certain clothes and even furniture because they identify with them. Take me, for example. I drive a 911 and a Taycan, prefer Apple devices, and have a Barcelona chair by Mies van der Rohe. Many of our customers are open-minded and design-oriented and value modern technology. Everyone has aspirations and dreams—and we want to fulfill these with our sports cars.

So a life with Porsche and other quality brands I identify with allows me to be part of a community with shared values?

I can confirm that for Porsche. It's not about mass consumption. Porsche is special—innovative and yet highly durable. Unflappable, with great attention to detail. A Porsche always cuts a fine figure, whether it's on the racetrack, at one of our Experience Centers, parked in front of the opera house, or cruising along the great boulevards. It's also important to us to consistently pursue our ambitious sustainability targets and the social responsibilities of Porsche. We're strategists and doers here, too. It's important to the large community of Porsche customers and fans that we as a company assume responsibility. That, too, is part of our identity.

You emphasize just how innovative and detailed Porsche has been over the decades. The iconic 911 has been proof of that for 60 years.

Pioneering spirit is a common thread throughout the model's entire history. Groundbreaking innovations have found their way from the racetrack to the 911 road car. One such example is the turbocharger, which was developed in the 1970s—first in the legendary Le Mans race car and then in the 911 Turbo production cars. The technology has continued to improve over time. Take for instance the variable turbine geometry, which ensures optimal flow for all operating modes and was integrated into the 911 in 2006. Another example is the Porsche dual clutch transmission (PDK), which proved its worth in racing and was then incorporated into the 911 model line in 2008. It's just about impossible to imagine the 911 without it today. Or the sporty all-wheel drive, which helped the 959 win the Paris–Dakar Rally in 1986 and made its debut a short time later in the 911 Carrera.

Sustainable mobility will be even more of a concern for all future Porsche projects.

Like technology, performance and timeless design, sustainability needs to play a larger role in our sports cars. A current example is high-performance battery cells. We're working with our subsidiary, the Cellforce Group, to develop a cell with a much higher percentage of silicon in the anode and therefore much higher energy and power density. The Cellforce cells are the ideal form of energy storage for high-performance all-electric sports cars.

You're also going your own way with your commitment to eFuels.

We think about climate protection as a whole, which is why we've opted for a double "E" solution: electromobility and complementary eFuels. Renewable, synthetic fuels allow combustion engines to operate potentially nearly carbon-neutral. We're thinking in terms of solutions for existing cars. There are currently 1.3 billion cars with combustion engine on the road today, many of which are quite old. As an admixture in fuel, eFuels can reduce CO_2 emissions. Aviation and shipping also requires synthetic fuels. Our eFuels pilot facility in southern Chile has been producing synthetic fuel since the end of 2022. The system is designed for a maximum production capacity of 130,000 liters, with the fuel initially used for the Porsche Mobil 1 Supercup and other lighthouse projects.

And now you're going one step further and optimizing the facility. Is this another groundbreaking achievement?

Absolutely. It's based on the direct air capture (DAC) process, which we view as highly relevant future technology on the verge of series development. By extracting larger amounts of carbon dioxide from the atmosphere, this technology can potentially help achieve global climate targets. We're working with partners to integrate this DAC technology into our eFuels pilot facility.

And the final question: You often talk about sustainability. Is it a matter that's close to your heart?

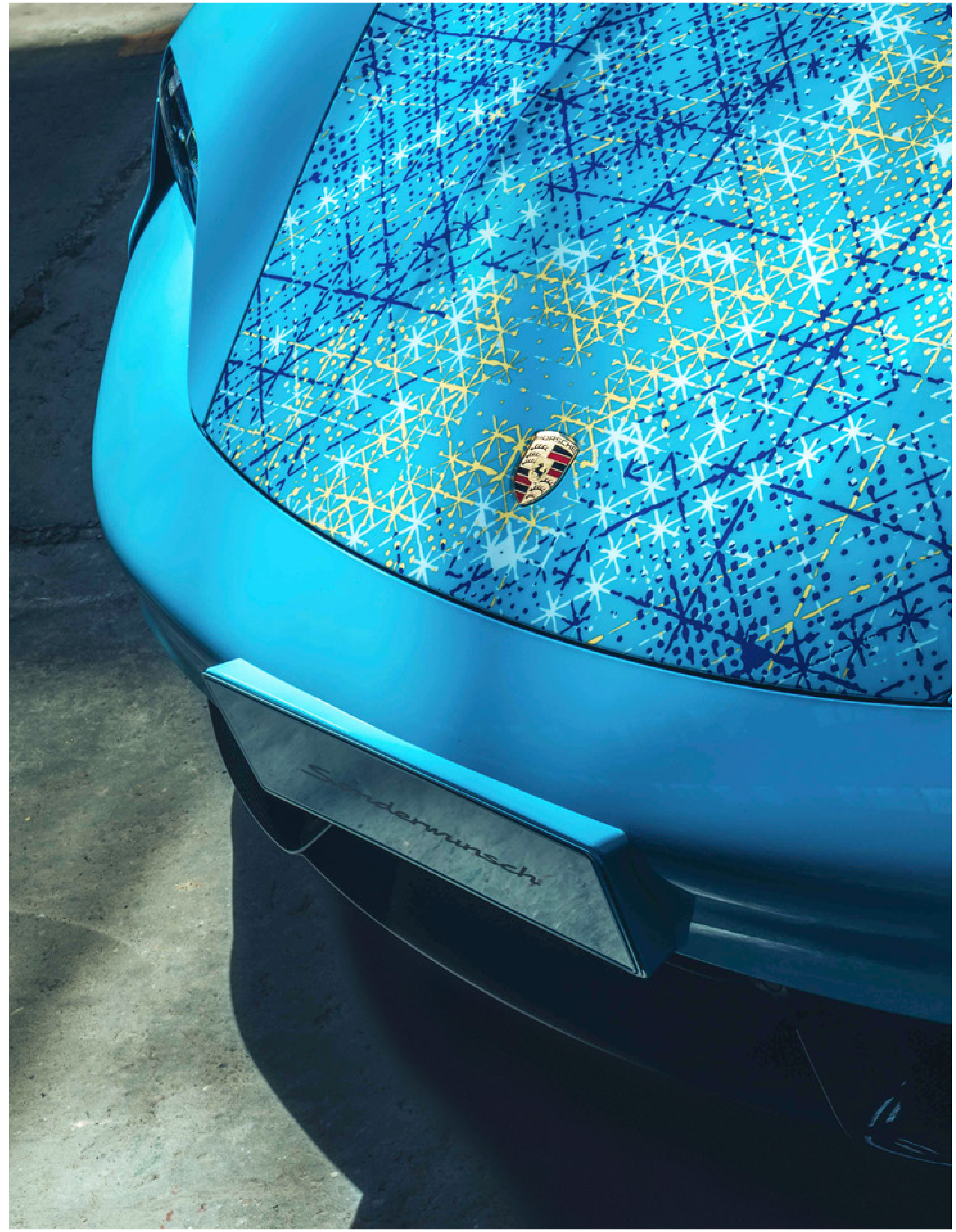
Without a doubt. Sustainability is one of the most important responsibilities of our time. It's everyone's job to protect the world for future generations. We at Porsche aim to assume responsibility for sustainable operations—for the environment and for society. That's very important to me personally.

80 %
18 min

The design of the new Taycan has been fine-tuned with the greatest care

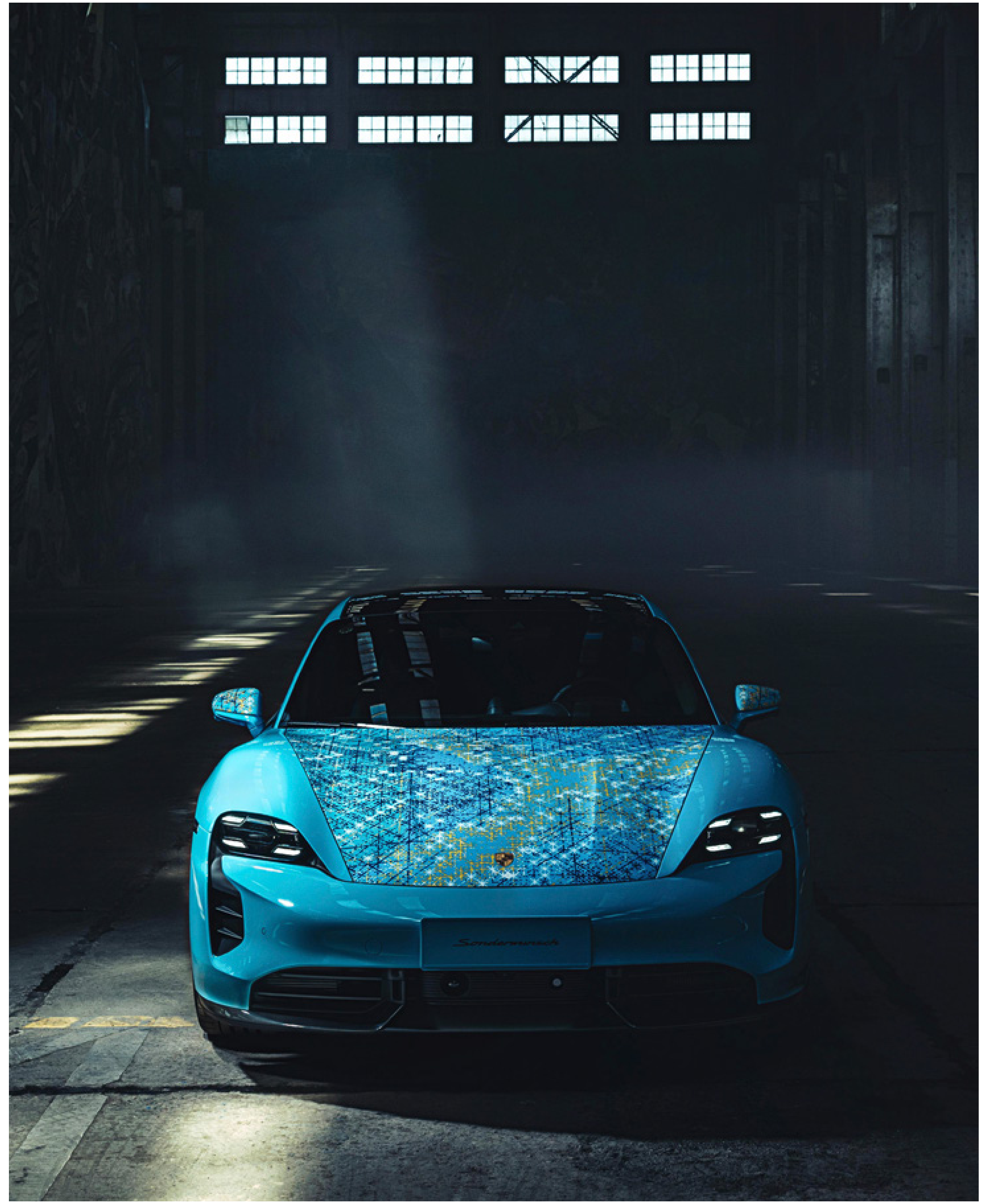
Crafts-
manship

Porsche has always fulfilled dreams in series-production cars and custom designs. The company's history is chock-full of coveted special editions, works of art on wheels, and exclusive, one-of-a-kind cars. Just about anything's possible. It takes dedication to recognize dreams—and extraordinary craftsmanship to make them come true.



When Ding Yi engraves woodcut elements for an image, that is a form of acceleration. The sharp blade of the knife boosts the tempo of the multilayered play of color, says the Chinese artist, who has spent more than three decades developing his "Appearance of Crosses" series. The recurring motif in the form of + and x symbols adorns large canvases on display in well-known museums. In 2022, the year he turned 60, Ding Yi formulated a dream: to apply his work to a Porsche Taycan. And that's exactly what happened with one of the most complex paint jobs in company history. Each color was added individually using special masking films and incorporating different consistencies to create varying surface materials on the outside and in the interior. The perfect reproduction of color wouldn't have been possible without a sophisticated screen printing process. A multilayered clear coat protects the symbiosis of art and resistance to wind and weather, as even a one-of-a-kind custom car like this has to fulfill all of the Porsche standards for everyday use, including suitable repair processes should something ever go wrong on the streets of Shanghai. As one of the project managers, the artist played an active role in fulfilling his dream at Porsche Exclusive Manufaktur. For visionaries like Ding Yi, personal involvement and experience are part and parcel of the special request program.

"Dreams can be powerful. They encourage us to never give up," says Detlev von Platen, Member of the Executive Board responsible for Sales and Marketing, quoting Ferry Porsche, who decided to build the car of his dreams when it was nowhere to be found. "That's where you'll find our roots and the origin of our brand purpose, 'Driven by Dreams'. Creativity, personal design freedom, and an exclusive experience—that's what modern luxury means to us." Making dreams a reality is the responsibility of the Production and Logistics department. "We make dreams come true. That's what drives us," explains Albrecht Reimold, who oversees the department. "We bring the best of two worlds together: industrial production excellence for extraordinary quality and manufacturing expertise in car customization."



LEFT **Ding Yi's iconic motifs were applied with the greatest care**
RIGHT **The Porsche Taycan—a work of art on wheels**

ABOVE, LEFT **A 1987 Porsche 959 as a treasure worthy of an Arabian Prince**
LEFT **The custom interior expertly reflects the color of the exterior**

Detlev von Platen fulfills exclusive customer dreams

Realizing customers' dreams enriches the company's history with fascinating custom cars, some of which would qualify as eccentric or could be displayed at a museum. Customization is a growing market. These days, more than 90 percent of all 911 customers choose at least one option from the Porsche Exclusive Manufaktur portfolio. And limited-run, meticulously designed special editions often sell out shortly after their unveiling.

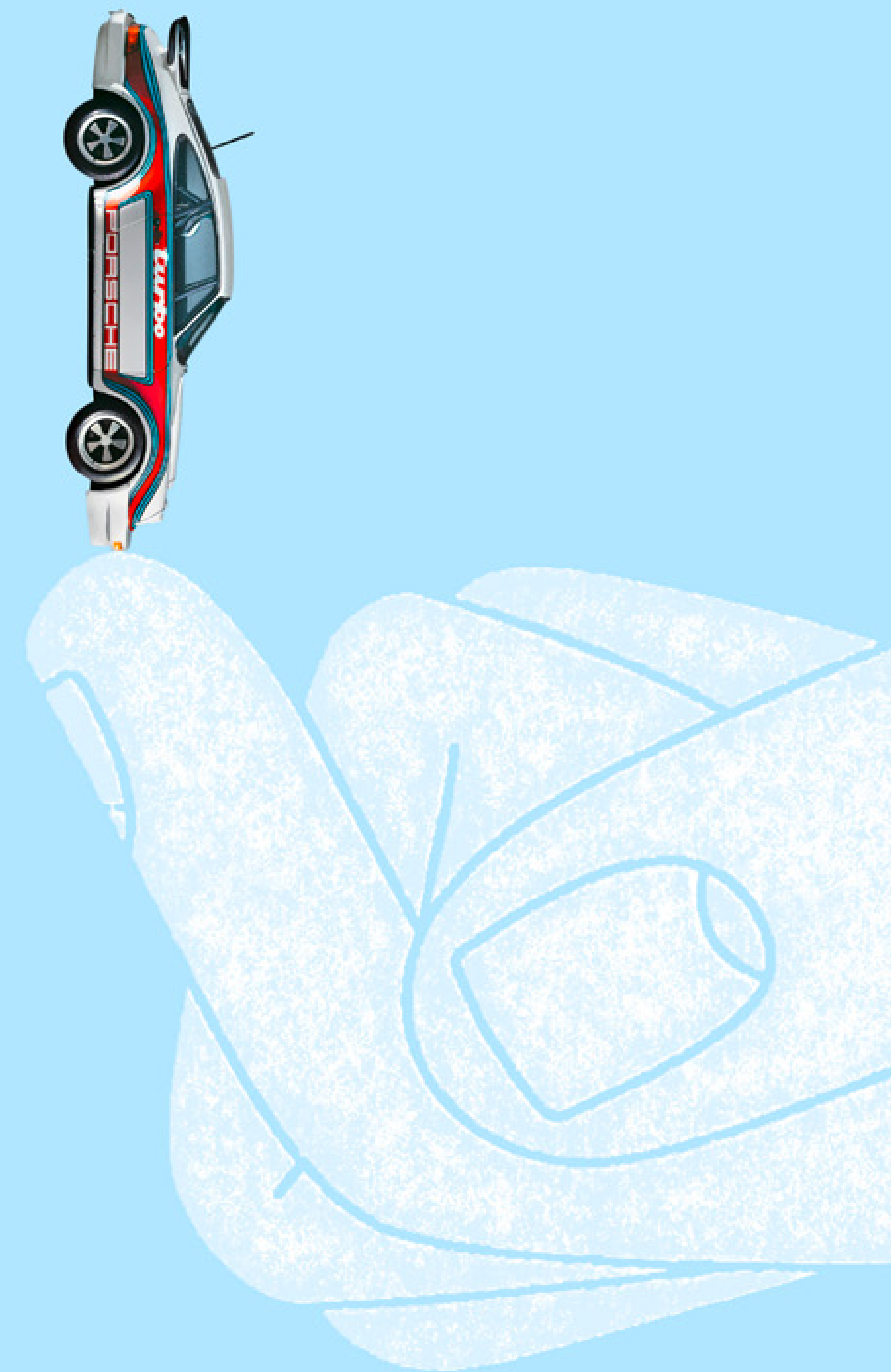
Individuality Based on Tradition
Even in the 1950s, Ferry Porsche viewed special requests as orders, whether race car modifications or an elegant car radio. When the 911 replaced the 356, customers began sharing more and more ideas. To maintain the quality of performance-enhancing measures, Porsche began officially selling spare parts for racing—along with fitting advice—in 1970. In response to growing demand for support on the racetrack, the company soon established its own customer racing department, which was followed by the special request department for modifying series production cars in 1978. Alongside the tuning trend, the desire to upgrade the interior took off in the 1980s, with wood and leather, wild color patterns, and room-filling hi-fi systems. In response, Porsche was the world's first car manufacturer to establish its own department for in-factory customization in 1986. Its range now encompasses more than 1,000 Porsche Exclusive Manufaktur options for elegant details and high-tech solutions. And the "Paint to Sample" and "Paint to Sample Plus" programs offer an almost endless configuration spectrum for exterior colors. The new "Personalize" product program enables personalization directly in the configurator. More involved customer requests, including custom cars, are the responsibility of the special request program.

LEFT **In 1974, Herbert von Karajan's wish list extended to this signature**
RIGHT **It took a great deal of finesse to orchestrate the lightweight version of the 911 Turbo**

Extraordinary Designs from the Past
Some customers have aesthetic or racing dreams they want to apply to Porsche. And then there are those who are looking for customized complete technology and design packages. But this is nothing new. For example, Herbert von Karajan ordered his very own lightweight version of the 911 Turbo 3.0 in 1974. He applied the same level of dedication to selecting the car's performance equipment upgrades that he did to conducting the Berlin Philharmonic orchestra. His car was the only 911 Turbo with the lightweight body of the Carrera RS—and ended up on the cover of the *Berühmte Ouvertüren* album sporting the Martini Racing look. Or, for instance, take Mansour Ojjeh, the former owner of the Techniques d'Avant Garde (TAG) investment firm, who ordered the Formula 1 engine from Porsche and, in 1983, requested a street version of the successful 935 race car. The result was a one-of-a-kind 409 PS Turbo in Candy Apple based on the Porsche 930. Unlike the regular 911, this model featured a flat nose with pop-up headlights. Ojjeh requested a majestic rear spoiler along with the finest leather in light beige, wood paneling, and a Clarion hi-fi system in the interior. His flat-nosed 935 "Street" proved to be quite a hit, and Porsche saw the potential. By 1989, a total of 948 examples of the flatnose 911 Turbo had been ordered.

Dreams can be powerful. They encourage us to never give up.

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



The imposing 1983 Porsche 935 "Street" for Mansour Ojjeh

Special Editions Born from Dreams

"The ideas and requests submitted to Porsche Exclusive and Porsche Classic reveal the sheer diversity of exclusive customer dreams," explains von Platen. "We also find inspiration in the globally active community—through social media and our Porsche Clubs." Close to a quarter of a million enthusiasts are members of more than 700 Porsche Clubs in 86 countries. On the basis of intensive customer contact, Porsche develops wish lists for very highly positioned models in the GT range as well as for special limited editions. Take the 911 S/T, for instance, a gift to mark the series' 60th anniversary.

The idea was to make the model as light, powerful, puristic, and seamless as possible. The story of its origin is quite interesting. Following the release of the first ultra-sporty Porsche 911 S in 1969 and the arrival of the first purist-focused 911 Carrera T a short time later, customers promptly called for a combination of the two. What was once managed primarily in house and occasionally also by Porsche Motorsport with the unofficial abbreviation ST is now integrated into the anniversary model. The 911 S/T combines elements of the 911 GT3 RS with the body of the 911 GT3 Touring and specially developed lightweight components. The naturally aspirated four-liter, six-cylinder boxer engine sourced from the GT3 RS applies 386 kW (525 PS) to the road via a manual transmission and lightweight clutch. Inspired by the 60th anniversary, the dream car was limited to 1,963 examples, all of which sold out at the unveiling.

Albrecht Reimold integrates Manufaktur expertise into industrial production

"An edition as exclusive as this requires precise production planning and special tools developed by our employees themselves," explains Reimold. "Our flexible production system, Porsche Production 4.0, is also designed for high levels of personalization—with the fundamental principles of smart, lean, and green. The variety of potential designs can transform just about any two-door sports car into a one of a kind. But a limited special edition like the 911 S/T also requires a great deal of highly qualified craftsmanship. That is why for special models we not only rely on Porsche Exclusive Manufaktur, but also integrate another section of production into our sports car assembly with CFK-Manufaktur. High-tech solutions and craftsmanship set Porsche production apart."

911 GT3 RS: Fuel consumption combined (WLTP) 13.4 l/100 km, CO_2 emissions combined (WLTP) 305 g/km | 911 GT3 with Touring Package: Fuel consumption combined (WLTP) 12.94 l/100 km, CO_2 emissions combined (WLTP) 293 – 292 g/km | 911 S/T: Fuel consumption combined (WLTP) 13.8 l/100 km, CO_2 emissions combined (WLTP) 313 g/km

The Heritage Design package for the 911 S/T includes full bucket seats in Black/Classic Cognac

Following final assembly, 60 employees working in three shifts add the finishing touches to an average of around 120 cars daily at Porsche Exclusive Manufaktur, which has its own trimshop. The second craftsmanship department, CFK Manufaktur, is positioned upstream and is something akin to a temporary departure from the assembly line. Once the GT models leave the body shop and paint shop, three employees here see to the lightweight CFRP components, which are the doors, fenders, and front hoods.

Porsche has sophisticated logistics to integrate highly personalised customer cars and special series into regular sports car assembly at the Zuffenhausen factory. Parts are delivered with precision down to the minute, ensuring seamless assembly of the 911 S/T—for example, when installing the model-specific engine vent grille, magnesium wheels, or the racing clutch. Some of the Heritage Design package components for the 911 S/T, such as the full bucket seats in Black/Classic Cognac and the embossed leather cover of the central console are delivered directly to the assembly line. “Our fully connected smart factory allows us to produce a whole host of model variants with lots of customization options on a single assembly line, which is a key hallmark of the Zuffenhausen site,” says Reimold.

Following final assembly, the 911 S/T undergoes finishing with additional components of the Heritage Design package at Exclusive Manufaktur, where employees apply final details such as the motorsport graphic with Porsche lettering on the side. Individually selected equipment features in the interior such as air vents edged in leather are also installed here. “With iconic vehicles of superior quality such as the 911 S/T, we increase the appeal of our brand time and time again,” says von Platen. “We listen to our customers and make their dreams come true.” This promise has been a recipe for success—for 75 years.

High-tech solutions and craftsmanship set Porsche production apart.

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

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 464 – 468.

Vision

Porsche AG has been systematically developing a start-up ecosystem since 2016. Its venture capital unit, Porsche Ventures, now has employees at five locations in Luxembourg, Berlin, Palo Alto, Tel Aviv, and Shanghai, who are tasked with boosting the innovative power of Porsche using venture capital.

In May 2023, Lutz Meschke and Philipp Schröder got together in person for the first time. The Deputy Chairman of the Executive Board and Member of the Executive Board, Finance and IT at Porsche AG welcomed the cofounder and CEO of cleantech start-up 1KOMMA5° to his office in Stuttgart-Zuffenhausen. The two of them turned up with their own personal expectations and, within an hour, were both pleasantly surprised—and on first-name terms.

"Philipp is young, dynamic, self-confident, and impressive. He's very good at structuring complicated issues and knows how to explain things clearly," says Meschke, full of praise. "Lutz's office is much smaller and more modest than I was expecting," adds Schröder. "I really enjoyed the meeting. It was much less complicated than I thought it would be."

They appeared to hit it off. Both of them are entrepreneurs through and through and have demonstrated foresight time and again. Meschke is considered to be the father of venture capital activities at Porsche and in 2016 demonstrated courage and pioneering spirit when he pursued and initiated the first steps into the world of venture capital. "As I've always said, you should never measure these activities by the value of the individual companies," he says, thinking back to when it all began seven years ago. "It's also clear that not all investments in start-ups will ultimately take off. The most important thing is strategic added value for Porsche. We've learned a whole lot and have incorporated a great many products, technologies, and agile working methods into the Group very rapidly."

Standing on the terrace of the Porsche Design Tower in Stuttgart, Meschke looks out over the rooftops of the city, satisfied with the progress made thus far. "Our VC activities have paid off both strategically and financially. They generate important ideas in innovation—and have already helped increase the value of the company." Porsche has invested approximately €300 million in 50 different start-ups, with an investment book value at just under €400 million.

One example from the start-up portfolio is Schröder's 1KOMMA5°, which Porsche got involved in at the end of 2021. Two years later, the Hamburg company is one of multiple success stories in venture capital that Lutz Meschke can cite.

Venture capital activities refer to the acquisition of a minority interest in start-ups, which are recently established and new companies, with a distinction made between traditional venture capital (VC) and what's known as corporate venture capital (CVC).

In the case of VC, an external, independent investment team collects funds to invest in new companies. The aim of VC funds like these is to sell the investments for a profit after the value of the company has increased.

In the case of CVC, a traditional industry company acts as investor. This corporate investment team should fulfill the financial expectations associated with the investment and strategically increase value. Through this investment, the investing company is largely interested in accessing new technology and business models and gaining a new understanding of entrepreneurship.

These are precisely the objectives pursued by Porsche Ventures, the CVC unit of Porsche AG, which has defined four strategic fields of investment: Car & Mobility, Intelligent Enterprise, Sustainability, and Beyond.

Through Porsche Ventures, we are creating the basis for convincing external investors of our innovation agenda and our investment strategy in the future.

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

The Porsche Design Tower was planned with foresight—including a photovoltaic system on the roof of the Porsche Center Stuttgart

Lutz Meschke can tell success stories about Porsche's venture capital activities

Through the investment in 1KOMMA5°, we've secured a partner that can help us enormously with the electric mobility transformation.

Lutz Meschke

Porsche Ventures has been able to operate independently for the most part since 2023. "That allows us to make the transaction process more efficient," says Ulrich Thiem, Managing Director of Porsche Ventures. "And investments in start-ups provide us with earlier access to business ideas and technology concepts. Porsche Ventures acts as a sensor for Porsche in new, developing markets and will therefore also fulfill the company's strategic duties in the future."The involvement of a CVC unit additionally benefits the start-ups, which not only receive new capital, but also gain access to industrialization expertise, marketing know-how, and initial orders from the industry.

When Porsche conquered the world of venture capital in 2016, Meschke's approach was modern and global, with Porsche initially investing in international VC funds. Porsche Ventures is now involved in multiple funds with a focus on the US, Europe (e.ventures), and Israel (Magma and Grove). Porsche has also invested in the CVC unit of a Chinese car manufacturer, NIO Capital. "Through fund investments, we also wanted to learn how the VC world operates on a fundamental level," explains Thiem.

Meschke refers to the period between 2016 and 2022 as "the first generation of our venture capital activities." During this phase, Porsche invested directly in 39 new companies and financed the establishment of 13 companies by Forward31, the company builder by Porsche Digital. Five of these investments have already been sold.

The most prominent investment at that time was Rimac Automobili, which is now the Rimac Group. In 2018, Porsche got involved with the Croatian hypercar manufacturer—and developed the company into a strategic investment with unicorn status. A unicorn is a company valued at US$ 1 billion or more. Following multiple financing rounds, Porsche now holds 20 percent of the Rimac Group, which is a Porsche partner in the joint venture Bugatti Rimac. Rimac Technology is also well on its way to becoming a Tier 1 supplier for Porsche.

Meschke could imagine a similar collaboration with Hamburg start-up 1KOMMA5°, which offers heat pumps, solar modules, battery storage, and charging stations for electric cars, preferably as part of a package and intelligently connected.

Meschke and Schröder met on a regular basis through the "Porsche Executive Champions" program, which encourages each member of the Porsche Executive Board to connect one on one with a start-up founder once a quarter to share contacts, tips, and good ideas—ideally in both directions.

"Through the investment in 1KOMMA5°, we've secured a partner that can help us enormously with the electric mobility transformation," explains Meschke. He's quick to emphasize that he and Schröder have concrete ideas for collaboration. But they won't speak about them publicly until they're ready for the market.

Porsche also recently invested in more established companies that already offer high strategic relevance for the luxury brand: Group14 Inc. and HIF Global LLC. "Thanks to the investment in Group14, we now have access to a strong supplier of battery cell chemicals for our Cellforce Group. We wouldn't have been able to do that without our VC experience," says Meschke. The same could be said of the early partnership with HIF Global LLC, one of the most promising actors in renewable synthetic fuels, known as eFuels.

Leaning against the railing on the terrace of the Porsche Design Tower, Meschke looks back at seven successful years. "Rather than resting on our laurels, we plan to continue along this path," he emphasizes. The operational headquarters of Porsche Ventures were relocated to Luxembourg in early 2023. "In this way, we're highlighting the independence of our VC activities," he continues. "And we're creating a foundation that will one day also allow us to attract external investors with our innovation agenda and investment strategy."

His gaze turns to the vineyards of Stuttgart, as if he has spotted another unicorn there. "We have a lot of future plans for Porsche Ventures," he says once again. In the coming years, Porsche plans to invest up to €250 million of venture capital, some of which will come from the profits from the first generation of the Porsche Ventures portfolio.

The funds seem to be well invested, and the next unicorn is likely just around the corner.

AREAS OF FOCUS

Porsche Ventures has defined four strategic fields of investment

CAR & MOBILITY	INTELLIGENT ENTERPRISE	SUSTAINABILITY	BEYOND
CAR-RELATED SERVICES	NEW WORK	ESG SUPPLY CHAIN	SMART CITY & LIVING
E-MOBILITY ECOSYSTEM	PRODUCTION 4.0	CIRCULAR ECONOMY	INDUSTRIAL SOLUTIONS
INTELLIGENT CAR	DIGITAL EXPERIENCE	NEGATIVE-EMISSION MATERIALS	META

Streamlining

The present-day current of time will shape the future. Whether aerodynamics, connectivity, range, or driving dynamics, the innovations in the new Macan are setting benchmarks. At the same time, Porsche is working toward a strategic milestone with full electrification of this popular series.

In practice, ten percent less drag means an increase in range of 21 kilometers.[1]

Thomas Wiegand, Head of Aerodynamics and Aeroacoustics—Development, Weissach

It's all down to this line, a mere stroke on paper. And yet it marks a a new beginning. The coupé-like roofline of the Macan and the striking rear—with its shape so typical of Porsche—evoke the tight, unmistakable flyline of the 911. But this time, it's not just a reminder of the Porsche icon. Rather, the shape, including the rear spoiler, is a groundbreaking innovation in the all-electric SUV segment. "The active aerodynamic elements all contribute significantly to the range," says aerodynamics specialist Thomas Wiegand. "We have a rear spoiler that raises automatically, active cooling flaps at the front air intakes, and flexible covers on the underbody." Located in the same building as the Style Porsche design department, the Weissach wind tunnel gives form and shape to the streamlining of the newly developed Macan. It's the first Porsche based on the Premium Platform Electric (PPE) created in collaboration with Audi. This platform not only benefits from development synergies, but is also highly flexible, enabling Porsche to implement its own technical and brand-specific objectives. Full electrification of the popular model line is an important milestone on the path to ensuring that more than 80 percent of the new cars are fully electrified in 2030—depending on the demand of customers and the development of electromobility in the respective regions of the world.

"What you'll notice at the front is the central air intake," says Wiegand. "We designed the cooling flaps to be fully variable and to regulate temperature. Fully opened, they cool the battery during the charging process, which protects the battery and extends its service life. On the road, they close to reduce drag, which increases the range. But the variable flaps open again when the car's temperature sensors call for cool air. In this way, we can ensure optimal cooling for the battery and engines, air conditioning in the interior, and braking performance in all driving situations."

Because drag has a direct impact on range—ten percent less of the former means an increase in the latter of 21 kilometers[1]—the underbody, too, features variable elements. Like that of a race car, the underbelly is flat and closed, even in the area surrounding the rear wheels. But the panels there are flexible and minimize drag even in rebound, an ingenious solution that complements the streamlined, largely closed wheel rims and the first-ever aerodynamically optimized Porsche tire contours. When cruising country roads, the Macan automatically assumes its ideal aerodynamic set-up. The rear spoiler adopts the Eco position, the air flaps close, and the chassis lowers. Wiegand and his team identified a drag coefficient of 0.25 for this situation—the best that a Porsche SUV has ever achieved.

[1] Based on the reduced drag resulting from the change in consumption, determined on the basis of the WLTP.

The automatically raising rear spoiler is just one of several active aerodynamic elements

The new augmented reality head-up display projects important information in the field of view with precise localization

We've added new content to the cockpit, from tried-and-tested digital ecosystems, while maintaining its Porsche identity.

Miriam Mohamad, Project Manager for Infotainment and Connect, Macan Model Line, Hemmingen

Get behind the wheel and feel "Porsche". The unmistakable topology of the cockpit places a clear focus on the driver. As in the original 911, the instrument cluster reigns supreme in the Macan, and is now fully digital. "We've combined the best of two worlds," says Miriam Mohamad. "The seamless transition between the smartphone ecosystem and the car is important to us." And that's why the 12.6-inch curved instrument cluster not only displays the familiar views, but now also features an Apple CarPlay card for the first time.

Yet another software highlight is the new Android operating system. "We've further developed the Porsche identity with its tried-and-tested operating elements and added customer-relevant content such as music and video streaming and gaming apps," says Mohamad. Anyone who uses popular apps such as Spotify and YouTube will now have access to their personal profile, including playlists and recommendations—just like on their smartphone. The front passenger also has their own screen for streaming their favorite series without distracting the driver, and has the option to take over navigation and commands with voice command. Incidentally, the first to speak is in command. Array microphone technology can match commands to the specific seat, thereby avoiding confusion.

And with six additional new languages, the system is now multilingual like never before. The augmented reality head-up display is an additional innovation at Porsche and appears as a virtual image 87 inches in size at a distance of ten meters in front of the driver. Virtual objects are projected onto the actual surroundings with precise localization for faster and simpler comprehension of information about navigation and driver assistance systems. When you're turning, for example, virtual navigation arrows hover at intersection height and show the way. Warnings, too, are projected onto the actual obstacle to prevent misunderstanding.

Featuring 56 LEDs that extend from one door to another and across the instrument panel, the standard, innovative communication light not only fulfills three tasks in the interior—providing information, issuing warnings, and creating atmosphere—but also more effectively highlights characteristic Porsche features such as launch control and changing driving modes. In addition, the communication light visualizes different vehicle situations such as charging and operates in conjunction with driver assistance systems. For example, red pulsating on the door warns of an approaching road user from behind before the passenger can open the door.

The Integrated Power Box is like a tiny house for important energy components. We have applied for a patent for the compact box.

Tomas Gajdos, Project Manager for Premium Platform Electric (PPE), Macan Model Line, Hemmingen

The requirements for the developers of the drive and energy systems were immense. They included outstanding performance, low weight, and new ideas for charging convenience, resulting in a system in which each axle of the new Macan is powered by its own permanent synchronous electric motor. Featuring an adaptation of the well-known 800-volt architecture of the Taycan, the Turbo variant boasts overboost power of up to 470 kW (639 PS). A lithium-ion battery is positioned in the underbody and features a brand-new cell design and a total capacity of 152 ampere hours with gross energy content of 100 kilowatt hours. The new battery allows you to increase the state of charge from 10 to 80 percent in about 21 minutes. In terms of range, that means about four minutes for 100 kilometers.

Energy is automatically fed back into the battery whenever the brakes are applied, with kinetic energy converted into as much as 240 kW of regenerative energy depending on braking intensity. Once the accelerator is released, the Porsche's typical "gliding" activates automatically—the drive switches off and the car coasts along without using any energy.

Good things often come in small packages. "We've developed new ultra-lightweight, streamlined solutions," says project engineer Tomas Gajdos. "At the same time, we've managed to improve safety features and make the charging process more efficient." Porsche's Integrated Power Box (IPB), for which it registered a patent, is much like a tiny house—a shining example of a compact design. The IPB combines multiple key energy components, including the AC charger, the DC-to-DC converter, and a battery heater. The latter automatically ensures robust charging performance on winter days and independently maintains the appropriate battery temperature for planned routes with charging stops.

The Macan offers a whole new level of flexibility when it comes to choosing charging stations. "Bank charging is a fundamental innovation that's suitable for everyday use," explains Gajdos. "Because many charging stations still operate with 400-volt technology, we've optimized how they're used." At stations that operate with 400-volt direct current, the battery is divided into two halves thanks to the high-voltage separation elements installed. An 800-volt battery therefore consists of two 400-volt batteries that operate in parallel. If necessary, the two halves can first be equalized in their state of charge and then charged together. The Macan therefore doesn't need a high-voltage booster, which in turn reduces weight and frees up space.

With innovations in battery and charging technology, the Macan is ready for flexible travel

Macan Turbo Electric: Electric power consumption combined (WLTP) 20.7 – 18.8 kWh/100 km, CO_2 emissions combined (WLTP) 0 g/km, Electric range combined (WLTP) 518 – 591 km, Electric range in town (WLTP) 670 – 765 km

The new Macan demonstrates its outstanding dynamic driving characteristics on the Weissach test track

No Porsche without extraordinary driving dynamics! That's where we focus all of our passion. The Macan is clearly the sports car in its segment.

Maurice van de Weerd, Manager of Driving Dynamics for SUVs/Sedans, Weissach

Range-optimized aerodynamics, milestones in the operating concept, and innovations in the drive and battery technology: everything ultimately needs to result in driving fun. "Otherwise the Macan wouldn't be a Porsche," says Maurice van de Weerd who, as Manager of Driving Dynamics, is responsible for the SUV series and the Panamera. His team has tamed the extraordinary peak torque of 1,130 newton meters, with a key focus on performance at the car's rear with rear-axle steering. "Our aims were to maximize driving stability and traction and ensure unrivaled agility and comfort," explains van de Weerd. He talks about precise all-wheel drive control, the weight balance with a slight emphasis at the rear, and the distinct mixed tires. He even mentions the controlled two-valve shock absorbers. "They ensure comfort and make the combination of driving mode and level control much more noticeable." The developers also provided the range-topping version with an electronically controlled limited-slip differential as standard.

In other words, there is no finish line. Porsche is following a straight line to the future of all-electric mobility—without compromise.

Macan Turbo Electric: Electric power consumption combined (WLTP) 20.7 – 18.8 kWh/100 km, CO_2 emissions combined (WLTP) 0 g/km, Electric range combined (WLTP) 518 – 591 km, Electric range in town (WLTP) 670 – 765 km

Team Spirit

Two board members, one vision: Porsche created its Car-IT department in late 2023 to advance digitalization to a whole new level in collaboration with Research and Development. Integrating the new department is really no different from developing future sports cars, because connection is everything.

Sajjad Khan (left) and Michael Steiner share a vision, which is to design the sports car of the future while combining traditional and digital worlds

Hardware and software, steel and electronics, tradition and future—elements that complement one another and ideally form a single unit. Michael Steiner and Sajjad Khan are two members of the Porsche AG Executive Board in charge of two departments with a shared vision. "It's ultimately all about creating a harmonious product," says Steiner. "Vehicles with that unmistakable Porsche DNA inspiring our customers time and time again." Khan adds: "Our traditional virtues and abilities form the core of our brand. But we're also expanding these to include innovations from the digital world."

That's precisely why Sajjad Khan was appointed to the Board in November 2023. As head of the newly created Car-IT department, he's primarily responsible for connectivity and infotainment. His team also focuses on integrating the ecosystems of third parties and developing digital vehicle solutions such as the My Porsche app. "Software is changing every aspect of our lives," Khan explains. "Even household appliances are now an everyday element of the Internet of Things. More and more, the car itself is actually a component in a larger network." It's a component, however, with a highly emotional, practical value. "The driving experience takes center stage at Porsche." That's something Khan himself experiences on a daily basis, as his company car is a 911 Turbo S.

Michael Steiner, who has been with the company since 2002, took charge of the Research and Development department in 2016 and has not only left his mark on new model lines such as the Panamera, Macan, and 718, but also launched full Porsche electrification in the form of the Taycan. "Just like everywhere else in the industry, we're experiencing a huge transition at Porsche," he says. "And it's not just the dominating issue of electric mobility, but also new software-based functions associated with the fast-growing potential of connectivity. That has an impact on the car's traditional ecosystem."

Connectivity and integration are key words and play an essential role in the development of future sports cars—and in the collaboration between the two departments—which is why the two Board members share an office space at the Weissach Development Center.

Because hardware and software are inextricably linked in vehicle development, Steiner will also be responsible for developing driver assistance and autonomous driving functions in the future. The same could be said for the electric and electronic architecture and infrastructure for the vehicle as a whole. "There's not a single unit in my department that doesn't achieve its results in close collaboration with Sajjad's units," says Steiner. "It goes both ways," emphasizes Khan. "The power of innovation will unlock enormous potential as long as we develop ideas together in our teams."

Designing the sports car of the future together also means fulfilling ever-growing demands such as new drive technologies, new regulations, and regional requirements. It's also about fulfilling customer expectations in terms of performance, safety, comfort, connectivity, and infotainment. Examples include route recommendations provided by the navigation system with real-time information as well as the intelligent charging planner for all-electric Porsche sports cars. Or the option to play your favorite tunes on the car speakers directly from your smartphone. This vehicle interaction trend is just going to grow and grow. Nowadays it's also necessary to provide updates and new functions even after a car has been purchased. Steiner views the personal companion that is the smartphone as a role model in this area. "The experiences that customers have in other environments, they also want to have in their cars."

The experiences that customers have in other environments, they also want to have in their cars.

Michael Steiner, Member of the Executive Board responsible for Research and Development

 For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 464 – 468.

"Expectations are growing with the technical possibilities," says Khan. "Anyone who has smart home functions in their house wants to be able to activate them on the way home, for example." The same could be said for the wide variety of mobile entertainment options. The connected vehicle will increasingly be a communications center, but with pronounced regional differences. "Chinese customers use their own digital ecosystems and platforms for messages, chats, entertainment, and payment," says Khan. "As a global brand we need to take that into account." His department is taking the lead when it comes to R&D satellite in China, while other ecosystems could be interesting in other regions around the world. "That's why different forms of collaboration would be possible in different markets," explains the head of Car-IT. "We integrate partners' digital ecosystems wherever it makes sense. At the same time, we also know exactly where we want to maintain superiority in systems and data. We work with major tech players, but also plan to implement our own solutions with expertise," says Khan, describing a strategy of both collaboration and competition.

After all, there are no compromises—especially when it comes to the driving experience. "A Porsche will need to drive like a Porsche in the future too," explains Steiner. "That continues to be a central distinguishing feature. For example, our models are well known for their extraordinary braking and high-precision control." Models with combustion engines are decelerated by converting the car's kinetic energy at the brakes into heat through friction. In all-electric vehicles, on the other hand, the brakes are largely applied by means of recuperation—the electric motor converts the car's kinetic energy into electrical energy, while maintaining the signature feel of Porsche braking. "That's just one example of how we combine traditional and digital worlds," explains Steiner.

"The traditional mechanical aspect and the software need to work together to maintain the impressive quality and innovation," says Khan, adding that this not only refers to car technology and systems, but also the environment as a whole. "It also applies to the cloud and apps." Cars have been evolving into high-performance computers on wheels for quite some time now. More and more control units enable new functions and thus new driving and comfort experiences. The growing amount of data also opens up many new opportunities for developers and is one of the driving forces behind innovation in the automotive industry.

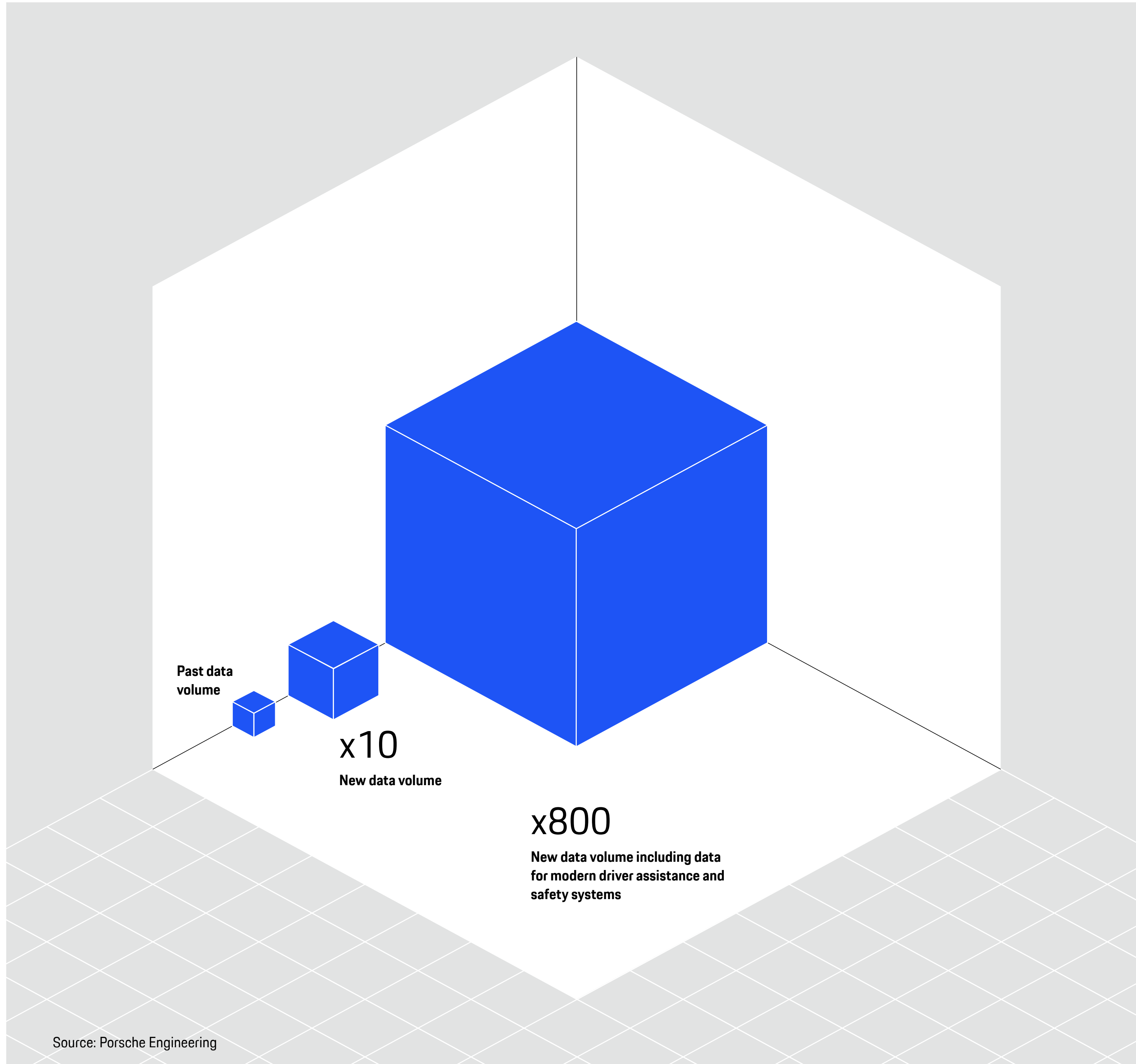
Khan and Steiner predict that more and more functions of artificial intelligence will find their way into the car. Conversation with the vehicle in natural language is already a major topic in Asia and will soon be an expected standard in the other regions of the world. The two board members also believe that sensors will make it possible for an intelligent car to recognize drivers and passengers and respond to their needs. Intelligent assistance systems for partial automation (or more) are topics of discussion at Porsche. "There will eventually be a demand for anything that makes driving more comfortable and safer," says Steiner with confidence. "Even if our sports cars are still built for driving fun." He doesn't view these as mutually exclusive. Even in the age of digitalization, he's able to identify more than enough opportunities to distinguish Porsche. "We need to ensure we define a form of intelligent vehicles that will appeal to customers," adds Khan. "But that will only work if we remain true to ourselves."

Sajjad Khan and Michael Steiner both agree that tradition and progress are inextricably linked at Porsche, as are continuity and innovation.

We're expanding our traditional virtues and abilities to include innovations from the digital world.

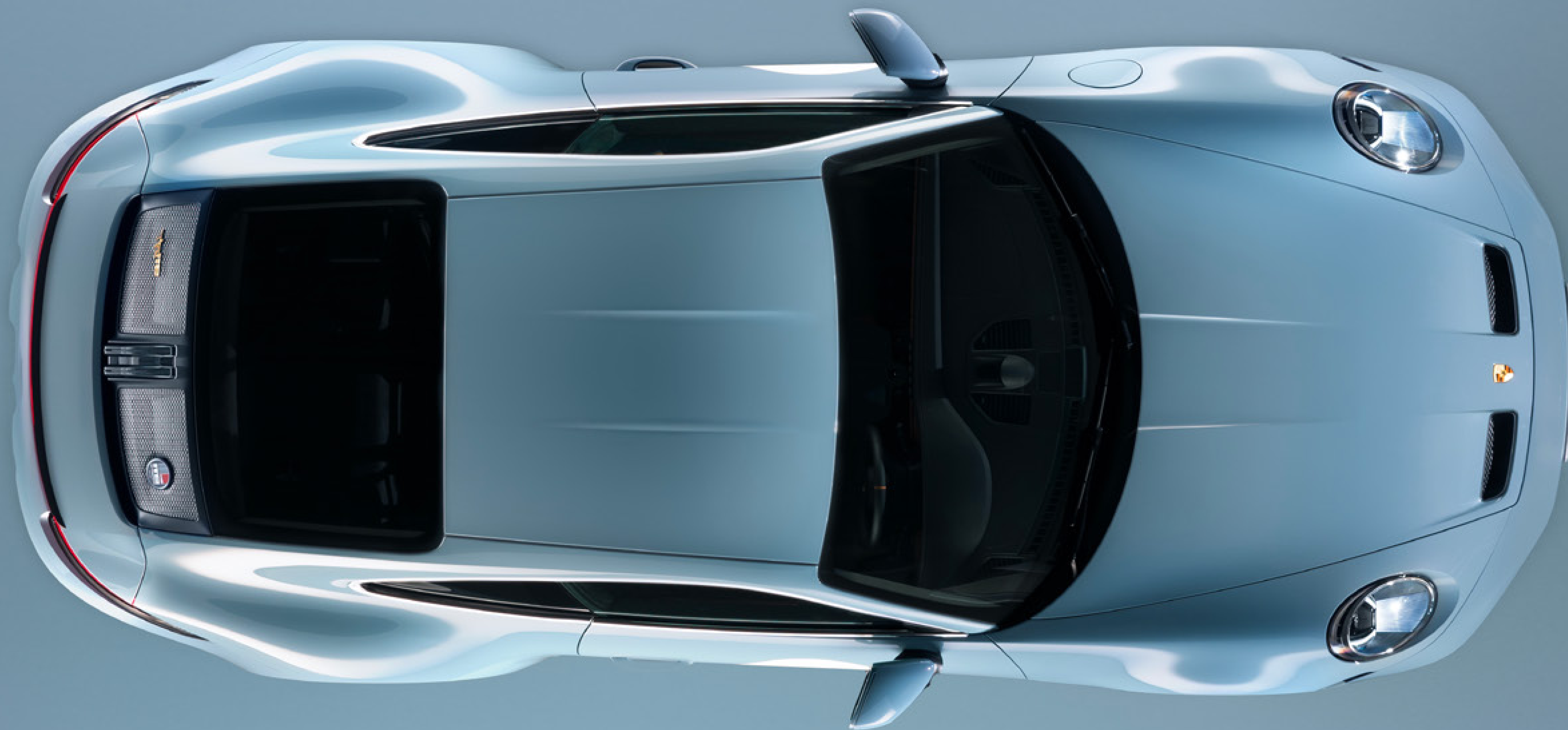
Sajjad Khan, Member of the Executive Board responsible for Car-IT

Big Data
Vehicles are evolving into high-performance computers on wheels—one only need look at the amount of data that flows through them. Highly automated driving functions, in particular, will result in exploding data rates in the future. The use of data in development is likely to accelerate, as the growing quantities of data and new technology such as quantum computers will provide engineers with new prospects—and customers with unexpected driving experiences.



Source: Porsche Engineering

Drive System



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The naturally aspirated engine of the Porsche 911 has come a long way over the past 60 years, now with four times the power from twice the displacement. Culminating in the anniversary model, the 386 kW (525 PS) 911 S/T. It still has six cylinders and its boxer design and is still free-breathing. It epitomizes the 911 principle, the uniqueness of the 911, reinventing itself time and time again, and yet always remaining true to itself. Its drive technology has continued to develop, but the fundamental concept has remained unchanged—whether naturally aspirated, as a turbo, or in the future even as an ultra-sporty hybrid.

911 S/T: Fuel consumption combined (WLTP) 13.8 l/100 km, CO_2 emissions combined (WLTP) 313 g/km

The concept of a career: the original 911 with six-cylinder boxer engine and rear-wheel drive

Compact, smooth and free-revving, the first Porsche six-cylinder engine was a sports car engine par excellence

Porsche laid the foundation for its icon in 1963, when a brand-new sports car made its world premiere at the IAA. At its core was a new six-cylinder at the rear, the first by Porsche. With two-liter displacement, the engine delivered 130 PS, for a top speed of 210 km/h. For the past 60 years, this technical layout has been the starting point for all further developments of the sports car originating from the 911.

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The powerful, high-performance engine of the first Porsche 911 Turbo quite literally put pressure on the competition

As of 1974, "turbo" became a byword for Porsche. The first 911 Turbo would turn the luxury sports car class upside down for good

Each generation of the 911 achieves new milestones in drive technology. In the early 1970s, Porsche put the increased power of turbocharging to the test in racing with great success. The technology was ready for series production in 1974, and Porsche presented the 911 Turbo (known internally as the 930). With 260 PS, it was one of the fastest cars of its time. Technologically speaking, Porsche was one step ahead of the competition. For the first time, boost pressure was regulated with a controlled valve on the exhaust side, taming power delivery and making the turbocharged engine suitable for everyday use. With its displacement increased to three liters, the Turbo engine was aspirated engines of the 911. Thanks to its unique combination of turbocharger and fuel injection, the 911 Turbo fulfilled the stringent American emissions regulations from the very start.

The 993-generation 911 Turbo was the crowning glory in the development of air-cooled six-cylinder engines in the mid 1990s and sparked the era of twin-turbo engines for the 911 series. Positioned very close to each bank of three cylinders, the two small turbos could respond to every movement of the accelerator faster than the single turbo in the previous model. The high-performance engine delivered 408 PS, surpassing the 400 PS mark for the first time. Also ambitious about exhaust gas aftertreatment, Porsche's engineers equipped the sports car with two metal catalytic converters, four lambda probes, and intelligent engine management, making the 911 Turbo's flat-six the lowest-emission production engine in the world in 1995.

Two years later, the engineers would achieve the next milestone in engine development. To further improve the quality of the exhaust performance, they developed and brought cylinder heads with four valves per cylinder into series production, which required a paradigm shift: the six-cylinder boxer engine was converted from air to water cooling.

With the switch from air to water cooling, the six-cylinder broke with tradition—and set new technical benchmarks

The switch from air to water cooling was our ticket to the new technology.

August Achleitner,
Vice President Model Line 911 (2001 – 2018)

"That was our ticket to the new technology," recalls August Achleitner, the certified engineer in charge of the department for technical product planning at that time. From 2001 to 2018, he was in charge of the model line 911. "There was just no more potential for the air-cooled two-valve engine." Elimination of air cooling led to outrage among some die-hard 911 drivers, but it quickly petered out. The 996-generation 911 emerged as a great success and was groundbreaking in terms of emissions, sound, and fuel consumption.

With an increase in power and lower fuel consumption, the 996-generation of the 911 was a hit

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The Porsche 911 Turbo (997) with VTG turbocharger took turbo technology to a new level

Through this groundbreaking achievement, Porsche impressively underlined its pioneering role in turbo technology once again.

Frank-Steffen Walliser,
Vice President Model Lines 911 and 718 (2019 – 2022)

A variable-geometry turbocharger opened up a potential power output of 515 kW (700 PS)

Fit for the future: the ultra-sporty hybrid makes the six-cylinder even faster and more efficient

The high-performance hybrid seamlessly continues innovative development of the 911 drive.

Frank Moser, Vice President Model Lines 911 and 718

In 2006, the 911 Turbo achieved an impressive leap in performance in the 997-generation, with power and torque increasing by more than ten percent and specific output climbing to the new highest point of 98 kW (133 PS) per liter of displacement. Agility, in particular, increased dramatically thanks to new, unique turbocharger technology. For the first time, chargers with variable turbine geometry (VTG) supplied the engine of the 911 Turbo with process air. These VTG chargers were a world-first in combustion engines. Only with the development of high-alloy nickel-based materials with extreme resistance to high temperatures was it possible to manufacture VTG chargers with the necessary fatigue strength and service life. This technology enabled optimum use of the entire exhaust stream at all speeds for the purpose of turbocharging. The variable geometry of the charger was calculated to ensure that it was able to handle even the maximum exhaust mass that could occur, which in turn eliminated the need for a bypass valve. "Through this groundbreaking achievement, Porsche impressively underlined its pioneering role in turbo technology once again," says Frank-Steffen Walliser, who oversaw the 911 and 718 model lines from 2019 to 2022. "The VTG chargers helped the six-cylinder turbo achieve a dramatic jump in power to up to 515 kW (700 PS) in the 911 GT2 RS."

Whether engines or transmissions, some developments required time to mature. In the 1980s, Porsche built the first dual-clutch transmission for motorsport and won races with it. All that was missing for application in series production were control electronics with sufficient power. Porsche picked up development again with its digitalization activities. The first dual-clutch transmission for production sports cars made its debut in the 911 Carrera in 2008. The Porsche dual-clutch transmission (PDK) combined the driving dynamics and highly impressive mechanical efficiency of a manual transmission with the high gearshift and driving comfort of an automatic transmission. Even at its debut, the PDK transmission was able to change gears up to 60 percent faster than an automatic transmission that shifts gears via a torque converter—the more common method at that time. It also enabled gear changes without interrupting drive to the wheels and reduced fuel consumption. The transmission was a sensational success. More than three quarters of all Porsche 718 and 911 models delivered today are equipped with PDK.

The next big step in 2024 is just around the corner, as Porsche has developed an ultra-sporty hybrid—as seen in racing—for selected derivatives of the 911 model line. "The high-performance hybrid seamlessly continues innovative development of the 911 drive," says Frank Moser, who now manages the 911 and 718 model lines. "This benefits the driver whenever they're accelerating. We therefore have a technology that will prepare us for future emission standards." Typical of the Porsche 911.

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Stability describes a resilient system state and an emotionally charged comfort zone. Change means transition, transformation and the potential for uncertainty. So is there such a thing as stability in change? That's the business challenge for industrial transformation.

A semiconductor factory in China closes due to a coronavirus outbreak. A container ship gets stuck in the Suez Canal. War breaks out in Europe, resulting in an energy crisis. Headlines like these can shake people to their core. For around 700 procurement employees under Barbara Frenkel, a member of the Executive Board, they also require urgent action. Frenkel is responsible for an annual purchasing volume of more than €14 billion—as well as for her team.

"There are opportunities in every crisis. That's what I concentrate on. Positive thinking can help you focus on issues that can be influenced," says Frenkel. "It takes resilience in stressful situations, clear goals and intensive communication to find good solutions under pressure."

After all, it's always people who shape change, contribute new ideas, and develop effective alternative strategies, whether externally, with the more than 7,000 Porsche partners around the world, or in internal dialogue.

Take semiconductors as an example: With around 5,000 microchips installed in each Porsche Taycan, interruptions in the supply chain can turn vehicle production upside down. Dual sourcing, which entails expanding the partner portfolio, can be a successful security measure. "We've since approved an alternative component for some critical semiconductors," explains Frenkel. "We also take a critical look at every component to determine whether a certain level of inventory makes sense." Prioritizing certain cars in production is another sensible option for getting through any shortages.

Focusing on people: Andreas Haffner and his team are making the workforce fit for the future

We're creating the conditions to secure jobs over the long term.

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

Take wiring harness as an example: More than 4,000 employees produce wiring harnesses for Porsche in Ukraine. "We know these suppliers well. The difficult situation there has an impact on us, of course," says Frenkel, who still stands behind the company out of a sense of solidarity and because it delivers good quality. But she does need a plan B. Within a few months, the systems and tools used in Ukraine were duplicated and set up in other countries. "Especially when there's a crisis, there's more than one solution in procurement. We've developed a whole host of measures for better securing the supply and we continue to expand and optimize them." The past few years have seen a dramatic change in the procurement industry, which operates much like a hinge—like a moving connection between the inside and outside. Procurement has long been a driver of innovation and a source of strategic ideas, which is one of the reasons why Barbara Frenkel's office is located at the Porsche Weissach Development Center. eFuels production in Chile is another good example. It takes new structures and areas of expertise to fulfill all of the new tasks and ensure robust finances even in volatile times. In other words, it takes change management and workforce transformation.

Procurement in transition: Barbara Frenkel and her team as drivers of innovation

"Especially in Barbara Frenkel's department, last-minute changes resulting from external influences can be particularly challenging," says Andreas Haffner, Member of the Executive Board responsible for Human Resources and Social Affairs—and thus for more than 40,000 employees around the world. "But as a fundamental concept, transformation affects our entire company and the entire industry. There's no need to be afraid of electrification, automation, digitalization and artificial intelligence. We welcome these transformation megatrends and plan to exploit them for us as a team."

It's likely that one in four employees will have to learn a new trade or change responsibilities. "We plan to take everyone with us on our journey," emphasizes Haffner. "We're creating the conditions to secure jobs over the long term, which is why we launched one of the largest qualification campaigns in company history. Using transformation maps and strategic personnel planning, we have a concrete plan for how to prepare our team for the future. For example, we've responded to the shortage of IT architects with our own studies program and are now training them ourselves."

Take Zuffenhausen plant as an example: production of the Taycan kicked off in 2019, creating more than 2,000 new jobs. Porsche recruited about one third of the team from within the company and spent months training them for their new responsibilities.

Take the Leipzig plant as an example: to ensure successful conversion of the production facility for the all-electric Macan, about 6,000 participants were trained in qualification measures through to the end of October 2023.

"We provide individual transformation and training consultation as well as internal and external qualifications. We also make it easier to change roles and offer job shadowing opportunities and trial periods, allowing employees to get acquainted with new departments," says Haffner. "This flexibility can be helpful in providing guidance. That's how we consolidate our power to innovate over the long term.

Porsche uses a variety of channels to communicate offers, from internet, intranet, and social media to the award-winning employee magazine *Carrera* and the associated TV format. "Porsche Transformation Days" are elaborate internal trade fairs that have proven to be an effective tool for actively integrating the team. All the departments have the opportunity to present themselves with transformation topics that offer visual and

Innovations and a strong identity: the third generation of the Panamera inspires and remains true to itself

There are opportunities in every crisis. Positive thinking can help you focus on issues that can be influenced.

Barbara Frenkel, Member of the Executive Board responsible for Procurement

physical experiences, from drive technology and data management to 3D printing and AI. “Transparent information, shared experiences, and personal conversations spark new ideas and can thereby transform concern into enthusiasm,” says Haffner. A fluctuation rate below one percent is confirmation that the Porsche Workforce Transformation measures are effective. This wouldn’t be possible without all of the different programs dedicated to issues such as health, flexible work models, retirement plans, and a healthy work-life balance. The “Porsche hilft” initiative is a simple way to provide employees with suitable volunteer options and thus enable a change in perspective like no other.

External surveys confirm that Porsche is one of the most popular employers. In fact, the company took first place in the areas of business science and engineering in the Universum 2023 employer study, which surveyed 21,000 students. The questionnaire filled out by 12,000 academics with career experience provided the same results. In the computer science segment, student selections placed Porsche in fourth place. The wide range of skilled occupations in the Group and even the opportunity for a dual work-study program also offer good career opportunities. “We’re always updating our offers and in some cases even overhauling them to ensure we remain attractive both internally and externally,” explains Haffner.

For Procurement and Human Resources, creating stability in change means always thinking about today, but also about tomorrow and the day after. And that requires a keen eye for visions and visionaries, as well as for companies and people who enrich Porsche, particularly because they’re different and add to diversity. A variety of perspectives is a key driver when it comes to shaping change.

“It may be more challenging to collaborate in diverse teams than in homogenous ones, where everyone has the same opinion. But it’s also much more innovative, creative, and productive,” says Haffner. “We want to raise awareness. A workforce with 19 percent women is just not good enough.” His department launched a company-wide initiative to establish diversity in everyday operations, with measures that focus on a variety of areas such as targeted recruiting formats, mentoring programs, and communication networks. A key supporter is Barbara Frenkel, whose own career has been shaped by curiosity, courage, and change. With a degree in chemistry and rubber technology, she joined Porsche as Manager of Quality Methods and Systems in 2001. She was later appointed Head of Sales for Europe and ultimately assumed responsibility for procurement as the first woman on the Executive Board. “I got to know both ends of the value chain,” she says. She introduces colleagues who make a difference at Porsche in LinkedIn videos and shares career tips in interviews. Frenkel has increased the percentage of women in her department to around 40 percent. Haffner, who is a qualified lawyer and has been involved in Human Resources at Porsche since 1997, joined his team on Christopher Street Day sporting rainbow colors in line with the motto: Unique alone. Diverse collectively. Successful together. “It doesn’t matter to us where you come from, how old you are, who you love, or which gender you identify as,” he emphasizes.

Whether you’re purchasing a Porsche or joining the company, you’re not only choosing a brand, but also a unique community—a family that has developed over generations, always views change as an opportunity, and achieves key milestones in an environment of change.

 For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 464 – 468.

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356 "No.1" Roadster

TO OUR SHAREHOLDERS

LETTER FROM THE EXECUTIVE BOARD

Dear Sir or Madam,
Dear Friends of the Company,

For Porsche AG, 2023 was a truly special year. It marked two significant anniversaries: 75 Years of Porsche Sports Cars and 60 Years of the 911. We celebrated our unique history alongside countless Porsche enthusiasts at numerous events around the world, demonstrating that our long-standing brand has lost none of its enormous appeal. The Porsche legend is more alive than ever.

At the same time, we have added a new chapter to our success story, based on our Porsche Strategy 2030. It defines our ambitious long-term objectives and milestones. We think in terms of opportunities as we work to accomplish them. We take new challenges head-on and convert them to solutions, results and success. For our company, our customers, and our workforce. And for you, our shareholders.

Today, our brand represents a new understanding of luxury: modern, sporty and extremely forward looking. Luxury that blends great exclusivity with sustainability and social responsibility. Luxury that marries tradition and innovation and makes the individual dreams of our customers come true, time and time again.

We have never lost sight of this ambition since our successful IPO. We have pursued it determinedly and systematically, with compelling new products and outstanding service. Through strategic investments in innovative technology and digital solutions. And through collaboration with expert partners. In doing so, we aim to play a major role in shaping the future of sustainable mobility.

The newly obtained independence of Porsche AG means that we can operate with even greater flexibility in our day-to-day business and focus even more heavily on our strategic objectives. At the same time, we will continue to benefit from synergies and economies of scale in the Volkswagen Group. This unique situation has given us significantly more entrepreneurial flexibility. Porsche has, in short, switched up into another gear and increased its speed.

Porsche is now one of the most valuable luxury brands in the world. Never before have our new cars excited as many people as they did in 2023. We also enjoy a healthy, solid cost structure. It has made a significant contribution to the positive development of our business, to our strong key financial indicators, and to a stable return on sales, which has remained at the high level seen the previous year.

This is all in spite of extremely challenging general economic conditions: geopolitical upheavals and natural disasters not only proved a serious challenge for people in the crisis-hit regions in 2023, but they also dramatically stifled global economic dynamism. Nevertheless, Porsche again demonstrated its tremendous resilience.

We now intend to continue down this path and utilize our potential. With great determination and momentum. We will continue working through our 10-point plan systematically. We will optimize our performance in all strategic fields of action, from the product portfolio, electric mobility and supply chain resilience to sustainability and digitalization.

Following its successful launch, our “Road to 20” program will bolster our financial strength permanently. To this end, we have systematically scrutinized everything again, starting with our range of products before moving on to pricing and ultimately our cost structure. And we have built a complete package of measures. This will increase the quality of our contribution margins and make our products and services even more attractive.

Our recently unveiled cars received an extremely positive reception. The new generation of the Panamera is more digital, more luxurious, and more efficient. It offers an even greater breadth of ability from sportiness to driving comfort. The new Taycan represents performance on a level never seen before. And the all-electric Macan speeds up our transition to more sustainable electric mobility.

We are also working intensively with highly promising future technology, such as the development and production of high-performance battery cells, which is why Porsche took over the battery specialist Cellforce Group in May 2023. In the future, we aim to manufacture bespoke battery cells on a large scale in our own plant.

As you can see, Porsche is looking to the future with courage and determination. With passion and pioneering spirit. This will empower us to add new chapters to our success story. With you at our side.

With warmest regards,

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

MEMBERS OF THE EXECUTIVE BOARD

Bold thinking and decisive action: the members of the Porsche Executive Board (from left to right) with the all-electric Macan

Detlev von Platen
Sales and Marketing

Andreas Haffner
Human Resources
and Social Affairs

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

Barbara Frenkel
Procurement

Dr. Oliver Blume
Chairman of the Executive Board

Sajjad Khan
Car-IT

Dr. Michael Steiner
Research and Development

Albrecht Reimold
Production and Logistics

Every success story begins with a dream …

Dr. Oliver Blume

Chairman of the Executive Board

Is there a childhood dream you like to reminisce about?
To be able to fly and travel the world.

What dream have you fulfilled?
Having a job that I love and that takes me around the world.

Do you have a dream that you have yet to realize?
To discover countries I haven't visited, cultures I haven't experienced and people I haven't met.

Teamwork makes the dream work. What does that mean to you?
It's all about people!

What is your dream car?
My old black Beetle … and my 911 R.

Lutz Meschke

Deputy Chairman of the Executive Board and Member of the Executive Board responsible for Finance and IT

Is there a childhood dream you like to reminisce about?
When I was little, I was always excited to spot a 911. Standing on the back seat in my father's VW Beetle, I would always shout "When I grow up, I want to drive this car."

What dream have you fulfilled?
I have always dreamed of having a wonderful family with lots of children. It can certainly be a challenge at times, but thanks to my wife's support it's all worked out. I can say that it has all worked out. The occasional spikes in blood pressure and worry lines have been worth it!

Do you have a dream that you have yet to realize?
As a young soccer player, I always wanted to hold the Bundesliga Meisterschale championship shield in my hands. As a player, I never did make it to the German championships. But I might manage it as a member of the Supervisory Board and a sponsor.

Teamwork makes the dream work. What does that mean to you?
It's almost a platitude. The important thing for me is that you have to be a team player, even if you're a boss or manager. Just like in sports, you need a strong team. I believe that purely hierarchical models of management are obsolete.

What is your dream car?
A dream of mine came true in 2001 in the form of my first company car at Porsche: a 911 Cabriolet, in Racing Green. Turning the ignition for the first time brought a smile to my face.

Barbara Frenkel

Member of the Executive Board responsible for Procurement

Is there a childhood dream you like to reminisce about?
My brother had a silver 993 Carrera 2 with an air-cooled engine. It was a wonderful car. It was also the genesis of my passion for Porsche. I too wanted to drive a car like that at some point.

What dream have you fulfilled?
I am living my dreams, I have a happy family, and I am healthy. Professionally, I have always done what brings me joy and fulfillment. I start every working day with a smile.

Do you have a dream that you have yet to realize?
Sustainability is important to me. Porsche procures a lot of components from direct suppliers. The only way we can do more to protect the environment is to work with our partners. I am working with the entire Procurement team to accomplish this—we are all immensely passionate and committed.

Teamwork makes the dream work. What does that mean to you?
Procurement is a team sport too. It's also true that the more diverse the team, the better. Personally, I think it's exciting to work in teams like this. It is extremely challenging, but also incredibly creative and efficient.

What is your dream car?
I have always been fascinated by the 911. I drive one to this day. At the moment you'll find me in a Linden Green 911 Turbo S Cabriolet. Even simply starting the engine is an experience!

Andreas Haffner

Member of the Executive Board responsible for Human Resources and Social Affairs

Is there a childhood dream you like to reminisce about?
After I watched the moon landing on TV in 1969, I was desperate to be an astronaut and explore other planets.

What dream have you fulfilled?
Even during my studies in Germany, I dreamed of studying at an American university. After I graduated, I was able to fulfill that dream and I earned a master's degree in the US.

Do you have a dream that you have yet to realize?
I still have a lot of dreams—there isn't enough space on the page for them all. For example, I would still like to obtain a pilot's license, learn how to kitesurf, or travel with my family to places in foreign countries that we have never seen before.

Teamwork makes the dream work. What does that mean to you?
A lot of dreams cannot be realized unless you work as a team. This goes for professional environments as well as at home. First and foremost, you need team players who give their all to help you realize the dream, and who have your back, even in difficult situations.

What is your dream car?
That is a very tough question, but it would definitely be a Porsche.

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 464–468.

Sajjad Khan

Member of the Executive Board
responsible for Car-IT

Is there a childhood dream you like to reminisce about?
I grew up in austere circumstances in Pakistan, so education was my childhood dream: to provide for my family and build a better future.

What dream have you fulfilled?
I have made that very dream come true. To prevent it from remaining just my dream, I support women in education in particular, through various social projects in my home country.

Do you have a dream that you have yet to realize?
I want to work with the global Porsche team to put us in pole position when it comes to software.

Teamwork makes the dream work. What does that mean to you?
I believe that the most important aspect of success is a strong, motivated team, which is why fairness and teamwork on a level playing field are so important to me.

What is your dream car?
My first company car at Porsche—a crimson-coloured 911 Turbo S Cabriolet—a long-held dream of mine come true. That being said, I also really like to use my e-bike for shorter journeys.

Detlev von Platen

Member of the Executive Board
responsible for Sales and Marketing

Is there a childhood dream you like to reminisce about?
It was flight—always associated with freedom, adventure, and the longing to explore new destinations. But also a certain degree of risk.

What dream have you fulfilled?
To found a company and build it up from nothing—and to do it abroad. I had the honor of doing this with what was then a new subsidiary of Porsche in France, with a wonderful team and while actively helping to shape the future of the company.

Do you have a dream that you have yet to realize?
I am very pleased to have already been able to fulfill some of my dreams. As such, I am now more interested in helping others and encouraging them to dream a dream.

Teamwork makes the dream work. What does that mean to you?
Team spirit is the deciding factor in a company's success. Motorsport is a great example of what can be achieved with the right mindset: we have to enjoy competing against the best. With passion and, regardless of success, with a degree of humility.

What is your dream car?
The Porsche I get to drive every day as my company car is a dream vehicle. If I could keep one, it would probably be the 911 RS 2.7 or the new 911 S/T.

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 464–468.

Albrecht Reimold

Member of the Executive Board responsible for Production and Logistics

Is there a childhood dream you like to reminisce about?
As a child, I wanted to be a train driver. Although I didn't end up as one, I did at least stay loyal to the mobility sector.

What dream have you fulfilled?
I am extremely thankful for the opportunities life has given me, both professionally and personally. I've taken great roles in Germany and abroad and helped to develop new technology. I find it especially fulfilling when I am able to motivate, convince, and give a team wings.

Do you have a dream that you have yet to realize?
I don't have one big dream. I simply want to enjoy life in good health for as long as possible alongside my family and friends.

Teamwork makes the dream work. What does that mean to you?
To quote the star basketball trainer Phil Jackson, "The strength of a team is each individual member. The strength of each member is the team." Manufacturing cars was and is teamwork!

What is your dream car?
The 911 Targa with its distinctive silhouette, rollover bar and big, curved rear window. Although I find the Taycan just as exciting—I love electric mobility!

Dr. Michael Steiner

Member of the Executive Board responsible for Research and Development

Is there a childhood dream you like to reminisce about?
My happiest childhood dreams revolved around sporting successes and fast means of travel.

What dream have you fulfilled?
I realized my first major dream with a BMW R80G/S. It was my pride and joy and my freedom.

Do you have a dream that you have yet to realize?
To climb a few large mountains, as long as I am still fit enough to do it.

Teamwork makes the dream work. What does that mean to you?
Dreams are made a reality by strong teams—that goes for motorsport and vehicle projects alike.

What is your dream car?
Today it's a 911 with a high-revving naturally aspirated engine—such as the current 911 S/T. And tomorrow it will be an open-topped, electric sports car like the 983.

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 464–468.

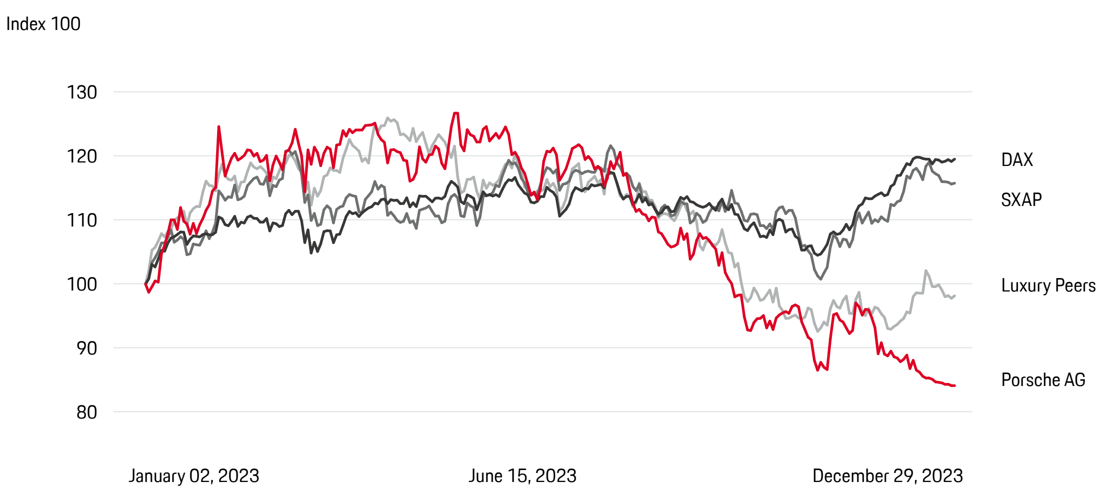
PORSCHE IN THE CAPITAL MARKET

STOCK PRICE AND OVERALL MARKET

Based on the German stock market index DAX, the European EURO STOXX 50, and the market-wide global index MSCI World, the market as a whole performed very well in the reporting period. This was driven by a number of different factors: in particular, the processing industry benefited from significant improvements in global supply chain difficulties and was able to clear its order books, some of which were completely full, especially in the first six months of the year. This was compounded, especially in the fourth quarter of the reporting period, by hopes of interest rate cuts, kindled by statements from Jerome Powell, Chair of the Federal Reserve of the United States, and representatives of the ECB, following the slowdown in inflation. So far at least, political factors such as the confrontations in the Middle East and the ongoing Russia-Ukraine conflict have not had a long-term impact on global stock markets.

The DAX enjoyed significant growth in 2023 (+20.3%), as did the MSCI World (+21.8%), and the DJ US Auto Index (+19.1%), which is of relevance to Porsche. In contrast, Porsche's shares had lost a lot of their dynamism by the end of 2023, following a strong start in the first six months of the year. In light of the challenges in 2024, which will be characterized by four product launches and lingering weakness in the Chinese market, some investors took the opportunity to take profits. Due to slowing demand, especially in China, investors also moved away from luxury goods, which caused their performance to be weaker than that of the overall market. The peak price of Porsche's preferred shares was €120.35 on May 22, 2023, compared to the lowest price of €79.90 on December 28, 2023. The year-end price of €79.90 corresponds to market capitalization of around €72.8 billion. Porsche preferred shares worth an average of approximately €69 million were traded every single day in 2023.

Stock price development in 2023

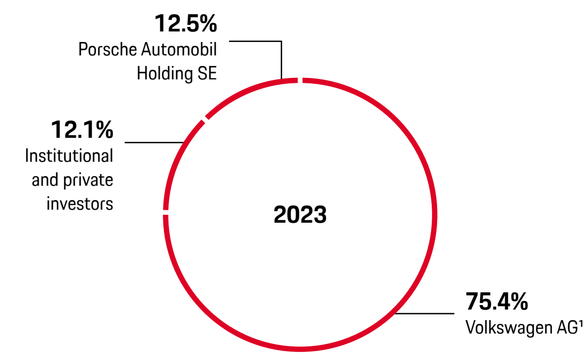


The luxury peers include: Burberry, Brunello Cucinelli, Salvatore Ferragamo, Ferrari, Hermès, Kering, LVMH, Moncler, Prada, Richemont.

SHAREHOLDER COMPOSITION

Porsche AG's subscribed capital of €911 million is made up of 50% voting ordinary shares and 50% nonvoting preferred shares. Ordinary and preferred shares are no-par-value bearer shares. Furthermore, the holders of nonvoting preferred shares receive from the annual distributable profit an additional dividend of €0.01 per preferred share above the dividend attributable to the ordinary stock. The 455,500,000 ordinary shares and 455,500,000 nonvoting 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 nonvoting 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, 2023).

Shareholder composition as of December 31, 2023 (as percentage of share capital)



[1] Volkswagen AG indirectly holds its shares via Porsche Holding Stuttgart GmbH

ANNUAL GENERAL MEETING

The first Annual General Meeting since the IPO was held at the Porsche Arena in Stuttgart on June 28, 2023. It was attended by more than 1,400 shareholders and shareholder representatives, with 100% of the voting capital represented. All resolutions proposed by the management were passed unanimously. One of the resolutions proposed to distribute all €915.5 million of the distributable profit from the 2022 financial year to the shareholders in the form of a dividend. As such, a dividend of €1.00 per ordinary share and €1.01 per preferred share was paid. The actions of the members of the Executive Board and of the Supervisory Board in the 2022 financial year were also formally approved.

AWARD-WINNING IPO

The IPO in September of the previous year was a resounding success, judging by the strong interest shown by international investors and the successful listing in an extremely difficult environment. A number of prizes were awarded in recognition of this success over the course of the year.

DIALOG WITH THE CAPITAL MARKET

The Executive Board and members of the Investor Relations department maintained a constant, trusting dialog with investors and analysts in the reporting period. Numerous discussions took place; although some were held by phone or over the usual videoconferencing platforms, the majority took place in person in Zuffenhausen or on the premises of the investors. Following the publication of the results for 2022 as a whole and the individual quarters in the reporting year, a roadshow involving the Executive Board of Porsche AG was organized for the most important investors in New York, London, and Frankfurt. Additionally, numerous other roadshows and a series of interviews with analysts and investors were held at the headquarters of Porsche AG in Stuttgart-Zuffenhausen. Porsche even used the global launch of the Panamera in November 2023 to hold a face-to-face workshop with analysts and investors in Shanghai. The workshop focused on business in China and overseas markets as well as Porsche's individualization strategy.

NOTIFICATION OF DIRECTORS' DEALINGS IN ACCORDANCE WITH ARTICLE 19 OF THE MARKET ABUSE REGULATION (MAR)

Name	Function	Type of transaction	Aggregated volume in €	Price in €	Date
Lutz Meschke	Member of the Executive Board	Purchase	29,926.00	92.08	Sep. 22, 2023
Dr. Oliver Blume	Member of the Executive Board	Purchase	249,162.46	91.94	Sep. 22, 2023
Dr. Wolfgang Porsche	Supervisory Board	Purchase	8,598.00	85.98	Oct. 25, 2023
Dr. Wolfgang Porsche	Supervisory Board	Purchase	8,296.00	82.96	Nov. 28, 2023

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 Sir or Madam,
Dear Friends of the Company,

Exactly 75 years ago, Ferry Porsche turned his dream of a sports car into reality: he and his team built the Porsche 356 "No. 1" Roadster. This was both the genesis of a legendary brand and the opening chapter of both an exemplary success story and the Porsche legend. We joined our employees and, in particular, our customers in marking this anniversary in 2023 with commensurate pride and gratitude.

In 2023, we remained true to our mission statement and followed our dreams. And we did so in a world constantly beset by new political and economic crises. Even our society and social cohesion have been caught up in the changes to a considerable extent. Porsche AG continued to face major challenges in the reporting period. In particular, the political frameworks for the automotive industry are changing and its transformation continues.

Dear shareholders, Porsche AG has seized the opportunity presented by these challenges and managed to set new standards with its products in 2023. The five millionth Porsche rolled off the production line at its headquarters in Stuttgart-Zuffenhausen and the company celebrated the 60th anniversary of the iconic 911 with a special limited edition, the Porsche 911 S/T, which is limited to 1,963 models.

30 years after the unveiling of the Boxster concept study, Porsche brought the most powerful version of the mid-engine roadster to date to the market: the new Porsche 718 Spyder RS. It also completely overhauled the exclusive Cayenne SUV model series in the reporting year.

At Porsche, innovative concept vehicles have always set the course for the future. The sports car manufacturer is continuing this tradition with its latest concept study: Mission X. The two-seater with thrilling lines celebrated its launch on a special date on June 8, 2023: it was the main attraction on the eve of the opening of the special exhibition entitled "75 Years of Porsche Sports Cars" at the Porsche Museum in Stuttgart-Zuffenhausen.

Like its vehicles, the company has always enjoyed close ties with motorsport, and it was able to celebrate more success on the racetrack in 2023. At the London E-Prix, the TAG Heuer Porsche Formula E Team ended its most successful season so far with four victories in the ABB FIA Formula E World Championship. The title of world champion was claimed by Jake Dennis from the Porsche customer team Avalanche Andretti in the Porsche 99X Electric, which was developed in Weissach. The Porsche works driver Thomas Preining became the DTM champion on the final weekend in Hockenheim as far ahead of time as the team Manthey EMA won the manufacturers' title for Porsche at the DTM.

A strong season was also had by the new works team Porsche Penske Motorsport, which claimed second place for Porsche in the manufacturers classification in the hybrid prototype Porsche 963 at the IMSA WeatherTech SportsCar Championship, the latest in a series of victories including a 1–2 victory on the legendary Indianapolis Motor Speedway. Other experiences have been less successful, however. The Porsche 963 finished ninth at the 24 Hours of Le Mans in 2023. In the GTE-Am category, the Porsche 911 RSR belonging to the customer team GR Racing took third place on the podium.

As you, dear shareholders, all know, Porsche AG reached another historic milestone in the form of its IPO on September 29, 2022. In doing so, Porsche AG has attained greater entrepreneurial freedom and flexibility, and is able to decide for itself where to focus its future corporate and product strategies. This will enable the company to operate with greater speed and focus, which is more important than ever in a dynamic and challenging global landscape. Last year, Porsche AG systematically played to its strengths on the market and enjoyed a successful year in spite of the major geopolitical crises. This is also reflected in its key performance indicators. The Porsche AG Group is in a very strong position with consolidated sales revenue of €40.53 billion and profit before tax of €7.375 billion. In light of the successful 2023 financial year and a corporate strategy geared towards sustainable growth, the Supervisory Board believes that Porsche AG is in an excellent position to face the ongoing transformation of the automotive industry.

For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 464–468.

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

In the 2023 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, and business development. 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. The report by the Chairman of the Executive Board was supported by regular reports from the members of the Executive Board responsible for Finance and Sales. The Supervisory Board dedicated considerable time to the reports of the Executive Board.

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 and the relevant committees in good time.

Key topics discussed in the plenary session also 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. In particular, the subsidiaries that were reported on intensively included Porsche Financial Services GmbH, Porsche Consulting GmbH, Porsche Engineering Group GmbH, Porsche Lifestyle GmbH & Co. KG, MHP Management und IT-Beratung GmbH (MHP), and Porsche Werkzeugbau GmbH. This enabled the Supervisory Board to paint a complete picture.

Aside from the regular reports, the Executive Board submitted regular, timely, and comprehensive reports to the Supervisory Board on all material aspects of relevance to the company and transactions requiring approval. This made it possible to address individual topics specifically, such as the progress of individual vehicle projects.

The Supervisory Board met in full four times in the financial year. Additionally, two circular resolutions took place outside of regular meetings. Overall, the rate of participation in Supervisory Board (plenary) meetings in 2023 was a pleasing 96%. With the exception of one meeting which a participant was unable to attend, the committees of the Supervisory Board always met with all members in attendance.

If, due to exceptional circumstances, a member of the Supervisory Board or a committee was unable to attend a meeting, they were able to familiarize themselves with the items on the meeting's agenda with the preparatory documents. In this case, they cast their vote in writing to participate in resolutions. 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 the plenary sessions and committee meetings that took place in the reporting year:

	Supervisory Board meetings		Committee meetings			
	Plenum	Attendance in %	Presidential Committee	Attendance in %	Audit Committee	Attendance in %
Dr. Wolfgang Porsche (Chairman)	4 of 4	100%	8 of 8	100%	–	–
Jordana Vogiatzi (Deputy Chairman)	3 of 4	75%	7 of 8	87.5%	–	–
Dr. Arno Antlitz	4 of 4	100%	8 of 8	100%	–	–
Dr. Christian Dahlheim	4 of 4	100%	–	–	4 of 4	100%
Micaela le Divelec Lemmi	4 of 4	100%	–	–	4 of 4	100%
Melissa Di Donato Roos	4 of 4	100%	–	–	–	–
Dr. Hans Michel Piëch	4 of 4	100%	–	–	–	–
Hans Dieter Pötsch	3 of 4	75%	–	–	–	–
Dr. Ferdinand Oliver Porsche	4 of 4	100%	–	–	4 of 4	100%
Dr. Hans Peter Schützinger	4 of 4	100%	–	–	–	–

	Supervisory Board meetings		Committee meetings			
	Plenum	Attendance in %	Presidential Committee	Attendance in %	Audit Committee	Attendance in %
Hauke Stars	4 of 4	100%	8 of 8	100%	–	–
Ibrahim Aslan	4 of 4	100%	–	–	–	–
Harald Buck	4 of 4	100%	8 of 8	100%	4 of 4	100%
Wolfgang von Dühren	4 of 4	100%	–	–	–	–
Akan Isik	4 of 4	100%	–	–	–	–
Nora Leser	4 of 4	100%	–	–	4 of 4	100%
Knut Lofski	4 of 4	100%	–	–	–	–
Vera Schalwig	3 of 4	75%	–	–	–	–
Stefan Schaumburg	4 of 4	100%	–	–	–	–
Carsten Schumacher	4 of 4	100%	8 of 8	100%	4 of 4	100%

The virtual meeting formats introduced during the pandemic have gradually been replaced by meetings in person. Despite increasingly sophisticated videotelephony technology, the Supervisory Board believes that physical gatherings—especially with regard to plenary sessions—should be the method of choice. Of the four plenary sessions in 2023, all meetings were held in person in Zuffenhausen and once at the location in Weissach. At one meeting, the option to participate virtually was made available in addition to the in-person meeting (to create a hybrid meeting format). With regard to individual committee meetings, the flexibility of such hybrid meeting formats has proven itself once again. For instance, it has been possible to hold Presidential Committee meetings, even ones convened at short notice, efficiently and without requiring participants to spend time traveling. Of the eight meetings of the Presidential Committee, four were held in person and four were held virtually as videoconferences. All four meetings of the Audit Committee were held in person. None of the meetings of the Supervisory Board or a committee took the form of 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. Moreover, the company offers education and advanced training formats for the entire Supervisory Board. On the day before the company's Annual General Meeting on June 28, 2023, which was held as a public meeting for the first time since the IPO, comprehensive training was provided on the rights and duties of the Annual General Meeting, as well as its current legal framework. The concept of the Supervisory Board training day was implemented for the first time on November 29, 2023. This interactive training course lasted several hours and focused on capital market and insider trading laws. On this day, the Supervisory Board also addressed self-assessment and the implementation thereof for the Supervisory Board of Porsche AG, as the first self-assessment since the IPO was conducted in the 2023 financial year. More information about the performance of the self-assessment and the evaluation of the results is available in the Corporate Governance Declaration at ↗ **https://investorrelations.porsche.com/en/corporate-governance/**. All training was provided with the assistance of internal and external experts.

Beyond purely legal matters, training also focused on subject areas relating to products and technology. As part of the design presentation, future vehicle models were presented to the members of the Supervisory Board in detail. Starting in the coming year, product and technological expertise is set to become part of the Supervisory Board training day too. Furthermore, in coordination with internal and external experts, the Supervisory Board will conduct reviews throughout the year to determine what topics are appropriate for the Supervisory Board training day, in order to provide a complete array of education and training for the individual members of the Supervisory Board and the board as a whole.

Aside from the aforementioned training formats, a comprehensive onboarding program is available to new members of the Supervisory Board to, for example, give them the opportunity to meet the members of the Executive Board and managers to discuss general and current topics, and in doing so develop an understanding of matters relevant to the company and its governance structure. Extensive information material will also be provided to new members of the Supervisory Board to assist them with their Supervisory Board activities. Further enhancements were made to the onboarding program, even though no new members joined the Supervisory Board in the 2023 financial year.

MAIN FOCAL POINTS OF THE WORK OF THE SUPERVISORY BOARD

At all of its meetings in the reporting period, the Supervisory Board delved deeply into the core matters of the company, the economic situation of Porsche AG, and its key subsidiaries.

The work of the Supervisory Board focused on the audit and approval of the annual and consolidated financial statements for the 2022 financial year in February 2023, as well as the annual adoption of the planning session. As part of planning session PR72, the Supervisory Board addressed and approved the company's long-term plan, including product program, as well as the vehicle projects of Porsche AG. Furthermore, the Supervisory Board dealt thoroughly with the agenda, proposed resolutions, and convocation of the Annual General Meeting in 2023.

In connection with the financial and corporate matters, the Supervisory Board examined strategic decisions relating to an investment in a cell material manufacturer and the expansion of the Cellforce Group (CFG). In this context, the Supervisory Board approved additional finance for CFG to ensure the continued development of high-performance cells. The approval of equity capital increases in individual national Porsche Financial Services companies made it possible to further expand Porsche's global leasing and finance business. One focal point of its regular dealings with the various Porsche subsidiaries was the acquisition of more shares in MHP as well as its strategic development. The Supervisory Board discussed the orientation and share structure of MHP at length and approved the acquisition of the shares still being held by the cofounder. The agenda also featured individual investments in innovative and strategically important companies and start-ups. Additionally, the Supervisory Board routinely addressed the financial strategy and granted corresponding framework approvals. The refinancing of a line of credit at Volkswagen AG announced in connection with the IPO was carried out successfully, and the Supervisory Board approved the opening of a new, attractive line of credit with a consortium of banks. At the end of the year, the Supervisory Board was once again forced to consider at length the direct and indirect effects of the Russia-Ukraine conflict on the business operations of Porsche AG and its subsidiaries.

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. In addition to the structural matter of updating the executive organizational chart in light of Sajjad Khan becoming a new member of the Executive Board responsible for Car-IT as of November 1, 2023, the Supervisory Board dealt with extending the appointment of members of the Executive Board. The extensions of appointments to the Executive Board were handled routinely by Albrecht Reimold (Production and Logistics), Dr. Michael Steiner (Research and Development), and Barbara Frenkel (Procurement). All three Executive Board appointments were extended.

In this context, other key subjects of consultation were the further optimization of the Executive Board member remuneration system and the setting of targets for the variable remuneration of members of the Executive Board for the 2024 financial year. The amounts of remuneration were also reviewed routinely as part of the revision of the remuneration system. The revised system of remuneration for members of the Executive Board is to be proposed to the company's 2024 Annual General Meeting for approval.

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

Finally, the Supervisory Board addressed the recommendations and suggestions of the German Corporate Governance Code. 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 2023 financial year did not see any personnel changes on the Supervisory Board; the seasoned team worked together successfully throughout the year.

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 committees have the following responsibilities and members:

Presidential Committee

The Presidential Committee coordinates the work within the Supervisory Board and prepares its meetings. The Presidential Committee prepares personnel-related decisions for the Supervisory Board. Alongside the Executive Board, the Presidential Committee also ensures that a long-term succession plan is in place.

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

In the cases mandated by law, the Related Party Committee decides on the approval of certain transactions between the company and its related parties.

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

FREQUENCY OF MEETINGS AND FOCAL POINTS OF THE COMMITTEES

The Presidential Committee met eight times in the 2023 financial year. The Audit Committee met four times in the 2023 financial year. The Nomination Committee, the Mediation Committee, and the Related Party Committee did not meet in the reporting year.

The Presidential Committee focused on advising and recommending resolutions for the plenary session in particular. Personnel-related matters concerning the Executive Board were discussed thoroughly in advance. As such, the Presidential Committee handled the extensions of the Executive Board members' service contracts, contractual issues other than remuneration, approval of ancillary activities, and the adaptation of rules in connection with fringe benefits. Additionally, the Presidential Committee addressed the long-term succession plan in depth in several meetings.

The work of the Audit Committee centered on the annual and consolidated financial statements, the risk management system including the effectiveness of the internal control system, as well as the internal audit system and the work of the company's compliance organization. The Audit Committee also dealt with the quarterly information and half-yearly financial report of the Porsche AG Group. In doing so, it focused on monitoring the accounting, the accounting process, and the inspection thereof by the auditor. It also discussed the assessed audit risk, audit strategy, audit plan, and audit outcome with the auditor.

Additionally, the representatives of shareholders and employees normally met for separate advance discussions in the run-up to Supervisory Board meetings.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual and consolidated financial statements of Dr. Ing. h.c. F. Porsche AG, including the combined management report for the 2023 financial year, have been duly audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, and awarded an unqualified opinion.

Likewise, the report prepared by the Executive Board on the relations between Dr. Ing. h.c. F. Porsche AG and affiliated enterprises according to section 312 of the AktG (dependent company report) for the period from January 1 to December 31, 2023, was examined by the auditor and awarded the following opinion: "Based on our audit performed in accordance with professional standards and our professional judgment, we confirm that the factual statements contained in the report are correct, and the company's consideration concerning legal transactions stated in the report was not excessive."

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.

In its meeting on February 28, 2024, the Supervisory Board dealt with the annual financial statements of the company, the consolidated financial statements, and the combined management report, including the nonfinancial report and proposed appropriation of profit, each of which has received an unqualified opinion from the auditor. Furthermore, the Supervisory Board dealt with the dependent company report, the Corporate Governance Declaration, and the remuneration report.

For preparation, the members of the Supervisory Board had extensive documentation at their disposal, including the annual financial statements, consolidated financial statements, and the combined management report, including the nonfinancial report and proposed appropriation of profit. They were also provided with the dependent company report prepared by the Executive Board, the Corporate Governance Declaration, the remuneration report, the audit reports of EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft for the annual financial statements of Dr. Ing. h.c. F. Porsche AG, the consolidated financial statements, including the combined management report, the audit report for the dependent company report, and drafts of the 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.

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 2023 have been adopted. On this basis, the Supervisory Board accepted the Executive Board's proposed appropriation of profit.

The Supervisory Board reviewed the dependent company report thoroughly and raised no objections to the declaration of the Executive Board at the end of the dependent company report. 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 2024 Annual General Meeting. Pursuant to section 120a, paragraph 4, of the AktG, the remuneration report will be submitted to the Annual General Meeting for formal approval.

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.

No conflicts of interest on the part of members of the Supervisory Board were reported or became evident in the reporting year.

DECLARATION OF CONFORMITY 2023

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 2023, the Executive Board and Supervisory Board explained the extent to which the recommendations of the German Corporate Governance Code have been followed since the publication of the last Declaration of Conformity in December 2022, and will be followed in the future.

The joint Declaration of Conformity by the Executive Board and Supervisory Board is available at all times on the website ↗ https://investorrelations.porsche.com/en/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 2023 financial year was extremely challenging. The Supervisory Board wishes to express its gratitude and recognition to the Executive Board and all employees for the work they have done, especially given the context. Through their extraordinary commitment and passion for innovation, not to mention the sense of responsibility that is characteristic of Porsche, all employees and members of the Executive Board did their part to drive the success of the company. On behalf of the Supervisory Board, I also wish to thank you, dear shareholders, for your loyalty and support in 2023. Without all of you, this company would be but a dream.

Zuffenhausen, February 28, 2024

Dr. Wolfgang Porsche
Chairman of the Supervisory Board

MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board 2023 of Porsche AG

From left to right:

Ibrahim Aslan, Knut Lofski, Dr. Hans Peter Schützinger, Dr. Christian Dahlheim, Nora Leser, Stefan Schaumburg, Micaela le Divelec Lemmi, Harald Buck, **Dr. Wolfgang Porsche** (Chairman of the Supervisory Board), **Jordana Vogiatzi** (Deputy Chairman of the Supervisory Board), Dr. Hans Michel Piëch, Melissa Di Donato Roos, Wolfgang von Dühren, Dr. Ferdinand Oliver Porsche, Dr. Arno Antlitz, Hauke Stars, Carsten Schumacher, Hans Dieter Pötsch, Akan Isik, Vera Schalwig

19
56

550 Spyder

SUSTAINABILITY

SUSTAINABILITY AT PORSCHE

The Porsche AG Group considers all the aspects of sustainability: economic, environmental, and social. The Porsche AG Group does not see economic success, environmental awareness, and social responsibility as contradictions in terms. Quite the opposite. They unite to form a guiding principle based on doing business in a future-proof way.

Mobility, and therefore the automotive industry, plays a key role in the transformation of business towards sustainability and the related fight against climate change. Besides Porsche's own vehicle production, its entire value chain is an integral component of the Porsche Strategy 2030[1].

To the Porsche AG Group, sustainability is not a short-lived trend; but enshrined as a central cross-cutting issue in the Porsche Strategy 2030.

All the different aspects of the topic are considered: the aspects Environment (E), Social (S), and Governance (G)—ESG—describe the basic principles of sustainable business. In doing so, the Porsche AG Group wishes to embrace its responsibility, bolster sustainable and value-creating growth, and reduce its environmental footprint continuously. In the process, it remains focused on the impact of its business activities and the expectations of its stakeholders.

The Sustainability Strategy 2030 sums up the key challenges facing the Porsche AG Group in six strategy fields.

Decarbonization

Circular economy

Diversity

Partner to society

Supply chain responsibility

Governance and transparency

Where currently possible, the Porsche AG Group unites all six fields of action in the Sustainability Strategy 2030 with clear objectives, indicators, and measures. Key ESG indicators, such as the Decarbonization Index (DCI), already affect on the remuneration of members of the Executive Board.

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 the Porsche AG Group as an orientation for its own business activities. They indicate how economic progress, social justice, and environmental compatibility can be reconciled. → **Sustainability management**

STRATEGY FIELDS

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, technologies and attractive services. These include future-oriented drive concepts that are designed to cause significantly lower CO_2 emissions.

It is focusing on electric mobility. The Porsche AG Group is planning for more than 80% of the vehicles it delivers in 2030 to be fully electric—depending on customer demand and the development of electric mobility in individual regions of the world. Porsche entered this era back in 2019 with the all-electric Taycan. The all-electric Macan will join its product range in 2024.

[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.

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

In cooperation with the Volkswagen Group, Porsche AG and selected subsidiaries determine the computed volume of greenhouse gas emissions, in tons of CO_2 equivalents per vehicle, all along the value chain using the Decarbonization Index (DCI)[1].
→ **Climate change mitigation**

Strategy field Circular Economy

It is important to the Porsche AG Group that raw materials are used responsibly and sparingly and that its vehicles and the materials used to build them have long service lives. As such, the strategy field of a circular economy is a key element of the Group's sustainability strategy. Closed-loop concepts are to be realized at various points along the value chain and existing ones are to be expanded and improved. Porsche AG endeavors to use sustainable materials and, where technically possible, reduce the percentage of primary raw materials and establish closed raw material cycles.

The strategy field comprises multiple areas of action. Cross-functional teams work on various areas of focus within these, such as closed-loop concepts for high-voltage batteries, the use of circular materials in Porsche vehicles, sustainable product design, the avoidance of plastic waste, and ways of recycling vehicle components.

Furthermore, the strategy field encompasses recycling projects at Porsche's locations. At its vehicle production sites, the Porsche AG Group is pursuing its long-term vision of a Zero Impact Factory—vehicle production with a minimal negative environmental impact. The vehicle production locations in Stuttgart-Zuffenhausen and Leipzig have already made progress towards this vision.

[1] The Porsche AG Group bases its calculation of the DCI on, among other things, assumptions that are founded on statistics. The Porsche AG Group uses model-based calculations to obtain the DCI based on premises and values specific to the Porsche AG Group as well as data from recognized 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 goal of balance-sheet CO_2 neutrality along the entire newly produced vehicle value chain in 2030 is founded on averaging and currently also involves necessary offsetting.

As the use of circular materials often benefits the carbon footprint of the material as well, the strategy field of a circular economy also contributes to the decarbonization goals of the Porsche AG Group.

Strategy field Diversity

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

As part of 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—with the conscious inclusion of people with disabilities.

In the reporting year, the Porsche AG Group continued to expand 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 employee to tap their full potential. → **Equal treatment and opportunities within the own workforce**

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.

Consequently, the Porsche AG Group has its sustainability strategy field named Partner to Society. In this strategy field, the Porsche AG Group actively supports corporate citizenship projects that benefit people whose social environment is directly or indirectly related to the Porsche AG Group—be that its own locations or direct suppliers and business partners. 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 Partner to Society strategy field has been in the hands of a dedicated core team comprising representatives from all relevant organizational units of the Porsche AG Group, who meet about every six weeks. The team defines a general strategy for the strategy field, advances the corporate citizenship projects, and networks with the relevant departments. In the reporting year, the team's work focused on designing a new general project aimed at pooling the international social engagements of the Porsche AG Group even more effectively and bolstering them further. The project was still in the start-up phase at the end of the reporting year.

The strategy field has access to the company fund, which was set up in 2021, to finance project ideas of the Porsche AG Group. As an example, the fund's resources were used to realize initiatives from the "Join the Porsche Ride" program in Brazil, Chile, Saudi Arabia, and China in the reporting year. The fund was also used to finance the further expansion of the placement platform "Porsche hilft", which aims to promote voluntary engagement on the part of employees.

Strategy field Supply Chain Responsibility

The Porsche AG Group's corporate responsibility does not end at the factory gates—it extends across the entire value chain, which encompasses more than 1,700 direct suppliers of production materials and 5,700 direct suppliers of nonproduction materials.

As the product portfolio expands and technological diversity grows, so does the importance of the supply chain to the sustainability strategy. As such, the Porsche AG Group constantly trains its strategic focus on the sustainability-driven management of its relationships with direct suppliers. The Porsche AG Group wants to ensure that direct suppliers practice a more ecologically sustainable procurement, adhere to human rights standards, implement social employment practices, and practice responsible resource management. In this context, Porsche AG—on behalf of the Porsche AG Group—is also involved in the automotive industry dialog on the German National Action Plan for Business and Human Rights (NAP), which promotes decent working conditions for people.

Specifically, by 2030, Porsche AG[1] aims to comply with the strictest internal quality standards relating to sustainability with 90% of the production material it purchases, which is generally sourced from direct suppliers with a sustainability rating (S-rating). This means that 90% of direct suppliers of production materials are expected to achieve an S-rating in the highest category (A) by this point in time. In the reporting year, the degree of fulfillment was already 88.3%. → Sustainability, work-related rights and equal treatment and opportunities in the value chain

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, the Porsche AG Group is therefore working continuously to increase transparency and responsible corporate governance.

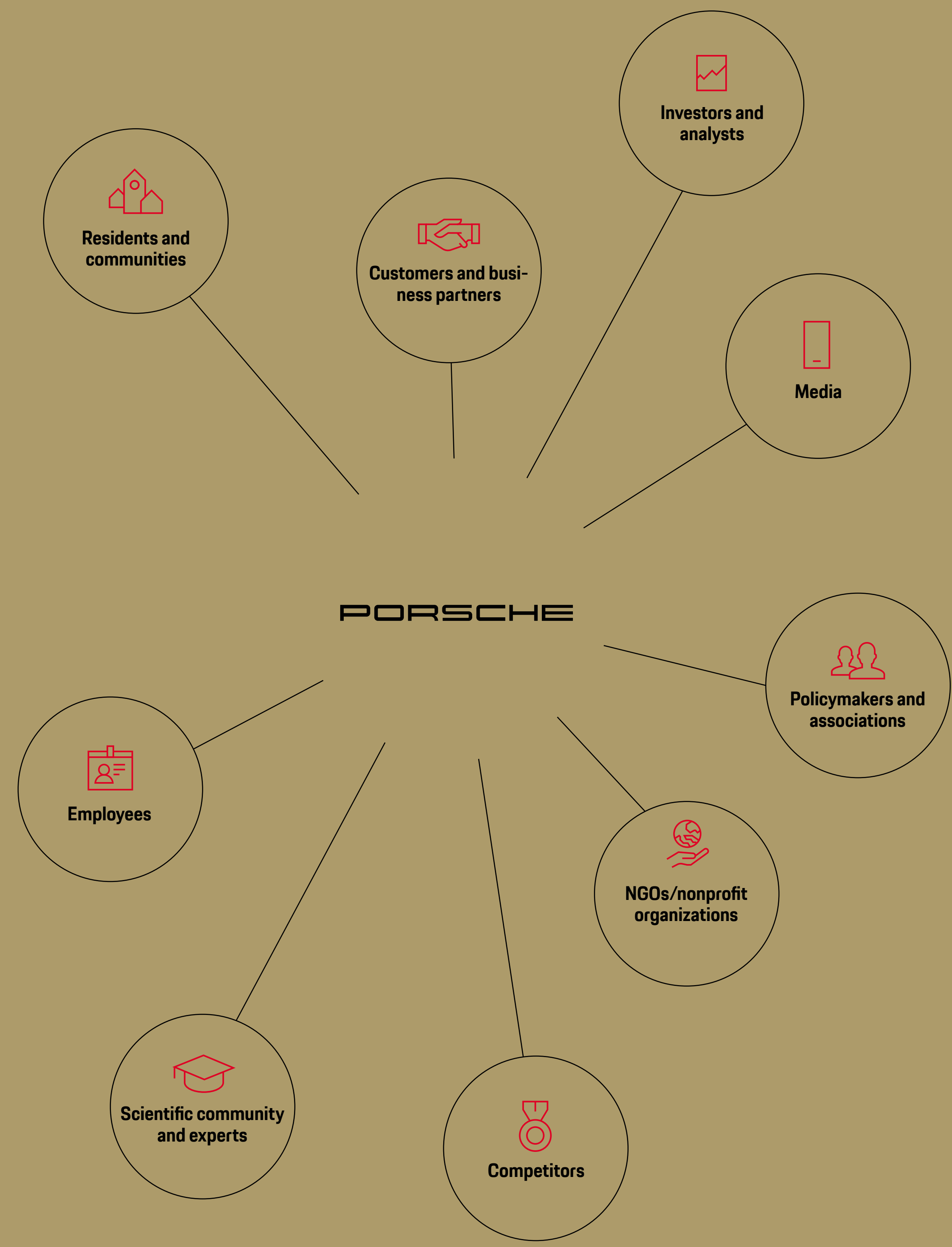
In the reporting year, Porsche AG further expanded the ESG management system and rolled out a centralized control and monitoring system for ESG data. Additionally, Porsche AG continued to harmonize its dedicated compliance management systems. Among other things, the Code of Conduct for Business Partners of Porsche AG and the Volkswagen Group have been consolidated and compliance improvement measures have been standardized.

To monitor the implementation of the requirements of the German Supply Chain Due Diligence Act (LkSG), Porsche AG conducted "compliance monitoring" in selected departments of Porsche AG and in selected subsidiaries in the reporting year—with reviews being carried out in connection with human rights, for example. Additionally, the first report on compliance with corporate duties of care at Porsche AG has been prepared and published for the German Federal Office for Economic Affairs and Export Control.

Selected sustainability objectives have been a criterion in the remuneration system for the Executive Board since the 2023 reporting year. The Executive Board has implemented the same policy for the management of Porsche AG and selected national subsidiaries. → Remuneration report

[1] Within the Porsche AG Group, only Porsche AG procures production materials.

Porsche stakeholders
The most important stakeholders of the Porsche AG Group as determined by internal analyses.



STAKEHOLDER DIALOG AND MATERIALITY

Stakeholders of the Porsche AG Group

→ GRI 3-1

Identifying and involving stakeholders in a dialog is important to the Porsche AG Group when it comes to fulfilling all the different aspects of social responsibility. A stakeholder is any individual or group with an interest in a decision or activity of the Porsche AG Group because they have a direct or indirect influence over its actions or are themselves affected by them.

The Porsche AG Group performs regular internal analyses to identify its most important stakeholder groups. As such, the Porsche AG Group considers the following as key players: residents and communities, customers and business partners, investors and analysts, media, employees, policymakers and associations, nongovernmental and charitable organizations, scientific community and experts, and competitors.

Stakeholder communications and dialog

The business activities of the Porsche AG Group touch on the lives and interests of many people around the world (stakeholders). The Porsche AG Group consults and communicates with various stakeholder groups regularly. The consultation and engagement are continuous and regular because an open, transparent exchange of information and arguments paves the way for mutual understanding and acceptance. A beneficial, goal-driven dialog is the only way for the Porsche AG Group to build and maintain lasting relationships of trust with its direct dialog partners.

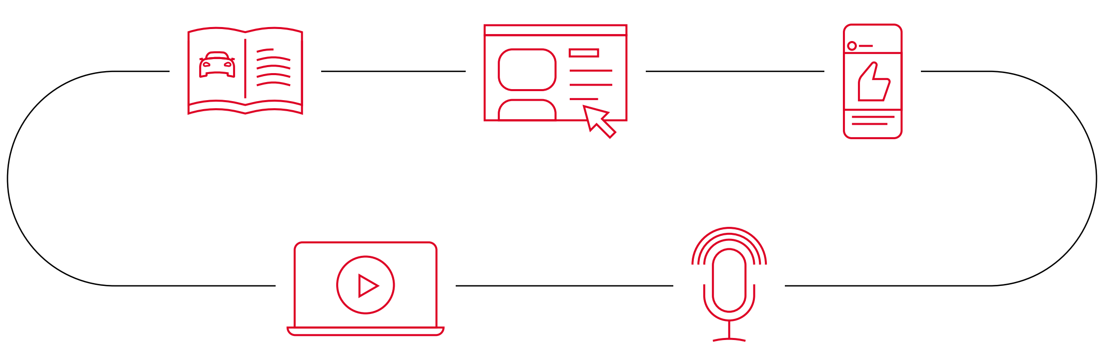
The Porsche AG Group has a complete stakeholder management system designed to identify the expectations of its groups of stakeholders systematically and derive key social trends from these. The Porsche AG Group considers the interests and points of view of various stakeholders continuously and factors them into its strategic plans and business decisions, and sustainability is no exception. In turn, the stakeholders can learn more about the current and future activities of the Porsche AG Group as well as the requirements and general conditions.

Selected stakeholder management tools

The Porsche AG Group believes it is important for people to talk to one another, not about one another. By changing perspective, Porsche AG Group aims to understand other positions, overcome challenges through cooperation, and build long-term partnerships. It does this by using different media and dialog formats as well as various internal and external communication channels.

The Porsche AG Group establishes and maintains direct contact to maintain a continuous dialog with its stakeholders. The Porsche AG Group further intensified its active dialog with its stakeholder groups in the year under review. Information about the Porsche AG Group can be found, for example, in the Porsche magazine "Christophorus" and the online newsroom, on its LinkedIn, X and Instagram channels, on the web-based TV channel "9:11 Magazine", in the "9:11. Porsche. Podcast" audio format, and on the company website.

External channels of Porsche's public relations



The Porsche Sustainability Council in 2023: Lucia Reisch, Adnan Amin, Raffaela Rein, and Sarah Jastram (FLTR) → Sustainability organization

The Porsche AG Group released "Perspectives on Sustainability", a series of interviews focusing on sustainability, in its online newsroom in 2023. In these interviews, employees discuss their personal contributions to more sustainability within the Porsche AG Group, offering technical and personal insights in the process.

For internal communication, Porsche AG and selected subsidiaries use the digital Carrera media, some of which is also printed. Employees can find information on current developments at the Porsche AG Group, including sustainability, on the Carrera Online intranet pages and in the Carrera Magazine. Porsche AG completely overhauled and redesigned its "Sustainability" intranet page in the year under review.

Regular works and departmental meetings, information events for employees, specialized focus weeks, and digital events are also used for internal communication purposes. For example, employees from Procurement at Porsche AG took a closer look at supply chain sustainability in a focus week in 2023. Formats like these help employees voice their concerns and speak with the experts directly.

Acceptance communication and complaints management

The Porsche AG Group welcomes questions, suggestions, and concerns from internal and external stakeholder groups alike. The Porsche AG also advises its subsidiaries on how to communicate with their direct stakeholders. The Politics and Society department and the Construction, Environment, and Energy Management office have set up their own complaints management system as a centralized point of contact for complaints and suggestions.

The complaints process at Stuttgart-Zuffenhausen has been audited as part of its recertification under ISO 14001. It is set to be expanded to Weissach and Leipzig starting in 2024. This process optimization will enable Porsche AG and selected subsidiaries to document and evaluate all known concerns systematically, and to take and document immediate action if necessary. The corresponding contact details are visible and accessible to the public.

People in the vicinity can lodge complaints using the email address ↗ **nachgefragt@porsche.de** or by calling a dedicated phone number. In the year under review, Porsche AG was able to investigate a two-digit number of such complaints, process them, and find permanent resolutions. Residents near the Stuttgart-Zuffenhausen site complained about the noise caused by construction work in individual cases. In all cases, however, the subsequent measurements were within the legal limits for noise emissions.

Stakeholders can contact the department responsible for sustainability directly using the email address ↗ **sustainability@porsche.de.**

Porsche AG aims to continue cultivating its regular, direct dialog with residents and is thus planning further dialog formats in addition to its complaints management system. For example, the year under review saw the start of conceptual planning for the resumption of information events for residents at selected company locations, which were held regularly until 2020.

In the interests of a dialog with international stakeholder groups across all sites, the Porsche AG Group developed a universally applicable set of acceptance communication guidelines in 2023 and utilized them in selected markets for the first time. These guidelines aim to facilitate harmonized, regionally appropriate communication with local stakeholders. The Porsche AG Group intends to continue updating these guidelines in cooperation with experts from the sales regions.

Memberships and networks

The Porsche AG Group promotes economic, environmental, and social topics through its involvement in networks, sustainability initiatives, and working groups. This is also an integral part of the stakeholder dialog.

List of associations

- **UN Global Compact**
- **German Environmental Management Association**
- **German Business Ethics Network**
- **WIN Charter for sustainable business**
- **Value Balancing Alliance**

In 2022, Porsche AG joined the UN Global Compact, the world's largest and most important sustainable and responsible corporate governance initiative. In 2023, Porsche AG underlined its commitment to the UN Global Compact's ten principles of corporate sustainability by joining the UN Global Compact Network Germany.

Moreover, Porsche AG has been a member of the German Environmental Management Association (B.A.U.M.) since 2016. Porsche AG joined the European Business Ethics Network Deutschland (DNWE) in 2017 and has been a signatory to the state of Baden-Württemberg's WIN Charter for sustainable business ever since, marking its commitment to entrepreneurial responsibility.

In 2019, Porsche AG and the Volkswagen Group became the first automobile manufacturers to join the Value Balancing Alliance. Porsche AG has also been actively involved in the automotive industry dialog on the German National Action Plan for Business and Human Rights (NAP) since 2020. Among other initiatives in the reporting year, Porsche AG actively helped to draw up international quality and action recommendations for responsible lithium mining.

Stakeholder survey

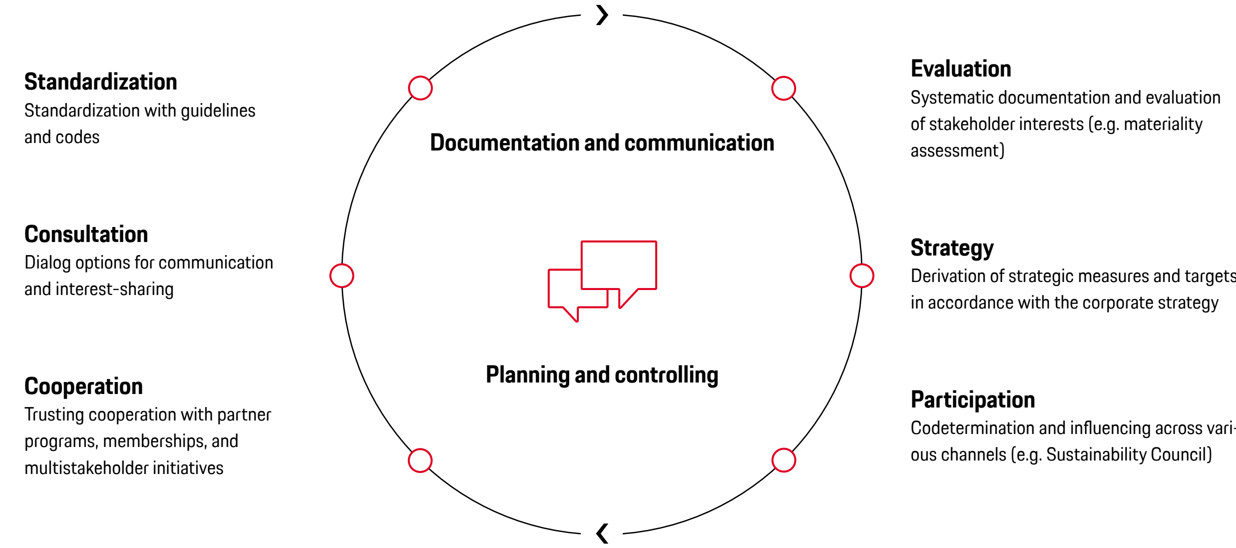
Since 2013, the Porsche AG Group has asked its stakeholders about their views and expectations on sustainability issues in a structured biennial format. This survey provides the Porsche AG Group with suggestions and inspiration and is factored into the materiality assessment process. A stakeholder survey was carried out in the year under review.

The Porsche AG Group worked with internal and external experts to select the topics for this anonymous, international online survey in such a way that they reflected the known requirements of the Corporate Sustainability Reporting Directive (CSRD). For the sake of continuity, the Porsche AG Group also included topics from commonly used reporting standards and the Sustainability Strategy 2030—for a total of 27 subject areas. The survey consisted of an open survey in the online newsroom and a strategic survey in the regions of Europe, North America, and Asia. It was available in German, English, and Mandarin.

Some 200 people took part in the open online survey. Over 3,000 participants answered the questions in the panel survey for each region. Overall, around 37% of feedback came from European markets, around 32% from North America, and around 31% from Asia. Alongside direct stakeholders, the participants included representatives from the media, nongovernmental organizations, academia, government, politics, and other stakeholder groups.

Even the members of the Porsche Sustainability Council took part in the survey. They also evaluated the methodology of the survey and the detailed results in a separate workshop and considered their overall assessment of the stakeholder survey.

Stakeholder management—a holistic approach



Materiality

→ GRI 3-1

The Porsche AG Group performed a new materiality assessment in 2023. The assessment evaluated 27 potentially material topics. The multistage process was aligned with the future specifications of the Corporate Sustainability Reporting Directive (CSRD). It was primarily based on an objective assessment of the sustainability topics by the relevant departments of the Porsche AG Group. Additionally, the opinions of stakeholders were considered as additional validation.

The assessment was based on the principle of double materiality. According to this principle, a topic is considered material as soon as either the environmental and social impact of the Porsche AG Group ("inside-out" perspective) or the risks and opportunities for the financial situation of the Porsche AG Group ("outside-in" perspective) can be considered material. The Porsche AG Group has evaluated these risks and opportunities in a gross assessment, which means it has considered the risks without prevention or mitigation measures. In this assessment, the Porsche AG Group also accounted for the results of its stakeholder survey as well as the opinions of its internal risk managers.

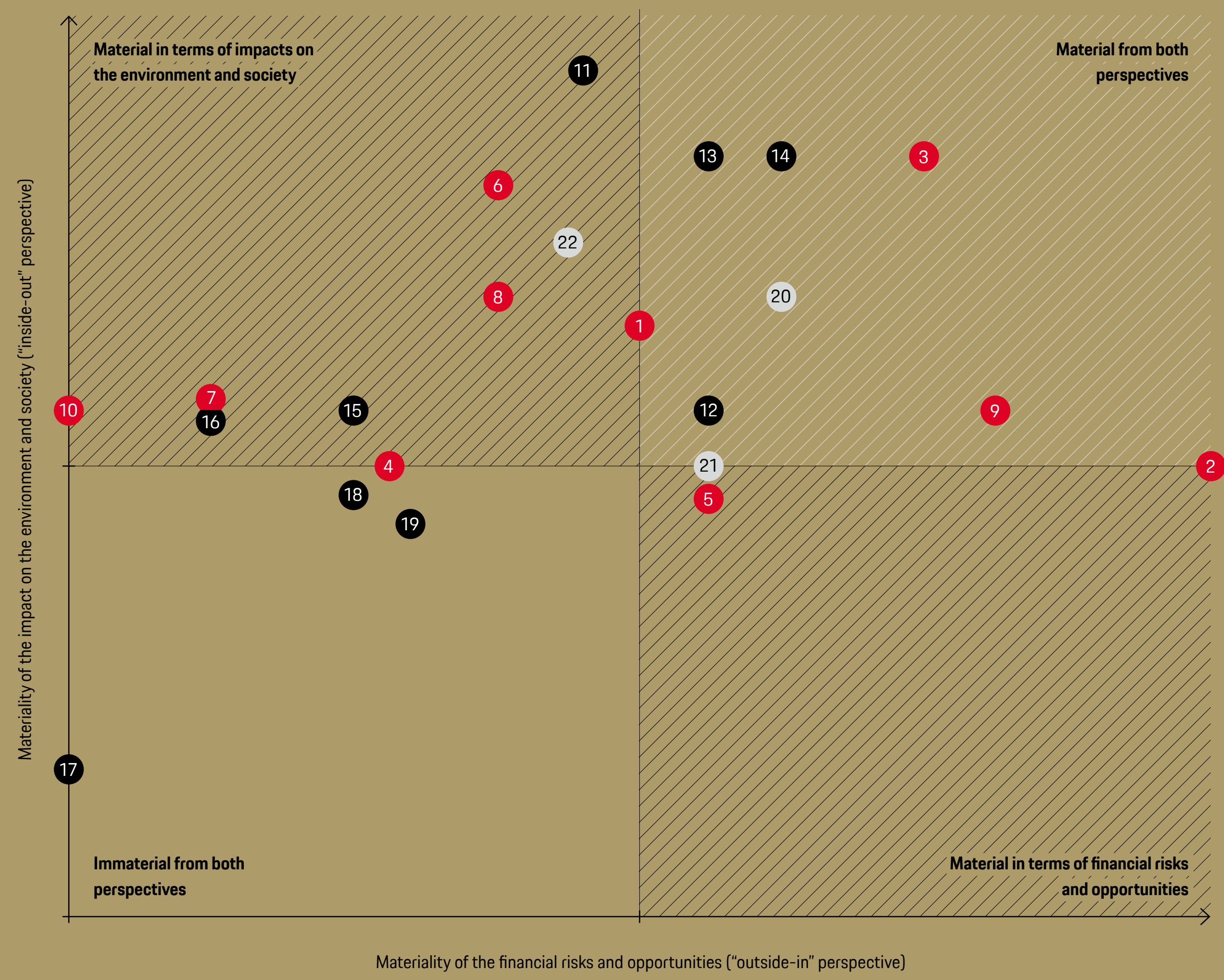
In accordance with CSRD requirements, the departments assessed the impacts, risks and opportunities, of their topics using a points-based system. Above a certain threshold, a topic is considered material:

1) Concerning the impacts of business activities on a topic ("inside-out" perspective), there were points dependend on severity, area of impact, probability of occurrence, and (ir) reversibility in the case of negative impacts.

2) For the financial impact of risks and opportunities on its business ("outside-in" perspective), the Porsche AG Group took their financial value and probability of occurrence into consideration.

The Porsche AG Group compiled the results of this assessment in a materiality matrix. The managers of the departments involved then reviewed and validated the positioning of the topics in a materiality workshop. In this context, the topics were aggregated from 27 subject areas into 22 based on their content. In the final stage, the Works Council and Porsche Sustainability Council commented on the positioning of the topics. Likewise, their recommendations were factored into the final materiality matrix. The final matrix was confirmed and ultimately approved by the Environment and Sustainability Steering Group and Committee and by the Executive Board.

Materiality matrix



Environmental

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The materiality matrix maps all 22 topics and uses colors to categorize them into three dimensions: environment (red), social (black), and corporate governance (gray). The two axes in the matrix represent the financial risks and opportunities for the Porsche AG Group ("outside-in" perspective) and the impact of its business operations on the environment and society ("inside-out" perspective). Topics that are material from both perspectives can be seen in the upper-right quadrant of the matrix.

The Porsche AG Group is required to report on these topics in accordance with section 289c of the German Commercial Code (HGB). Descriptions and content relating to these can be found in the nonfinancial report, which is part of the management report of the Porsche AG Group. The Sustainability Report contains other topics considered material according to one of the two perspectives, alongside additional topics that are of relevance to the company.

The Porsche AG Group also uses the findings from the materiality assessment to review its sustainability strategy. In 2024, the materiality process is set to be harmonized with the Volkswagen Group and updated to comply with the existing regulatory requirements.

Sustainability in finance

Ever since it issued the €1 billion promissory note in 2019, sustainability has been an intrinsic part of the Porsche AG Group's financial strategy in the automotive segment.

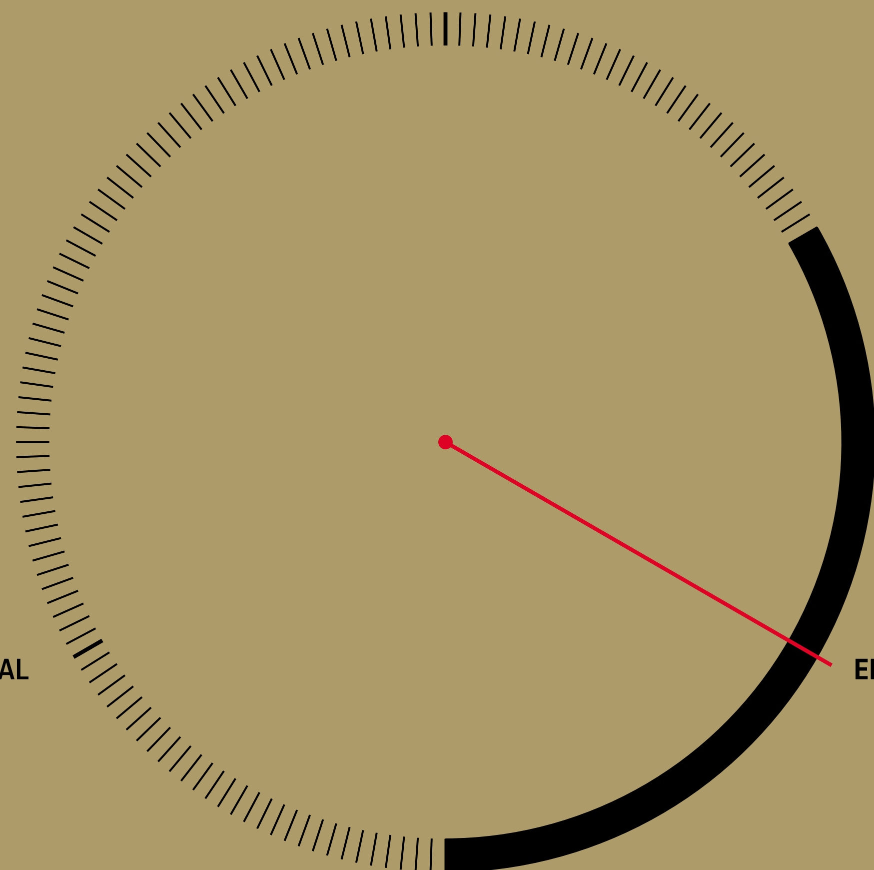
This was further underlined in 2023 by the sustainability component in the new syndicated revolving credit facility of €2.5 billion.

The financing costs are tied to the development of the proportion of all-electric vehicles relative to total sales. The Porsche AG Group is aiming for more than 80% of its newly delivered vehicles worldwide to be fully electric in 2030—depending on customer demand and the development of electric mobility in the individual regions of the world.

The sole purpose of the syndicated revolving credit facility is to bolster Porsche's liquidity further. → EU taxonomy

Government grants

In the reporting year, government grants totaling €25 million (2022: €20 million, 2021: €33 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 €9 million in 2023 (2022: €41 million, 2021: €53 million).



–45%

reduction in the environmental impact of Porsche's in-house vehicle production from 2014 to 2025.

–75%

waste for removal per vehicle manufactured by Porsche AG and Porsche Leipzig GmbH.

+48%

increase in recuperation performance in the new generation of the Porsche Taycan through efficiency improvements.

ENVIRONMENT

ENVIRONMENTAL MANAGEMENT

Porsche AG actively pursues an internally adopted environmental and energy policy. Within this framework, Porsche AG and selected subsidiaries consider as many of the ascertainable environmental impacts of their business operations and all the aspects of their vehicle production. The purpose is also to align their entrepreneurial considerations and actions with this policy.

Porsche AG and selected subsidiaries evaluate these impacts, make them incrementally measurable, and derive transparent and objective targets from them. The Executive Board evaluates these goals and measures regularly, at least once a year and determines whether there is an additional need for action and what form that action might take.

Targets, programs, and key indicators

The Porsche AG Group aims to achieve balance-sheet CO_2 neutrality across its newly produced vehicles' entire value chain in 2030[1]. To this end, the Porsche AG Group has launched a comprehensive decarbonization program designed to greatly reduce the average CO_2 emissions of its products and business processes. The Porsche AG Group sees the decarbonization of its vehicles' value chain not only as a strategic mission, but also as a financial opportunity. The Decarbonization Index (DCI) has been an effective reporting and control instrument for the measures of the decarbonization program since 2019. → **Climate change mitigation**, → **Energy and climate change adaptation**

The strategy of Porsche AG defines overarching short, medium, and long-term goals as well as environmental and energy management measures based on its current environmental policy. For one, the goal is to reduce the environmental impact per vehicle[2] produced by Porsche by 45% between 2014 and 2025. This target was achieved in 2022 with a reduction of 58%.

By 2030, the environmental impacts of Porsche's vehicle production are also to be reduced by 95% compared to 2018. There are various frameworks for such objectives concerning the development and production of vehicles, which is why the development location in Weissach is an exception: compared to 2018, the environmental impacts there are to be reduced by 50% by 2030 and by 95% by 2040.

[1] This target encompasses Scope 1, Scope 2, and Scope 3 emissions as defined by the Greenhouse Gas Protocol. Balance-sheet CO_2 neutrality along the newly produced vehicles´ value chain describes the Porsche AG Group's ambition to avoid and reduce CO_2 emissions, especially in production (Scope 1 and Scope 2 emissions), in the supply chain, and over the service lives of newly produced vehicles (upstream and downstream Scope 3 emissions), as well as other Scope 3 emission categories such as employee commuting. Porsche AG's decarbonization strategy involves offsetting with carbon credits (i.e., the "avoided emissions" and "removals" categories) as a means of compensating for its remaining emissions to become balance-sheet CO_2 neutral. The emissions of newly produced vehicles shipped in the years before the company achieved balance-sheet CO_2 neutrality are not factored into the carbon footprint calculation. The Porsche AG Group's ambition depends on diverse factors, such as technological advancements, which are not yet fully developed, as well as regulatory or economic developments that might be beyond the control of the Porsche AG Group and thus potentially impossible to realize.

[2] The environmental impacts of Porsche vehicle production have been measured using key performance indicators (KPIs) since 2014. The Volkswagen Group has defined five KPIs to measure the overall resource efficiency of a vehicle production location: energy and water consumption, CO_2 emissions, solvents, and waste per vehicle. The weighted average of these KPIs is known as the "reduction of environmental impact of production" (UEP).

The corporate strategy is paving the way to the realization of a Zero Impact Factory—a vision of vehicle production with the smallest negative environmental impacts possible.

Therefore, Porsche AG and selected subsidiaries have also launched a resource efficiency program for all locations and areas of vehicle production. Vehicle production is one of the largest consumers of resources in the Porsche AG Group. Technology, processes, and logistics can all have a positive effect on resource consumption. Aside from energy consumption, examples of this include using water efficiently based on circulation systems and multiple reuse as well as the careful handling of potentially contaminated wastewater from Porsche's own production. To further promote the use of sustainable materials, Porsche AG has defined criteria that materials have to meet.

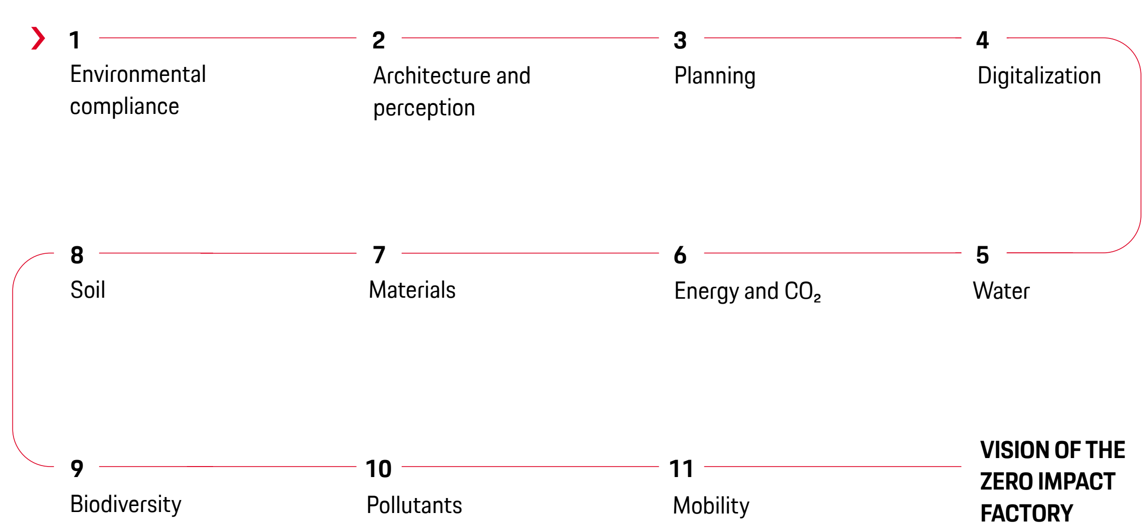
With the vision of a Zero Impact Factory, the Porsche production locations in Stuttgart-Zuffenhausen and Leipzig and the development location in Weissach aim to measure the environmental impacts of a location both completely and absolutely. Two separate methods have been developed for this purpose: the location checklist analyzes the qualitative aspects of a location in eleven fields of action—environmental compliance, architecture and perception, planning, digitalization, water, energy and CO_2, material, soil, biodiversity, pollutants, mobility—whereas the impact points method analyzes how a location uses resources.

The impact points method was developed by the Volkswagen Group based on the scientifically recognized ecological scarcity method and makes it possible to calculate environmental impacts based on resource usage and emissions at defined locations of Porsche AG and selected subsidiaries. The results are known as "impact points" that help identify ecological hot spots. → **Climate change mitigation**, → **Energy and climate change adaption**

The production locations in Stuttgart-Zuffenhausen and Leipzig are leading the charge towards a "Zero Impact Factory": Porsche AG monitors the environmental impacts of its operations precisely at these locations, including the relevant pollution in the air and water, energy consumption, waste volumes, and mobility.

Porsche AG and Porsche Leipzig GmbH regularly disclose key environmental and energy figures annually and report on the progress of their sustainability activities, in the nonfinancial report and sustainability report. They also communicate environmental management issues internally and externally. Furthermore, Porsche AG reports on the risks and opportunities arising from climate change in the → **TCFD Index**, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Fields of action for the vision of a Zero Impact Factory



Regarding risks and opportunities relating to its business activities, Porsche AG does not differentiate between ESG and other risks. ESG risks are regularly incorporated into the general business risks. The risk inventory of the Porsche AG Group contains key risks linked to the climate. → **Energy and climate change adaptation**, → **Report on risks and opportunities**

Environmental compliance: guidelines and responsibilities

Environmental protection is also a compliance topic at the Porsche AG Group. Preeminently, Europe-wide regulations and directives, German national laws, federal state laws and ordinances, and municipal by-laws are of relevance.

As a group guideline, the "Environmental Compliance Management System" (ECMS) is based on the specifications of the Volkswagen Group and standardizes the procedure, responsibilities, and processes in connection with environmental and energy-related matters throughout the Porsche AG Group.

The implementation of the ECMS 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 Porsche AG. Officers from this department follow the relevant legal developments, evaluating their impact on the company and informing the affected areas.

As a company guideline, the "Environmental Compliance Management System" (ECMS) governs the responsibilities, processes, and necessary environmental compliance measures at the level of Porsche AG. Its purpose is to deliver the necessary transparency for those responsible for enforcement within Porsche AG. An updated version of this company guideline was published at the start of the reporting year.

An organized, structured environmental compliance management system ensures that the environmental and energy requirements of national and international legislation are implemented. This prevents negative consequences for Porsche AG and, for example, minimizes reputational risk, the risk of prosecution or civil action to employees and the company. Additionally, the ECMS helps continuously improve environmental and energy performance as well as energy efficiency. As such, the ECMS ensures that the environmental and energy policy is vital and that long-term strategic company objectives relating to energy management and environmental protection are accomplished.

Porsche AG and selected subsidiaries have also adopted the "Environmental protection" resource regulation. This regulation is an internal guideline and set of rules for direct suppliers.

The Environmental Compliance Management Committee was formed in 2022 and consists of members from different divisions and Group companies. The committee reports on high-level strategic objectives and measures, compliance with the law at German company locations, and on the international transferability of German regulations. The committee meets twice a year in its entirety (globally) and four times a year on a national level.

The locations of Porsche AG and selected subsidiaries have environmental management and energy officers who calculate a complete set of key environmental and energy figures, check their plausibility, coordinate internal and external environmental and energy management audits, and recommend corrective actions to stimulate continual improvement. The related operational and strategic responsibilities are assumed by the Environment and Energy Management department, which has been interconnected through partnerships with the relevant and affected departments since 2019. This made it possible to intensify existing communication and collaboration.

Certifications

As part of annual system and process audits, Porsche AG and selected subsidiaries conduct random checks to ensure that the applicable environmental and energy laws are being observed. This compliance is confirmed by certifications that are audited by independent third parties regularly.

Once again, the Stuttgart-Zuffenhausen location plays a pioneering role here: the location of Porsche AG has met the requirements of the European Eco-Management and Audit Scheme (EMAS) for over 25 years, the environmental management standard ISO 14001 since 1999, and the energy management standard ISO 50001 since 2011.

Furthermore, the newly built Plant 4 at Stuttgart-Zuffenhausen has become one of the first industrial districts in Germany to receive a gold certificate from the German Sustainable Building Council (DGNB). These awards are based on evaluations involving 40 different sustainability criteria. The location in Leipzig also holds a platinum district certification from the DGNB. Porsche AG and selected subsidiaries are aiming for newly constructed buildings to meet the DGNB's criteria for a gold certificate as a minimum requirement.

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 also all been certified as compliant with ISO 14001 and ISO 50001.

The recertifications required under ISO 14001 and ISO 50001 were carried out successfully in 2023. The Stuttgart-Zuffenhausen location was also revalidated under EMAS. Aside from the official certifications, Porsche AG and selected subsidiaries conduct annual reviews of compliance with standards as part of their internal environmental and energy management audits, as well as Porsche AG's environmental audit of the EMAS-certified Stuttgart-Zuffenhausen location.

ENERGY AND CLIMATE CHANGE ADAPTATION

Advancing climate change is a challenge for the global automotive industry. Newly developed vehicles and drive systems, as well as measures designed to improve energy efficiency and climate protection during vehicle use, are intended to contribute to the reduction of global greenhouse gas emissions. The Porsche AG Group is also working to actively reduce the impact of its activities on the environment and climate. At the same time, the Porsche AG Group supports international efforts to solve global environmental problems and is committed to the Paris Agreement.

To this end, the goal of the Porsche AG Group is to continuously reduce its emissions while also making increasingly efficient use of energy. Moreover, the Porsche AG Group endeavors to make itself as resilient as possible and prepare for the potential consequences of climate change. → Environmental management, → Climate change mitigation

Risks and opportunities

Environmental risks and related scenario analyses are examined based on the Representative Concentration Pathway (RCP 8.5 scenario) up to the year 2050. This scenario is based on the maximum possible CO_2 concentration according to the Intergovernmental Panel on Climate Change (IPCC). The Porsche AG Group also examines the relevance of potential local threats and prepares measures to counter them if necessary. In this context, it operates on the assumption of a maximum global temperature increase of 4.8°C.

Additionally, the Porsche AG Group assesses key risks and opportunities linked to the climate within the scope of its sustainability and environmental management. The Decarbonization Index (DCI) and the market share of battery-powered vehicles relative to all new vehicles (known as the "BEV share") are key indicators of strategic significance in this context. → Climate change mitigation

The Executive Board of the Porsche AG Group has established a risk management system to identify developments jeopardizing the company's continued existence at an early stage. The system identifies and assesses risks and monitors how they are controlled. The departments of Porsche AG and selected subsidiaries are directly linked with the system. As such, they have the opportunity and obligation to identify potentially negative deviations from a target figure (= risks) through clearly defined processes (risk identification, risk assessment, risk management, and risk monitoring). In contrast, opportunity management, which is an integral aspect of structural and process organization on an operational level in combination with the general planning and control processes within the Porsche AG Group, focuses on identifying and consistently seizing emerging opportunities. → Report on risks and opportunities

The Executive Board and Audit Committee receive quarterly reports on the current risk situation of the Porsche AG Group. These reports describe the top individual risks and overall risk assessment for the Porsche AG Group, from which the current degree of jeopardy for the company's continued existence is derived. Additionally, external auditors examine and certify the effectiveness and adequacy of the risk early-warning system on an annual basis.

The Porsche AG Group updates its risk inventory regularly. In the reporting year, it further expanded its risk management to focus on aspects such as physical environmental risks (the direct impacts of climate change, such as extreme weather) and transition risks (changes resulting from a transition to a green economy, such as laws and regulations concerning the fleet's CO_2 emissions).

In this process, the Porsche AG Group determined what specific vehicle production locations could be affected by physical environmental risks. These physical environmental risks were assessed based on the service lives of the potentially affected assets.

On the one hand, physical environmental risks result from individual extreme weather events and their consequences (such as heat waves and droughts, floods, storms, hailstones, wildfires, and landslides). On the other hand, they result from long-term changes to climate and ecological conditions (such as the frequency and volume of precipitation, weather volatility, rising sea levels, changing air and ocean currents, ocean acidification, and rising average temperatures with regional extremes). Physical environmental risks can also have indirect consequences (such as collapsing supply chains, discontinued water-intensive business activities, climate migration, and armed conflicts).

Heat stress and heavy rain have been identified as relevant physical environmental sub-risks to the Stuttgart-Zuffenhausen location. Heat is stressful not only for all living organisms, even human beings, but also for machines. Rising temperatures due to climate change lower productivity and necessitate preventative action. Likewise, the Porsche AG Group identified heat stress as a relevant physical environmental risk to its Leipzig location.

Besides physical environmental risks, the Porsche AG Group has identified climate-related transition risks resulting from a transition to a green economy. It categorizes them into technological, political, and market and demand-related transition risks. It has analyzed these risks and incorporated them into its risk management.

Interdisciplinary teams from Risk Management and the departments at the Porsche AG Group assess the financial aspects of key physical and transition risks. To do so, they apply the methodology of the overriding risk management system. Risk control measures are also derived.

Short-, medium-, and long-term risks and opportunities relating to the environment are strategically important to the Porsche AG Group. This was also reflected in the recent materiality assessment in 2023, with climate protection and adapting to climate change once again proving relevant to the Porsche AG Group. → Stakeholder dialog and materiality

Decarbonization program

To accomplish its goal of a balance-sheet CO_2-neutral newly produced vehicle value chain in 2030, the Porsche AG Group has launched a far-reaching decarbonization program designed to significantly reduce the average CO_2 emissions of its vehicles and business processes. The Porsche AG Group sees the decarbonization of its value chain not only as a strategic mission, but also as an opportunity for its business model.

Decarbonization cannot succeed without consistent management. As such, the Porsche AG Group has established a CO_2 target control system as part of its vehicle projects. Using this system, the Porsche AG Group can calculate emissions continuously, define reduction measures, and make decisions based on Decarbonization Index indicators that reflect the economic efficiency of a decarbonization measure (€/tCO_2e). The budget allocates financial resources to accomplish the decarbonization goals.

The decarbonization program prioritizes decarbonization measures that help avoid or reduce greenhouse gas emissions. The Porsche AG Group is also taking action to transition its energy supply to less CO_2-intensive or renewable energy sources. Only then does the Porsche AG Group consider offsetting: if emissions cannot be avoided for technical reasons or at reasonable economic cost, the Porsche AG Group offsets them, if possible, via carbon offset projects that are expected to meet strict, internationally recognized standards.

The Decarbonization Index (DCI) has been an effective reporting and control instrument for the measures of the decarbonization program since 2019. → Climate change mitigation

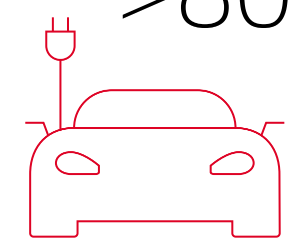
Measures to accomplish environmental and climate objectives

The business activities of the Porsche AG Group can cause greenhouse gas emissions. This is the case in the supply chain, for example, during raw material extraction, component production, body construction, paintwork, and assembly. The greenhouse gas emissions from the delivery of electricity play the most significant role in the service lives of all-electric vehicles, compared to the CO_2 content of the exhaust gas of internal combustion engines and the CO_2 emissions of upstream fuel chains. The Porsche AG Group uses region-specific average consumption values to calculate these. During recycling, CO_2 emissions can be caused by disassembly processes, for example.

Electrification as a key strategy

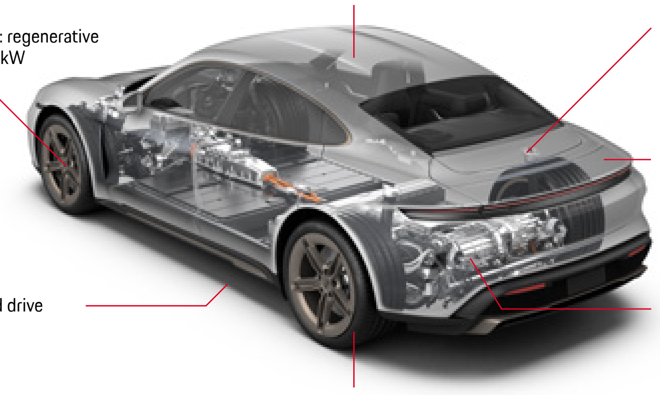
For the Porsche AG Group, a systematic transition of vehicle models to electric mobility is a focal point in the reduction of greenhouse gas emissions: an electric vehicle can cause fewer CO_2 emissions than a comparable vehicle with an internal combustion engine. Renewable energy sources, such as wind and solar, can be used during its service life. The Porsche AG Group sees this as one of the most effective ways to reduce its existing carbon footprint. It is intensively expediting the electrification and hybridization of its vehicle portfolio to this end.

>80%



In 2030, over 80% of the vehicles it ships are to be fully electric—depending on customer demand and the development of electric mobility in the individual regions of the world.

Selected efficiency improvements in the new generation of the Porsche Taycan



The Porsche AG Group is striving to become a technological leader on the road to electrification. To accomplish this, it is pursuing a drive strategy with three pillars: petrol engines, hybrid drives, and all-electric drives. In doing so, the Porsche AG Group can consider the varied needs and requirements of its customers as well as those of the environment and legislators. In the next five years, the Porsche AG Group is planning to invest more than €20 billion in electrification and digitalization, which will be centered on vehicle projects. In 2030, over 80% of the vehicles it ships are to be fully electric—depending on customer demand and the development of electric mobility in the individual regions of the world.

Vehicle efficiency

In the reporting year, Porsche AG rolled out the new “Systems Engineering” development methodology, which is geared even more heavily towards continuous efficiency improvements in its vehicles. To this end, Porsche AG has established an in-house organizational unit within the development division to centralize all variables relating to vehicle efficiency in the concept phase and take responsibility for them until the end of series development. The reduction of fuel and energy consumption has been defined as a fixed project goal in this framework.

[1] The expected range optimization was obtained using a Worldwide Harmonized Light Vehicles Test Procedure (WLTP). The WLTP is a globally harmonized test procedure for determining power/fuel consumption and exhaust emissions.

Vehicle efficiency with the Porsche Taycan as an example

The Porsche AG Group entered the era of electric mobility back in 2019 with the all-electric Taycan. The new generation of the Porsche Taycan, which is scheduled for 2024, is set to be even more energy-efficient than its predecessor. Through efficiency measures and a larger battery capacity, the range of certain Taycan derivatives can likely be increased by up to 30%[1].

Like its direct predecessor, the new generation of the Porsche Taycan will be fitted with an 800 V high-voltage electrical system. This allows for exceptionally fast charging at a lower overall weight. Improved drives run and are controlled even more efficiently. Energy recuperation, which occurs when the vehicle brakes, is shown to have improved in performance, which in turn will facilitate even more efficient sporty driving. Energy recuperation in the new generation of the Porsche Taycan has improved by around 48% from 270 kW to up to 400 kW.

The aerodynamic design in the new generation of the Porsche Taycan features further efficiency improvements. All Taycan derivatives are fitted with speed-dependent ride height control and more heavily integrated headlights to reduce drag. Depending on the equipment, an adaptive rear spoiler and aerodynamically optimized rims and tires are also available as optional extras. The distribution of drive power to the front and rear axles has been optimized in such a way that the vehicle can move more efficiently. In the new generation, the heat used to control the temperature inside the car is generated by a heat pump as standard.

Needs-based, accessible, and widely available charging infrastructure and a customer-friendly charging process are the core requirements that must be met for electric mobility to be accepted. Therefore, the Porsche AG Group is making continuous improvements to the existing charging technologies and charging infrastructure. Charging should be as fast as possible; new supplementary products and services should also deliver a personalized, attractive customer experience. → **Climate change mitigation**

Porsche AG is therefore promoting the electrification of mobility at its locations and even aims to further electrify its own fleet of company and lease cars.

Aside from electric vehicles, the Porsche AG Group is developing new internal combustion engine technology. In addition to reducing its fuel consumption, the Porsche AG Group is focusing on renewable energy sources such as synthetic liquid fuels—known as eFuels—to continuously reduce its CO_2 emissions. These can be produced from hydrogen obtained using renewable energy and biogenic carbon dioxide extracted from the ambient air. → **Climate change mitigation**

Energy-efficient production

At Stuttgart-Zuffenhausen, the Porsche AG Group has been building the all-electric Taycan in a newly built plant in a balance-sheet CO_2-neutral process since 2019. On average, the buildings need less energy than the previous building standard, which makes them surpass the current minimum legal requirements.

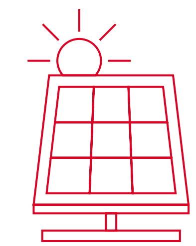
As part of this structural expansion, Porsche AG has further optimized the location in Stuttgart-Zuffenhausen, which is now fully balance-sheet CO_2 neutral. For example, the production and office buildings are not far from highly efficient CHP plants that supply energy to the company’s local heating network. This enables them to help heat the buildings and supply selected facilities with process heat. These are primarily ones with highly constant heat requirements, such as the paint shops with their immersion baths and drying areas. With biomethane from organic waste and residues, the CHP plants even generate some of the electrical energy used by the location in an environmentally friendly fashion.

In 2022, the paint shops at Stuttgart-Zuffenhausen received an environmental retrofit in the form of a smart energy management system, systematic heat recovery, insulation for intermediate dryers, and wastewater treatment. The process measuring and control technology in the ventilation systems in the sports car assembly building have also been modernized. → **Environmental management**

Use of renewables

Another goal of the Porsche AG Group is to continuously increase the share of the electricity it generates on its own from renewable sources relative to its entire energy supply. In doing so, the Porsche AG Group aims to reduce its dependence on external suppliers to the greatest possible extent, to avoid dependencies and achieve supply security.

The production location at Stuttgart-Zuffenhausen has been using electricity from renewable sources exclusively since 2017 and biomethane since 2019. The photovoltaic system on the roof of the building can generate up to 250,000 kWh of electricity per year (net output). Additionally, other parts of the roof are covered with vegetation, which enables them to help improve the air quality.



Since 2017, the electricity used by the production location in Stuttgart-Zuffenhausen has been generated exclusively from renewable sources.

Likewise, two photovoltaic systems with nominal power of 670 or 260 kWp were installed on the roofs of parking garages at the Research and Development Center in Weissach in the reporting year. And the electricity used by the Porsche location in Leipzig originates entirely from renewable sources of energy, including a 4,000 kWp photovoltaic system. It is used in combination with biomethane, district heating from biomass, and a CHP plant.

Porsche AG and selected subsidiaries have defined their minimum criteria for new buildings, to go beyond the minimum energy efficiency requirements required by law. From 2024 onwards, Porsche AG and selected subsidiaries will also provide a separate sustainability budget equal to 6% of the project budget for selected pilot projects.

The Porsche AG Group also expects its direct suppliers to utilize electricity from renewable sources to produce Porsche vehicle components. This concerns all new contracts relating to production materials for all-electric series production car projects since July 2021 specifically. Almost all direct suppliers of production materials have committed to meet this requirement. → Sustainability, work-related rights and equal treatment and opportunities in the value chain

Inclusion in the annual financial statements

In the reporting year, the Executive Board took the potential impacts of climate change and future regulatory requirements into consideration in the consolidated financial statements, especially in connection with the transition to electric mobility. Where possible, the Porsche AG Group factored conceivable impacts—especially on long-term assets, provisions for emission fees, and future cash flows—into its key estimations and evaluations.

The effects of the transition to electric mobility have been taken into consideration in the calculation of the multiyear operating plan. In particular, they are factored into the calculation of future cash flows. They are even factored into the development costs and production facilities when the recoverable amount is calculated as part of the impairment testing of goodwill and intangible assets with an indefinite useful life (especially when it comes to planning future vehicle models and investments).

Furthermore, the Porsche AG Group regularly assesses whether these developments require impairment tests or whether the useful lives of other noncurrent nonfinancial assets need to be adjusted. The Porsche AG Group also ensures that all international regulations concerning emissions and the multiplying obligations that result from them are being considered properly.

These considerations did not identify any significant impacts on these consolidated financial statements.

POLLUTION AND SUBSTANCES OF CONCERN

To qualify as ecologically sustainable, a business activity should not lead to a significant rise in air, water, or soil pollution compared to the baseline scenario before the activity began. → Environmental management, → Energy and climate change adaptation

The Porsche AG Group aims for its vehicle production to have a minimal negative impact on the environment. For example, technology, processes, and logistics can all have a positive effect on resource consumption. Examples of this include using water efficiently based on circulation systems and multiple reuses, and the careful handling of contaminated production wastewater. To further promote the use of sustainable materials, Porsche AG has defined criteria that materials have to meet.

Compliance with all applicable requirements of environmental and energy legislation is of relevance to the Porsche AG Group and all employees. Global, European, state, and federal regulations must be observed, as must municipal by-laws and other binding obligations.

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

Porsche AG and selected subsidiaries monitor the impact of production on the environment, including as much relevant air and water pollution, energy consumption, and waste. At its location in Stuttgart-Zuffenhausen, for example, Porsche AG has met the requirements of the European Eco-Management and Audit Scheme (EMAS) since 1996, the environmental management standard ISO 14001 since 1999, and the energy management standard ISO 50001 since 2011. → Environmental management

Porsche AG and Porsche Leipzig GmbH use the impact points method to document the environmental impacts of their business activities. This methodology was developed by the Volkswagen Group and measures quantitative environmental indicators such as CO_2 emissions, solvent emissions, fresh-water consumption, wastewater loads, and various types of waste. These are measured on-site and converted into impact points. → Environmental management

Air emissions

In addition to reducing greenhouse gas emissions, the Porsche AG Group endeavors to reduce other air emissions. → Energy and climate change adaptation

At their locations, Porsche AG and Porsche Leipzig GmbH measure and monitor indirect greenhouse gas emissions which, although they do not contribute to the greenhouse effect, can influence chemical reactions in other greenhouse gases.

As part of vehicle production at Porsche AG and Porsche Leipzig GmbH, the paint shops and saddlery can produce emissions of volatile organic compounds (VOC) from paint and adhesive solvents. The vehicle production locations in Stuttgart-Zuffenhausen and Leipzig have put technical measures in place to minimize these VOC emissions: an electrostatic separator in the paint shops binds excess paint mist. At Paint Shop I in Stuttgart-Zuffenhausen, a wet chemical air purification system also filters released solvents so they can be recycled. Around 70% of the purified air returns to the recirculated air. The remaining 30% contains a significantly lower concentration of solvents than the legal limit of 35 grams per square meter of vehicle surface. The concentration is approximately 24 g/m² below this limit. At Paint Shop II in Stuttgart-Zuffenhausen, the concentration is around 33 g/m² below this limit thanks to the regenerative thermal oxidizer used as part of the exhaust gas aftertreatment system. The paint shop in Leipzig falls short of the limit by approximately 27 g/m².

In the reporting year, process optimizations and the use of robotics in the saddlery in Stuttgart-Zuffenhausen contributed to a reduction in adhesive use and solvent emissions. Exhaust air containing solvents is treated by two downstream air purification systems to ensure that the limit of 20 milligrams of cubic meters of total carbon is observed.

In the reporting period, there were no emissions of refrigerants included in Annexes A, B, C, or E to the Montreal Protocol on Substances that Deplete the Ozone Layer at Porsche AG and Porsche Leipzig GmbH.

Protection of water—handling of water-polluting substances

Alongside the efficient use of water, the Porsche AG Group primarily focuses on minimizing pollution in effluents and on greater soil and groundwater protection when potentially water-polluting substances are used to handle water and marine resources responsibly.

All plant and equipment for handling potentially water-polluting substances belonging to Porsche AG that are subject to inspection are recorded, assessed, and documented in a database.

In the reporting year, operational disruptions at Porsche AG with a potential impact on soil or water were essentially limited to instances of minor damage when transporting, loading, or unloading containers, as well as hydraulic leaks from transport vehicles, which were dealt with internally.

The production locations in Stuttgart-Zuffenhausen and Leipzig and the development location in Weissach each have a fire department that can quickly arrive on the scene and act in the event of a disruption to operations.

The vehicle production locations in Stuttgart-Zuffenhausen and Leipzig and the Research and Development Center in Weissach are recognized specialist firms under the German Water Management Act (WHG), which authorizes them to install, repair, clean, and shut down certain facilities for handling potentially water-polluting substances. They are recertified by a specialist organization regularly.

~33 g/m²

At Paint Shop II in Stuttgart-Zuffenhausen, the concentration is around 33 g/m² below this limit thanks to the regenerative thermal oxidizer used as part of the exhaust gas aftertreatment system.

Porsche AG uses the Porsche training platform to organize the necessary qualification of the people who bear operational responsibility as well as deployed personnel. For this reason, it offers qualification measures such as the WHG information course and WHG basic course, the technical WHG course, and the legally required two years of advanced training. → Water and marine resources

Soil protection

In Germany, the Federal Soil Protection Act (BBodSchG) governs the treatment of soil and groundwater to secure or restore their functions on a long-term basis. The measures, requirements, and assessment values are set out in the Federal Soil Protection and Contaminated Sites Ordinance (BBodSchV). When construction projects are carried out on Porsche-owned land, the soil is reused appropriately within the same region.

In the past, historical prior use surveys have been carried out at the locations of Porsche AG; building on these, contaminated site assessments have been performed and documented. If the need arises, this makes it possible to coordinate efforts to secure or restore soil functions with the authorities. The Porsche-owned register of contaminated sites serves as a comprehensive tool for internal planning departments in terms of plant development strategy.

Substances of concern

The production of vehicles requires several different chemical substances all along the supply chains. In light of the electrification of the product portfolio, the need for chemical raw materials (such as for high-voltage batteries) is expected to increase further in the future. Some of these chemical substances can have dangerous properties and constitute a potential health or environmental risk. The Porsche AG Group complies with the statutory regulations concerning safe use in production and in the vehicles when it uses such chemicals and, where possible, takes care to avoid harmful and hazardous substances in the vehicle development stage.

Porsche AG and Porsche Leipzig GmbH have internal rules in place with standardized approval and control processes to ensure compliance with all applicable statutory regulations. These are worked with in a dedicated data management tool. Relevant departments—such as Environmental Protection, Fire Protection, Occupational Safety, and Health Management—examine the hazardous substance and either approve it for use or order the testing of alternative materials.

Within the Porsche AG Group, dangerous goods are transported on their various modes of transport with consideration for national and international dangerous goods regulations, to preclude any danger to human beings or the environment to the greatest possible extent. The central dangerous goods information system for Porsche AG and selected subsidiaries has been updated based on the current dangerous goods legislation. In 2023, Porsche AG transported more than 1,000 tons of class 1, 2, 3, 4.1, 4.2, 4.3, 5.1, 5.2, 6.1, 6.2, 8, and 9 dangerous goods, as well as small quantities of other classes of dangerous goods. At Porsche AG, dangerous goods are shipped all over the world by road, sea, and air. In turn, Porsche AG receives tanks of dangerous goods that require an emergency plan. No dangerous goods accidents were reported in the year under review.

The vehicle production locations in Stuttgart-Zuffenhausen and Leipzig and the development location in Weissach produce hazardous waste, such as waste oil, acids, bases, and mixed solvents, which are classed as dangerous goods when they are transported.

WATER AND MARINE RESOURCES

The Porsche AG Group aims for its production to have a minimal negative impact on the environment. Technology, processes, and logistics can all currently affect resource consumption.

25%

Since 2014, the company has reduced the water consumption per vehicle produced of its own production activities by more than 25%.

Examples of this include using water efficiently based on circulation systems and the careful handling of contaminated wastewater from vehicle production.

In the reporting year, Germany adopted its National Water Strategy to centralize water-related measures in all relevant sectors. Porsche AG and selected subsidiaries are taking on this challenge too: one objective of the Porsche Strategy 2030 is to reduce water consumption, effluents, and emissions into wastewater at all Porsche production sites with a view to realizing the vision of a Zero Impact Factory—in other words, production with the smallest negative impact possible on the environment.

Porsche AG and Porsche Leipzig GmbH use water carefully, as it is an increasingly scarce resource. 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 by its own production activities by more than 25 %.

The Porsche AG Group does not have a direct impact on marine resources, which is to say biodiversity and ecosystems in or under water.

The strategy of the Porsche AG Group, which aims to reduce the environmental impact of every vehicle produced by the company, also concerns water. → Environmental management

Water stress and water scarcity

An area is said to be facing high water stress if the percentage of water being withdrawn from its total supply is high (40–80%) or extremely high (at least 80%) according to the Aqueduct Water Risk Atlas of the World Resources Institute (WRI). It defines water scarcity as the volumetric abundance, or lack thereof, of freshwater resources. This scarcity is driven by humans and is a function of the volume of human water consumption relative to the volume of water resources in each area.

Porsche AG and selected subsidiaries use the Water Stress Indices of Verisk Maplecroft to analyze and evaluate their locations. According to these indices, none of the vehicle production locations is situated in an area facing high or extremely high water stress.

Water and effluents

Porsche AG and Porsche Leipzig GmbH operate their own systems for testing vehicle watertightness or washing plants, for example, on the basis of closed-loop recycling. In the paint shops, for example, water is conserved by using cascade rinsing to recycle water, while bath treatment helps to extend life in pretreatment and in dip coating. The activation and deactivation times of the spray nozzles are also highly optimized. Regarding to technical building equipment, evaporative coolers are optimized, which also makes it possible to save water. 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.

Protection of water—handling of water-polluting substances

Alongside the efficient use of water, the Porsche AG Group primarily focuses on minimizing pollution in effluents and on greater soil and groundwater protection when potentially water-polluting substances are used to handle water and marine resources responsibly. Water pollutants of all hazard classes are transported, filled into containers, stored, or reused on site.

All machinery and equipment used for managing potentially water-polluting substances owned by Porsche AG, which are subject to inspection, are logged, evaluated, and documented within a database.

Porsche AG has reduced the risk of production interruptions when handling water-polluting substances by raising awareness among employees, fitting technical protective devices to the production systems, and installing binding-agent stations at outdoor locations.

Porsche AG and Porsche Leipzig GmbH obtain the water they use in vehicle production, technical building equipment, and social areas from the local public water supply. Due to the local circumstances, no resources from oceans or seas are utilized directly.

Porsche AG and Porsche Leipzig GmbH are known as indirect dischargers at the production locations in Stuttgart-Zuffenhausen and Leipzig: wastewater from these locations consists of effluents from sanitary facilities, wastewater from vehicle production, and rainwater; these waters are all discharged into the sewers. Water is not discharged directly into marine areas.

The wastewater from vehicle production is pretreated in process-specific facilities, such as physico-chemical treatment systems and light liquid separators, to remove harmful substances and reduce the impact of harmful substances discharged into the groundwater. The effluents are regularly analyzed and monitored in accordance with the requirements of the authorities. In this context, the wastewater limits were not exceeded in the reporting year.

BIODIVERSITY AND ECOSYSTEMS

Biodiversity is vital for human life. Therefore, the protection of biodiversity goes far beyond the mere protection of nature and is one of the most urgent global challenges next to climate change. The Porsche AG Group recognizes this and is therefore actively committed to preserving biodiversity at selected locations. In the future, the Porsche AG Group aims to intensify this engagement, which is why it is pursuing the vision of a Zero Impact Factory.

In the eyes of the Porsche AG Group, the protection of biodiversity also involves the continuous identification and gradual minimization of the impacts of its business activities on the diversity of living organisms and species in the water, on the land, and in the air.

Porsche AG and selected subsidiaries are focused predominantly on their own locations and their immediate vicinities. For example, Porsche has been comprehensively monitoring the off-road circuit at its production location in Leipzig since 2004, and the project aiming to create near-natural company grounds has been running at Stuttgart-Zuffenhausen since 2022.

Biodiversity at Stuttgart-Zuffenhausen

In terms of biodiversity, Stuttgart-Zuffenhausen aims to be a role model for other locations of the Porsche AG Group: a biodiversity tool developed by the Volkswagen Group is used on-site there and is optimized continuously. In doing so, the Porsche AG Group has been examining the area based on defined biodiversity criteria—such as surface management, external measures, and employee integration—since 2021. As part of the vision of a Zero Impact Factory, binding targets for improved biodiversity at Stuttgart-Zuffenhausen, which also consider its direct proximity to the area of conservation and fauna-flora habitat "Stuttgarter Bucht and Glemswald", are to be defined by 2025.

Based on a location checklist, catalogs of measures specific to each location are being drawn up to realize the vision of a Zero Impact Factory. → Environmental management

In 2021, Porsche AG turned an area of 2,000 square meters into near-natural green recreational space for employees and the local neighborhood in Stuttgart-Zuffenhausen. Under the supervision of a professional landscape gardener, Executive Board members and employees of Porsche AG voluntarily planted around 2,000 native plants that are appropriate for the location in a project as part of the "Porsche hilft" initiative. Assisted by the Executive Board, employees transformed more space into a near-natural area in fall in the reporting year. As such, planting initiatives also serve to raise awareness among employees. More planting initiatives are in the pipeline.

The planted meadows, wild shrubs, and other native plants provide a safe haven for birds and insects. In the reporting year, Porsche upgraded the area with coarse woody debris, dry stone walls, areas of sand, and broken stones. These can also serve as a habitat for various reptiles and insects. Introduced in 2022, monitoring of the near-natural areas aims to safeguard the development of the areas and identify further recommended courses of action.

Biodiversity in Leipzig

The biodiversity strategy continued on the off-road circuit at the Leipzig plant in the reporting year. In the reporting year, based on monitoring initiated back in 2004, a project involving and sponsored by the management created lizard biotopes. Perches were also installed for birds of prey. A strategic plan has set out further measures for Leipzig to protect the habitats of plants and animals in the long term.

In addition to wild oxen and Exmoor ponies, the company's off-road circuit is home to numerous native species of wild animals that live in harmony with nature and the factory. The former military site has undergone gradual renaturation ever since Porsche Leipzig GmbH developed the location in 2000. With its specially created wetlands and grazing land, the site offers a natural habitat for numerous types of flora and fauna.

Additionally, more than 12,500 square meters of the off-road terrain have been registered as flowering meadows as part of the Saxony State Foundation for Nature and the Environment's "Flowering Meadows for Butterflies" initiative. The strategic preparation and maintenance of the flowering meadows provide a habitat for insects. At the same time, the insects are a key part of the off-road terrain's ecosystem.

In cooperation with Auwaldstation Leipzig, Porsche Leipzig GmbH opened the area to a broad target group to inspire an interest in flora and fauna in future generations: children and families on the Porsche Safari have been able to explore the area's flora and fauna in the company of an environmental educator since 2018. The Porsche Safari is a core element of the support projects at the location in Leipzig.

Biodiversity at the Development Center in Weissach

Porsche AG is also committed to protecting biodiversity around the Development Center in Weissach. This location is situated in a water protection zone, which means special precautions must be taken in accordance with the German Water Management Act (WHG). As such, Porsche AG worked with external landscape planning and species conservation experts in 2019 to develop a guide for the location. The guide contains specific planting and green space creation measures, such as planting suggestions and care tips. The aim is to create a wildlife corridor leading to the local natural structures and species outside the development center's site. Building on the guide for the Weissach location, specific near-natural design guidelines for the production locations in Stuttgart-Zuffenhausen and Leipzig were drawn up in 2020 and implemented as a standard.

The protection of species of wild bees is a priority in Weissach. To further improve their current living conditions, wild bee pastures have been created in selected green spaces. The established near-natural company grounds project aims to continue supporting biodiversity and habitat variety at the location.

WASTE

The avoidance of waste is an integral part of the Porsche AG Group's environmental and energy policy. Waste avoidance preserves resources and gradually reduces potential environmental impacts.

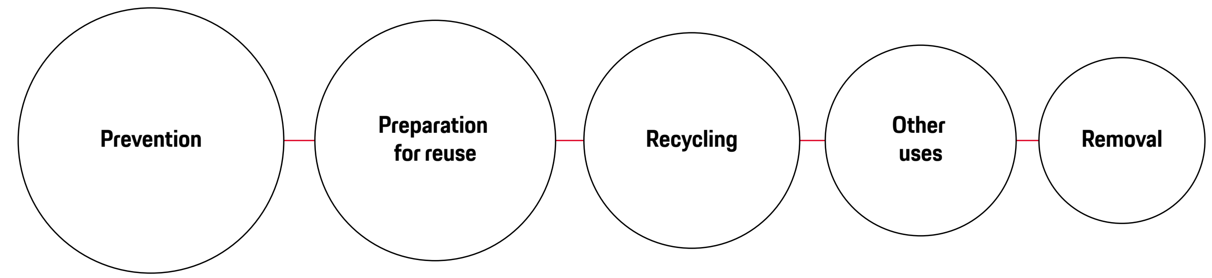
Waste management at Porsche AG and selected subsidiaries is based on the national Circular Economy Act (KrWG). It sets out a five-tier waste hierarchy:

1. Avoidance
2. Treatment for reuse
3. Recycling
4. Recovery (such as energy generation)
5. Disposal

To implement the legal requirements, Porsche AG and selected subsidiaries have drawn up a waste management plan centered on the waste hierarchy. For example, it prioritizes waste avoidance using low-waste technology and sustainable, economical disposal solutions designed to increase material recycling.

The waste management plan is part of the resource efficiency program. It aims to reduce the environmental impact of vehicle production by an average of 45% between 2014 and 2025. The program considers the quantity of disposable waste per vehicle produced. So far, Porsche AG and Porsche Leipzig GmbH have managed to reduce the quantity of waste for removal produced by 75 % since 2014.

Five-tier waste hierarchy



The Porsche AG Group also intends to further reduce waste as part of the Porsche Strategy 2030. As a result, materials are to be recycled instead of being disposed of as waste. This will reduce the need for natural resources and is expected to contribute to their conservation. In line with its vision of a "Zero Impact Factory", the Porsche AG Group is striving to minimize the existing environmental impacts of its own vehicle production as far as possible by 2030. → Environmental management

Within the Porsche AG Group, various certifications which also encompass waste management: selected locations of Porsche AG and selected subsidiaries are certified under ISO 14001 (environmental management). Additionally, the European Eco-Management and Audit Scheme (EMAS) covers waste management at Porsche AG's location in Stuttgart-Zuffenhausen. → Environmental management

The impact points methodology is used to identify and assess the impacts of waste. → Environmental management

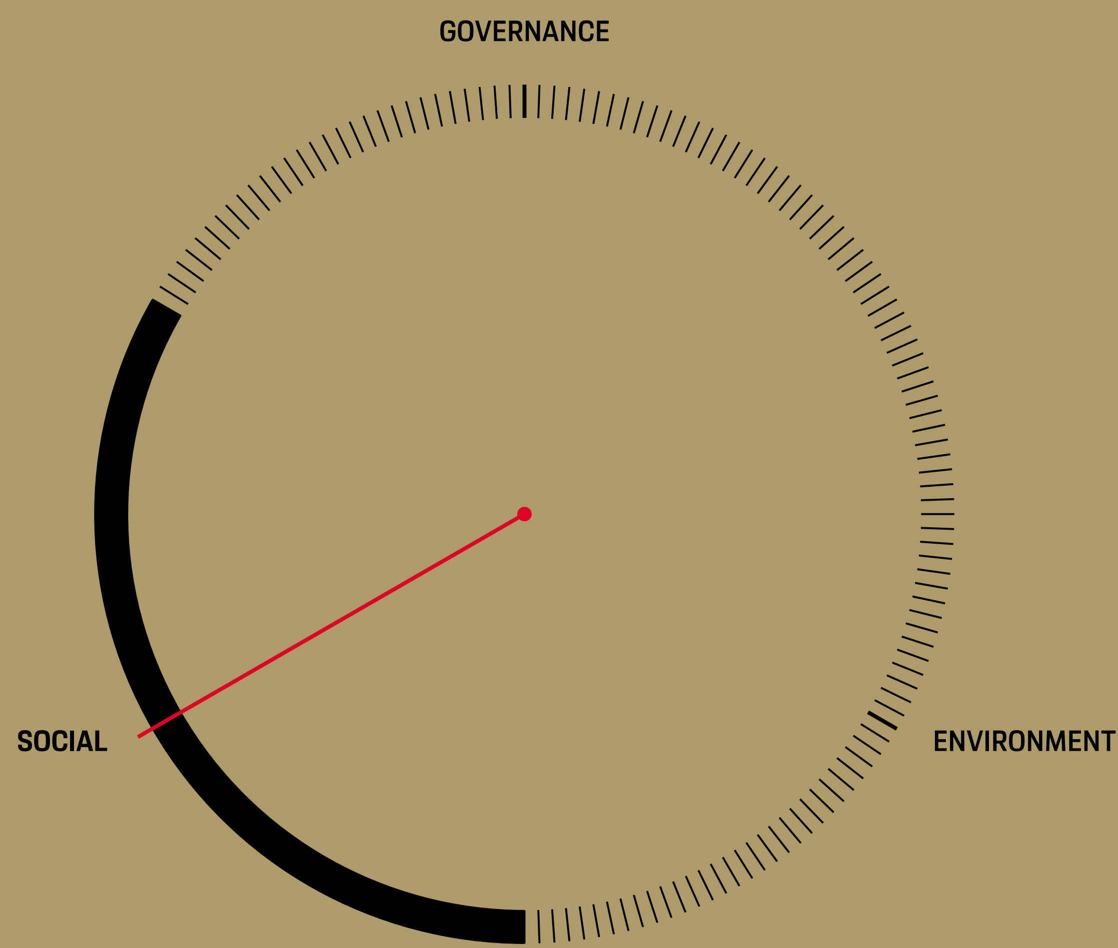
This makes it possible to evaluate waste reduction measures or the introduction of recycling measures. For example, the ratio between disposable and recyclable waste improved in the reporting year due to the development of a new disposal procedure for 25 tons of PVC cleaning cloths from the paint shop areas in the vehicle production plant in Stuttgart-Zuffenhausen.

Concerning new production facilities, Porsche AG and selected subsidiaries generally consider where waste can be produced during the planning phase. When issuing invitations to tender for waste, Porsche AG and selected subsidiaries pay special attention to disposal facilities that offer recycling.

In the reporting year, Porsche AG and selected subsidiaries continued working to reduce, recycle, and dispose of waste in an environmentally friendly manner, and to evaluate low-waste procedures within their own vehicle production. In cooperation with a local disposal firm, for example, the sorting and collection of plastic straps were optimized directly at the source in Stuttgart-Zuffenhausen. Sorting makes it possible to recycle this fraction of waste and save resources as a result. Points of origin with considerable quantities of straps are being evaluated even after the end of the reporting period, as is the operational implementation of the disposal process. In the future, the optimization is set to be gradually expanded to other key locations.

Since 2019, Porsche AG has been working on a technically feasible, sustainable, and transparent process to further reduce waste at its saddlery in Stuttgart-Zuffenhausen. In the reporting year, Porsche AG found a local partner that will reuse its materials: the partner company is set to use the remaining leather that the saddlery can no longer use in order to produce mobile living solutions. For this purpose, the leather is either cut to size by a CNC machine or reused in rolls. The logistics for the project were finalized after the end of the reporting period, so the leather recycling plan can be put into action at the next possible opportunity. → Circular economy

According to the waste management plan, unavoidable fractions of waste are to be systematically sorted and collected at the source. Consequently, all waste receptacles and collection points feature standardized signage based on the various waste fractions. The valuable materials in the waste can then be used in the subsequent waste disposal process. Thanks to digital waste logging, Porsche AG can produce waste balances at its locations in Stuttgart-Zuffenhausen and Weissach, track its progress toward goals, and comply with statutory documentation obligations.



>€11m

donated by the Porsche AG Group as part of long-term corporate citizenship objects.

>150

funding projects around the world supported by the Porsche AG Group as part of its "Partner to society" sustainability strategy field.

€10m

budget for employee training as part of a sustainable and socially ethical transformation.

SOCIAL

PARTNER TO SOCIETY

The Porsche AG Group embraces its social responsibility and sees itself as an active member of and partner to society. 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. → Strategy field Partner to Society

The Porsche AG Group is actively involved in corporate citizenship projects thatbenefit people whose social environment is directly or indirectly related to the Porsche AG Group—be that its own locations or direct suppliers and business partners. Young or disadvantaged people should receive strategic support and education to enable them to make permanent improvements to their living situation.

For example, project are given financial support through a company fund that has been set up internally. Resources were used to realize initiatives from the "Join the Porsche Ride" program in Brazil, Chile, and China in the reporting year. The fund was also used to finance the further expansion of the placement platform "Porsche hilft," which aims to promote voluntary engagement on the part of employees.

Support: frameworks and core areas

As part of the sustainability strategy field "Partner to society," the Porsche AG Group is involved in numerous nonprofit initiatives, whereby it focuses on long-term projects in five core areas: sport, culture, environment, social affairs, and education and science. In 2023, the Porsche AG Group supported more than 150 funding projects around the world. In doing so, the Porsche AG Group aims to help shape society's future and set standards.

The Donations and CSR Sponsorship group guidelines for support projects govern all the processes, responsibilities, and approvals. The goal is to utilize donations and sponsorship money in connection with Porsche's social responsibility in a lawful manner and exclusively in the interests of the Porsche AG Group. At the same time, the guidelines aim to prevent actions that could make it seem as if the Porsche AG Group is influencing official or business decisions through extraneous means. Within Porsche AG, the main Communications, Sustainability, and Politics department is the organizational unit with centralized responsibility for implementing funding projects.

Porsche AG has developed its evaluation methodology to gauge the effectiveness and progress of measures. It is applied to existing donations and sponsorships in connection with social sustainability at Porsche AG.[1] Evaluations are based on quantitative and qualitative data. The goal is to establish comparability between the various funding projects while identifying potential ways to optimize the internal evaluation at the same time.

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

Anniversary initiatives for 75 Years of Porsche Sports Cars

The Porsche AG Group celebrated the 75th anniversary of the Porsche sports car in 2023 and used the occasion to intensify its social engagement. In the reporting year, the Porsche AG Group was actively involved in a range of projects and initiatives around the world.

ANNIVERSARY FUNDRAISER

To mark the 75th anniversary, Porsche AG donated €750,000 to three nonprofit organizations in the reporting year. It donated three equal amounts to the "Supp_Optimal" project of the Bürgerstiftung Stuttgart organization, "Trinkwasserwald e.V.", and the "YOU Foundation". Additionally, the Executive Board and Works Council issued a joint call to employees to participate privately in the fundraiser.

[1] Except for the "Turbo for Talent" youth development initiative.

For example, the donation to the "YOU Foundation" made it possible to set up mobile education centers in the earthquake-hit regions in Turkey and Syria. The goal remains to provide quality education for the children and young people who have been affected. The "Porsche hilft" initiative also organized voluntary activities in the Stuttgart area.

MAKE-A-WISH
The Porsche AG Group has been making the dreams of sports car enthusiasts the world over come true for 75 years. In the reporting year, to mark the occasion, the Porsche AG Group worked to make the dreams of seriously ill children and young people come true. The Porsche AG Group is donating €1,800,000 to the Make-A-Wish organization to fulfill 356 wishes within three years in a nod to the Porsche 356, the company's first sports car, and give a gift of hope to children and their families who are going through difficult times. The first 75 wishes were fulfilled in the year under review.

RACING FOR CHARITY
Porsche AG launched a fundraiser in the reporting year as part of the 24 Hours of Le Mans: the newly launched Racing for Charity initiative received €750 for each lap completed by the three works Porsche 963 cars. The hybrid prototypes completed no less than 733 laps in 24 hours. Porsche AG then topped the donation up to €911,000.

The money was donated to the charitable aid organizations "Kinderherzen retten e.V." and "INTERPLAST-Germany e.V.," as well as the Ferry Porsche Foundation. Each of the two associations received €350,000 and the Ferry Porsche Foundation received €211,000. The Racing for Charity initiative was awarded first place in the Sustainable Endurance Award by Automobile Club de l'Ouest, the organizer of the 24-hour race.

"Kinderherzen retten e.V." helps children with cardiovascular diseases from less medically advanced countries live healthy lives thanks to a one-time operation. The doctors from "INTERPLAST-Germany e.V." voluntarily perform plastic surgery and treat conditions including unintentional injuries and burns in children from crisis-hit areas and developing countries.

BÜRGERSTIFTUNG STUTTGART—SUPP_OPTIMAL
The motto of the "Supp_Optimal" project is "Food for everyone." In this project, Bürgerstiftung Stuttgart coordinates the preparation and distribution of food and hot meals to homeless people in Stuttgart. Porsche AG has been supporting the project financially and with volunteers since 2020. Around €250,000 was donated to the organization in the reporting year, enabling approximately 50,000 meals to be handed out to people in need in Stuttgart.

Donations made by the Porsche AG Group[1]

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

DRINKING WATER FOREST
"Trinkwasserwald e.V." is dedicated to environmental education, awareness-raising, and close-to-nature silviculture. Since 2017, Porsche AG has supported the planting of 55 hectares of mixed deciduous forest in the Stuttgart region and in Leipzig through donations and employee initiatives, and in doing so has helped safeguard high-quality groundwater and drinking water.

Social activities in Germany

PORSCHE HILFT
Voluntary engagement is an integral part of the Porsche AG Group's corporate culture. The "Porsche hilft" initiative complements 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. The selection of projects and organizations is aligned with the company's strategy, especially the sustainability aspects of engagement and empowerment. The platform enables every employee to find a suitable engagement, the support is delivered straight to the projects on site, and team cohesion among the employees is strengthened at the same time. Porsche AG is expanding the initiative continuously and broadening the array of possible assignments.

The platform is being put to good use, with volunteers performing more than 2,500 hours of voluntary work in the year under review. For example, they helped redesign playgrounds for disadvantaged children and young people, planted trees, and marked World Cleanup Day by picking up waste from around Porsche locations worldwide as part of an international campaign, and made the Christmas wishes of disadvantaged children come true. Alongside the Porsche AG Group's anniversary fundraiser, other voluntary activities were available at the location in Stuttgart on the weekends in the fourth quarter of 2023. Some 750 employees teamed up with "Trinkwasserwald e.V." and "Supp_Optimal" to plant around 8,000 trees and distribute around 2,000 meals to people in need. Employees also had the option to donate to the organizations in just a few clicks via the Porsche intranet.

The annual Christmas initiative was one of many that took place in the reporting year, where Porsche AG employees could make a disadvantaged child's Christmas dream come true. In 2023, the initiative supported children and young people in the care of Caritas and Stuttgarter Jugendhausgesellschaft. This year, the option is also available to support the "Femmetastisch" project and the child protection association Kinderschutzbund Stuttgart. More than 150 wishes were fulfilled and around €6,000 were donated to specific projects in the reporting year.

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

PROMOTION OF LITERACY

By promoting literacy, Porsche AG aims to strike a blow for equal opportunities. In cooperation with the Stiftung Lesen foundation, Porsche AG has already opened 29 book clubs at elementary schools in Baden-Württemberg and Saxony, where children can participate in supervised adventures into the world of books to inspire them to read regularly. Porsche AG also supports the voluntary initiative "Leseohren e.V." in Stuttgart. Almost 600 volunteer readers visit kindergartens, libraries, and schools in Stuttgart regularly. The goal is to develop children's language and comprehension abilities and encourage and improve their reading skills in turn.

PROJECT LUKAS FOR CHILDREN WITH DISABILITIES
More than seven million people in Germany are living with a serious disability. They and their families often must face serious challenges. Through the project "Lukas"—a German abbreviation for "A smile for company children with other strengths"—which was launched in 2019, Porsche AG supports employees whose children need special support due to a mental and/or physical disability by making donations to institutions that provide care for the child. Since the launch of the initiative, around €500,000 has been donated to integrative kindergartens as well as care centers and full-day kindergartens.

Aid initiatives for Ukraine

In the reporting year, Porsche AG once again ran a wide range of initiatives to support people affected by the current situation in Ukraine.

Language is the key to successful integration and makes it easier for people arriving in Germany. Therefore, Porsche AG has worked with a variety of project partners to launch German courses for Ukrainian refugees at its location in Stuttgart: Bürgerstiftung Stuttgart uses its training campus to provide Ukrainian refugees with practical support to help them find jobs. The Johanniter-Unfall-Hilfe accident support organization in Stuttgart provides on-site language courses for refugees living in emergency accommodations.

Some refugees are severely traumatized by their experiences in crisis-hit areas and as refugees. Counseling and integrative social projects are available to help these people process what they have lived through. In this regard, Porsche AG supports the psychosocial counseling offered by Bürgerstiftung Stuttgart in Stuttgart as well as the organization Arthelps, which works with SAVE UKRAINE to provide psychological support and art therapy in Ukraine. Psychological support and art therapy for children, young people, and women (mothers and widows) aim to make it easier to process the trauma of war and counteract any potential long-term effects.

Social activities around the world

With a view to making a long-term difference, the Porsche AG Group is also involved with numerous programs on an international level, including "PAVE," and "Join the Porsche Ride." These received the Trendence Award in the "Companies Help People" category in the year under review.

PORSCHE AFTERSALES VOCATIONAL EDUCATION (PAVE)
The "Porsche Aftersales Vocational Education" (PAVE) program has been training highly qualified employees in technical professions for 15 years. The trainees attend training at international locations—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. This means that PAVE aims to have 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. In the reporting year, 16 new technical partner schools in China joined the international PAVE network.

JOIN THE PORSCHE RIDE
The global "Join the Porsche Ride" initiative underlines the Porsche AG Group's complete understanding of the notion of social commitment. The project is aligned closely with the United Nations Sustainable Development Goals and addresses them at each stop. The projects launched there range from environmental and sustainability-related education programs for children to the inclusion of people with disabilities to improved occupational health and safety. They are running at selected locations of the Porsche AG Group on five different continents. The symbol of the projects is a Taycan, which serves as an ambassador of greater sustainability.

As the goals cannot be accomplished and upheld going forward without a long-term commitment, active engagement on a local level is indispensable. Therefore, the initiative is supported by Porsche's dealer organization as well as partnerships with specialized nongovernmental organizations at each site.

The "Join the Porsche Ride" Taycan set out from Stuttgart-Zuffenhausen and has called at Porsche's locations in Leipzig, Switzerland, and France since 2022. The Porsche Taycan continued its journey in the reporting year, making stops in South Africa, China, and Brazil.

New initiatives designed to improve life skills and career preparation were implemented in South Africa and Brazil in the reporting year, and the construction of a German-Chinese teaching and competence center began in China. For example, these included the development of a modular qualification program focusing on occupational safety and health and environmental protection for various levels of education, from kindergarten through vocational education to university.

PORSCHE KOREA: PORSCHE DO DREAM
Through its campaign "Porsche Do Dream", Porsche Korea aims to open 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 sport. The "Dream Playground" initiative creates play opportunities in schools. 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".

PORSCHE LATIN AMERICA: UN TECHO
For over 20 years, Porsche Latin America has supported "Un Techo," an organization that works to support people in need in areas of poverty in Latin American cities. It provides emergency housing and education programs to improve the quality of life for the families who live there in the long term. Porsche Latin America supports the nonprofit organization financially and through the engagement of local importers and volunteers. Through their collaboration, more than 730 emergency houses have been built in 18 countries so far.

INITIATIVES LINKED TO THE CONFLICT IN THE MIDDLE EAST
In November of the reporting year, Porsche AG donated €1 million to "Nothilfe Nahost," an emergency relief effort being run by the "Aktion Deutschland Hilft" coalition. It delivers emergency humanitarian aid to people in the war-torn region. The "Aktion Deutschland Hilft" coalition brings together various aid organizations and services and, for example, helps distribute food, drinking water, and hygiene products. It also offers psychological support on a local level, assists with the evacuation and protection of the civilian population, and provides medical supplies. The aid effort is set to be stepped up as soon as the security situation permits it.

EMERGENCY AID FOR EARTHQUAKE VICTIMS IN TURKEY AND SYRIA
The catastrophic earthquakes in Turkey and Syria in the year under review pushed a lot of innocent people into hardship. Porsche AG provided emergency aid for the victims and therefore donated €1 million to "Aktion Deutschland hilft", which is a coalition of German aid organizations. The Executive Board of Porsche AG, in coordination with the Group Works Council, also issued a call to employees to donate to help earthquake victims through "Porsche hilft." Porsche AG's donation was used to deliver emergency humanitarian aid on a local level, such as to provide first aid for those affected and support rescue efforts.

Supply chain sustainability initiatives
The Porsche AG Group embraces its responsibility to society along its value chain as well. For example, the Porsche AG is involved in numerous social initiatives dedicated to the sustainable extraction of raw materials in recognition of human rights and fair working conditions.

One example of this is the Responsible Mica Initiative, on whose Board of Directors Porsche AG had a representative in the reporting year. In 2021, the RMI published the Global Mica Standard as a global workplace standard promoting safety and fair labor conditions and wages. In cooperation with Michelin, Porsche AG is also campaigning for the sustainable extraction of natural rubber. The project CASCADE (Committed Actions for Smallholders Capacity Development) champions greater transparency and better labor conditions for around 1,000 smallholders on the Indonesian island of Sumatra. So far, Porsche AG and Michelin have invested a combined total of around €1 million in the project. → **Sustainability, work-related rights and equal treatment and opportunities in the value chain**

Social engagement in sport
In the year under review, Porsche AG also intensified its social engagement in sport with new and existing initiatives.

BIRDIES FOR CHARITY
At the Porsche European Open professional golf tournament in the reporting year, Porsche AG launched the "Birdies for Charity" initiative to raise money for aid for Ukraine. For every birdie scored over the four rounds of the tournament held on the Porsche Nord Course, Porsche AG donated €75 in its capacity as title sponsor. The donation was split equally between "JOBLINGE Hamburg," an association that fights unemployment in disadvantaged young people, and "Hamburger Abendblatt hilft e.V.," an association that helps people in need in Hamburg.

ACES FOR CHARITY
"75 Years of Porsche Sports Cars" was also very much the theme of the Aces for Charity initiative as part of the 46th Porsche Tennis Grand Prix in the reporting year. In deference to the first Porsche 356, Porsche AG donated €356 for every ace hit during the tournament. The money was split equally between the Agapedia Foundation, the Baden-Württemberg Sports Federation, and the Ferry Porsche Foundation. It was used to support projects delivering aid to Ukraine.

TURBO FOR TALENT—YOUTH DEVELOPMENT IN SPORTS
Through its "Turbo for Talent" youth development initiative, Porsche AG has now partnered with seven sports clubs throughout Germany. In addition to sports training at a high level for children and young people, the initiative promotes social aspects such as teaching values including team spirit, fairness, and respect, as well as personal development.

In soccer, it has partnerships with VfB Stuttgart, the Stuttgarter Kickers, the Red Bull Soccer Academy in Salzburg, Borussia Mönchengladbach, and FC Erzgebirge Aue. In ice hockey, Porsche AG supports talented young people at the Bietigheim Steelers. In basketball, the Porsche Basketball Academy in Ludwigsburg—the elite training center for MHP RIESEN Ludwigsburg—is named after Porsche AG. The soccer world champion and Porsche ambassador Sami Khedira is a prominent sponsor of the program.

PORSCHE KIDS DAYS
Porsche AG and the local dealer organizations worked with some of their partner associations to launch "Porsche Kids Days" as part of "Turbo for Talent," where children from social institutions in the region had the chance to spend an exciting day with the partner association and accompany their sporting idols to top games in the stadiums or halls. The program was accompanied by the "Porsche Coaching Mobil", where the children put their skills to the test at Parcours, the reaction wall, and in tests of strength. "Porsche Kids Days" celebrated its opening events in March 2023 at Borussia Mönchengladbach, which cosponsors Porsche's youth development program, followed by stops at the Basketball Bundesliga club MHP RIESEN Ludwigsburg, RB Salzburg, and Erzgebirge Aue.

GOALS FOR CHARITY
As part of the annual Porsche Soccer Cup, Porsche AG's youth development initiative "Turbo for Talents" launched Goals for Charity to raise money for the Baden-Württemberg Sports Federation. At this event—the third installment of its kind—social projects received €750 for every successful goal scored by the junior players at the Porsche Soccer Cup. This helped support the "Gemeinsam mehr bewegen" initiative in the reporting year, which aims to promote the integration of children and young people with a refugee or migration background into sports clubs.

PORSCHE TURBO AWARD ON THE HOCKENHEIMRING
The "Porsche Turbo Award" has been an integral part of the "Turbo for Talent" 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.

The eighth awards ceremony took place in the Porsche Experience Center (PEC) on the Hockenheimring for the second time in 2023. Besides the awards ceremony, the young athletes were given the chance to copilot a car on the PEC Hockenheimring track.

WORKING CONDITIONS FOR OWN WORKFORCE

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.

The Porsche AG Group believes that occupational health and safety is a key factor in the attractiveness of an employer. This factor combines with other aspects to create attractive working conditions, through which the Porsche AG Group hopes to attract and retain qualified workers on a long-term basis.

OCCUPATIONAL HEALTH AND SAFETY
Health and safety in the workplace are a top priority for the Porsche AG Group. Ensuring a safe and healthy working environment is an integral part of sustainable corporate governance, especially during a transformation.

Combined with a highly integrated occupational health and safety management system, the health and safety policy "Driven by Safety and Health" is designed to ensure standardized procedures and compliance with legal requirements. The Porsche AG Group aims to avoid accidents at work, physical and mental overloads, and work-related illnesses wherever possible.

The Porsche AG Group has drafted a conceptual objective for occupational health and safety that is enshrined in its occupational health and safety policy and defines the long-term vision of Porsche AG in terms of occupational health and safety.

Porsche AG and selected subsidiaries define annual goals in order to improve health and safety in the workplace continuously. The occupational safety committee prepares quarterly progress reports that involve selected internal stakeholders including managers, the Works Council, safety officers, or representatives of disabled employees.

Occupational health and safety management and organization

The group guideline on occupational safety governs the central processes and responsibilities relating to occupational health and safety throughout the Porsche AG Group. It is an essential element of the Porsche-Compliance-Management-System. Subsidiaries must implement the group guideline through a corresponding company guideline.

The group guideline considers various internal stakeholder groups, including managers on all hierarchical levels, health and safety officers within the Group, experts in occupational health and safety, and works doctors. At the same time, the company guidelines of Porsche AG describe the requirements of external stakeholders, such as health and safety regulators and professional associations. Furthermore, Porsche AG applies the standards ISO 45001 "Occupational health and safety management systems" and DGUV Regulation 1 "Principles of Prevention."

The requirements of the group guideline on occupational safety are set out in Porsche's group manual on occupational health and safety management, which applies to all companies of the Porsche AG Group and its entire workforce. On a group level, occupational health and safety is also part of the Code of Conduct, in which employees are regularly trained.

The safety of its employees is a top priority for the Porsche AG Group. Consequently, occupational health and safety is enshrined at the highest level on the Executive Board. The newly formed "Executive Board Occupational Health and Safety Conference" board, comprising representatives from the Executive Board and Group Works Council, is set to start work in the first quarter of 2024 and further safeguard this responsibility. The occupational safety committees prepare regular reports on occupational hazards, the results of which are then used to optimize the occupational health and safety management system.

Within Porsche AG and selected subsidiaries, the specifications of the group guideline on occupational safety are reviewed regularly by works doctors and occupational health and safety experts as part of inspections with executives, employee representatives, and safety officers. In the event of a shortcoming, they define appropriate corrective measures.

The annual surveys in connection with the German Supply Chain Due Diligence Act (LkSG) inquire as to whether the minimum legal occupational health and safety requirements are being met by subsidiaries as well as the requirements of the group guideline on occupational safety.

Vision of occupational safety

Occupational hazards that are potentially the result of an infringement of occupational health and safety regulations can also be reported anonymously to the Porsche compliance organization and the ombudsman system.

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. Porsche AG and selected subsidiaries use software to help document, process, and analyze accidents to ensure that they are processed as quickly and transparently as possible. Automated reminder and escalation functions ensure that measures are implemented in good time. The procedure is also defined in process and work instructions: after an accident is reported, a manager performs an accident analysis with the support of an occupational health and safety officer. This serves to define immediate and corrective measures to tackle the cause of the accident.

Occupational safety and prevention

The goal of sustainable occupational health and safety is for employees not to suffer any accidents at work. Therefore, the actions of every manager and employee should be guided by the principle of safety to avoid accidents and other health risks from the outset, if possible.

This applies to the design of workstations, equipment, and installations. Potential hazards are identified and assessed even as they are being set up.

Occupational hazards and the resulting risks are defined and assessed as part of a risk assessment, as defined in section 5 of the German Occupational Safety and Health Act (ArbSchG) and in the group guideline on occupational safety. It is performed at regular intervals or whenever necessitated by events or changes in the workplace. In the assessment, the risks are first identified systematically before being described and then assessed using a risk matrix. If a hazard is categorized as a high risk, appropriate measures must be defined and drawn up. The hierarchy of measures set out by law applies: technical measures before organizational measures before behavioral measures. An effectiveness check is then performed to verify whether the defined measures are reducing the risk effectively. The risk is then assessed again and, if it has been reduced sufficiently, documented. The workforce is subsequently briefed on the most important aspects of the risk assessment.

Work equipment must also be inspected regularly, and protective measures designed to minimize risk must be defined and implemented. Occupational health and safety experts assist with risk assessments and standard operating procedures.

The managers of Porsche AG and selected subsidiaries are informed in writing of their duties relating to occupational health and safety and are required to confirm this transfer of duties in writing.

Employees of external companies are also subject to precise codes of conduct designed to preclude hazards as much as possible when they work at the locations of Porsche AG and selected subsidiaries. This applies to construction work for Porsche AG and Porsche Leipzig GmbH as well as the procurement and assembly of machines and systems. At the visitor receptions on the factory premises, visitors are required to confirm that they have acknowledged and will comply with safety notices. A set of work instructions governs how statutory duties of cooperation and coordination in connection with occupational health and safety are fulfilled when third-party companies are deployed on the factory premises of Porsche AG and selected subsidiaries. In cases of temporary employment, binding framework agreements on occupational health and safety are concluded with the employment agencies.

Culture of safety and involvement of the workforce

All these measures contribute to the continuous improvement of safety at Porsche AG and selected subsidiaries and guarantee that Porsche's occupational health and safety is consistent with the relevant legal regulations, which also improves its occupational health and safety management system in the process. The overall culture of safety at the company is promoted at the same time.

Porsche AG utilizes a range of communication channels to inform employees about health and safety in the workplace. In 2023, for example, an occupational safety and mental health campaign was launched to promote the culture of safety and generally raise employee awareness of these topics. All campaigns were developed in coordination with the Works Council.

Employees are also involved in the development, implementation, and evaluation of the occupational health and safety management system. This means that the preparation and revision of the group guideline and its supporting documents were also coordinated with employee representatives. They are involved in decision-making processes through various committees and at the "Executive Board Occupational Health and Safety Conference," enabling them to play a direct role in the implementation and evaluation of the occupational health and safety management system. Employees can submit ideas and suggestions relating to occupational health and safety via the idea management portal at any time or consult an occupational health and safety expert or works doctor directly.

In accordance with the German Occupational Safety Act (ASiG), the employees of Porsche AG and selected subsidiaries are represented on occupational health and safety committees by their legally appointed representatives. These site-specific committees convene four times a year and consist of the employee representatives, safety officers, and representatives of the management.

The occupational health and safety committee of the Works Council also meets at regular intervals or as necessary. This committee discusses and coordinates on individual aspects and concerns relating to occupational health and safety.

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. If they need advice, employees also have access to works doctors and occupational health and safety experts who undergo regular further training in and outside of their own disciplines. Managers are obligated to participate in internal advanced training in responsibility and tools in occupational health and safety.

Preventative health management

Aside from safety, employees and managers receive occupational health services. The works doctors at Porsche AG and its vehicle-producing subsidiaries in Germany advise personnel on health and physical capability, offer preventive examinations, and assess the results of their examinations. They support the reintroduction of employees to the workplace after an extended illness as part of the occupational reintegration management system. Furthermore, in accordance with the German Occupational Safety Act (ASiG), they assist with the planning and design of healthy and ergonomic workplaces.

Porsche AG's Health Management division also provides social counseling to those with psychosocial stress and support for those in difficult life situations. It is available to the whole workforce at Porsche AG and selected subsidiaries.

The health management team at Porsche AG also advises its German locations on the organization of first aid and deploys qualified paramedics to support acute and emergency health care at the major locations.

Additionally, its scope of services includes a wide range of occupational health promotion services. These include the "Porsche Check-up" (a regular health check for employees), vaccinations, as well as nutrition, stress management, and exercise courses for employees of Porsche AG. Employees with cancer have access to OncoCure, a service that helps obtain a second opinion from a doctor. Additionally, in-house physiotherapists offer advice on ergonomics in the workplace.

n combination with an advanced training program (such as specialist training), the high standard of training of the medical personnel guarantees a high standard of quality for the medical services. This is supported by clearly defined process descriptions, working groups and team rounds both within departments and across different sites, and regular consultations on the management levels. An extensive qualification policy is also in place for occupational health and safety experts and medical professionals specializing in occupational health, providing internal and external training courses to ensure that they obtain and maintain the necessary occupational health and safety skills.

Porsche AG always guarantees the protection of occupational health and safety data, as personal health data are stored in an IT system that successfully passed a data protection audit in 2022. The handling of data within the software is governed by a group works agreement with Porsche AG. This guarantees that the data will not be used to the detriment of the workforce.

Working conditions and employee retention

Besides a safe, healthy working environment, other working conditions play an important role for current—and future—employees of the Porsche AG Group.

In Germany, several laws are in place to implement minimum standards for working conditions (such as the Part-time and Fixed-term Work Act, Works Constitution Act, Hours of Work Act, Supply Chain Due Diligence Act, and many others), and these are complemented or built on by collective bargaining agreements at Porsche AG and selected subsidiaries. For Porsche AG, for example, this is the regional collective agreement for the metal and electrical industry. Companies with elected employee representatives, for example, are also subject to works agreements that regulate working conditions within the scope of corporate codetermination—governed by the German Works Constitution Act (BetrVG).

On a national level, the national subsidiaries of the Porsche AG Group that are bound by collective agreements are also subject to regulations concerning collective agreements as well as regulations concerning the maximum terms of employment contracts. At Porsche AG, for example, an employment contract in the formerly industrial area of production can currently be given a maximum term of 48 months without a material reason until the end of July 2025 at the latest.

In the past, most temporary employment contracts could be transferred into an indefinite employment contract with Porsche AG. Additionally, a maximum rate of fixed-term or temporary employment contracts has been agreed with the Works Council for Porsche AG and selected subsidiaries, such as Porsche Financial Services GmbH, Porsche Engineering Group GmbH, Porsche Engineering Services GmbH, or Porsche Deutschland GmbH.

The working conditions for employees are governed in numerous guidelines and frameworks at the Porsche AG Group. These include, for example, the guidelines on labor and social security law and HR compliance, which apply to all employees of the Porsche AG Group and are freely accessible to them.

The working conditions are also determined by the following guidelines and frameworks:

— **Declaration of intent to observe and promote human rights**
In a declaration of intent, the Executive Board and Group Works Council of Porsche AG commit to observe human rights and promote good working conditions and fair in this context. The focus is on employees at national and international locations, including employees of companies belonging to the Group, over which Porsche AG exercises a determinative influence, as well as employees of direct suppliers. The ↗ **declaration of intent** is publicly accessible free of charge online.

— **Code of Conduct**
The Executive Board has adopted a Code of Conduct for the Porsche AG Group. It sets out the most important principles and expectations relating to lawful, honest, and sustainable conduct for all employees of the Porsche AG Group. These include, for example, how to handle conflicts of interest, the prevention of all forms of corruption, appropriate behavior within the Group and towards customers, business partners, and officials, as well as the assumption of responsibility for business, the environment, and society. The ↗ **Code of Conduct** is publicly accessible free of charge online.

— **Collective bargaining agreements**
In Germany, Porsche AG and most of its German subsidiaries are parties to (company-based) collective bargaining agreements with the workforce, excluding executives.

Porsche AG is a member of the employers' association Südwestmetall and is therefore part of the social partnership between the metal and electrical industry and the IG Metall trade union. The agreed regional collective agreement therefore applies to the employees of Porsche AG. Porsche Leipzig GmbH has been a member of the Saxony Employers' Association for the Metal and Electrical Industry (VSME) since January 1, 2019; the transitional bargaining agreement agreed with IG Metall applies to its employees. Other companies, such as Porsche Financial Services GmbH, Porsche Engineering Group GmbH, Porsche Engineering Services GmbH, or Porsche Dienstleistung GmbH, have concluded company-level collective agreements with IG Metall. Porsche's subsidiaries are subject to the framework agreements in the automotive industry, whereas Porsche Deutschland GmbH has a company-level collective agreement.

The employees of MHP Management- and IT-Beratung GmbH are not subject to any collective bargaining agreements; the working conditions for employees are instead governed in their employment contracts. There are additional works agreements and guidelines for certain subject areas. Porsche Consulting GmbH is not bound by a collective agreement either.

The right to freedom of association is set out in the Basic Law in Germany. There are no indications that the right to freedom of association and collective bargaining is at risk on the sites of Porsche AG and selected subsidiaries.

Remuneration and employee benefits

At Porsche AG and selected subsidiaries, the remuneration policies and amounts paid to employees covered by a collective agreement and in management—within and outside of the collective bargaining agreement—are based on collectively agreed or company regulations. The basic remuneration is determined based on described work tasks, with consideration for knowledge and abilities, problem-solving skills, potential influence, and fields of responsibility. Collective and company regulations also provide for one-off payments. Market-specific particularities and benchmarks are also considered for the purposes of offering competitive remuneration.

The remuneration system for the management of Porsche AG and of selected subsidiaries was restructured in the 2023 financial year. The system's structure is generally based on the remuneration system for the Executive Board. Personal performance is also factored into the rate of achievement for the short-term incentive (STI). The long-term incentive (LTI) is based on stock price performance and on the earnings per share (EPS) of Porsche AG, which is an economic performance indicator. → **Remuneration report**

In addition to the remuneration, Porsche AG and selected subsidiaries offer discounts and employee benefits, such as capital formation benefits and a company old-age pension plan.

Concerning old-age pensions, employer-financed pension entitlements are formed based on full-time or part-time remuneration at Porsche AG and selected subsidiaries; in accordance with the statutory regulations, a vested entitlement to pension benefits must be maintained after an employee has three years of service with the company.

Aside from employer-financed old-age pension benefits, Porsche AG and selected subsidiaries offer employees the chance to increase their old-age pension benefits—as well as the benefits received by their survivors in the event of death—through deferred compensation from their gross salary.

With the introduction of a new company pension system, additional employee benefits are available at Porsche AG and selected subsidiaries concerning protecting against risks through inability to work and death. Certain groups of employees at Porsche AG and selected subsidiaries are even provided with additional accident cover.

In addition to the statutory care leave in Germany, Porsche AG, Porsche Deutschland GmbH, and Porsche Leipzig GmbH offer "Porsche Care Leave," which, when various criteria are met, enables permanent employees with at least six months of service to care for their next of kin for up to three months and continue to receive part of their salary.

Work-life balance

A work-life balance is tremendously important to the Porsche AG Group, so it supports its employees with a wide variety of different measures and options. For example, local cooperation partners ensure that childcare places are available in kindergartens close to selected Porsche AG locations. 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 summer day camp 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 expecting parents and employees caring for relatives.

Further options at Porsche AG 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.

Flexibility in the workplace and reduction of working hours

Where possible, Porsche AG and selected subsidiaries consider the individual needs of the workforce and promote flexible working options with regard to workplace and working hours. In doing so, Porsche AG and selected subsidiaries can give employees a high degree of flexibility. Porsche AG further enhanced this flexibility in 2021 with the amended works agreement regarding mobile working, and facilitates mobile working on up to twelve full days per calendar month. Employees can also work remotely by the hour at any time if the needs of the company permit it. Mobile working was rolled out abroad in the first quarter of 2023. Under certain conditions, this will enable employees in almost every EU member state to work remotely for up to 20 days per calendar year.

Looking ahead, Porsche AG is focusing on a healthy mix of on-site and mobile work to uphold the unique Porsche culture, which is characterized by personal relationships and shared experiences. These rules also apply to selected subsidiaries of Porsche AG, such as Porsche Leipzig GmbH, Porsche Consulting GmbH, Porsche Engineering Group/Services GmbH, Porsche Deutschland GmbH, and Porsche Financial Services GmbH.

In some cases, Porsche AG and selected subsidiaries offer flexible working hours and working hour reductions beyond the minimum legal requirements. Within the scope of supplementary company regulations, employees have the option of flextime. Various part-time models, flexible working hours, and part-time are available during parental leave, care or educational leave, as is the option of a sabbatical. Job sharing is even an option in managerial roles.

In the reporting year and in previous years, there were no mass layoffs or large-scale job cuts at Porsche AG or selected subsidiaries. Under the existing works agreement on site security, involuntary redundancies are prohibited at Porsche AG and selected subsidiaries until the end of July 2030.

Employee satisfaction

In the reporting year, Porsche AG initiated and carried out its new employee survey "Porsche Puls" for the first time. Its goal is to increase long-term employee satisfaction. The survey is tailored to Porsche AG specifically and contains questions regarding teamwork, employee engagement, and strategic issues such as sustainability and diversity. Overall, more than 19,000 employees at Porsche AG took part in the survey. This means that the participation rate is around 81%. The total index derived from the average of all questions is 74.8 out of a possible 100 points.

Selected subsidiaries of the Porsche AG Group also gauge and promote employee satisfaction on a continuous basis. For example, Porsche Financial Services GmbH organizes "cultural dialogs" in the form of workshops throughout the year.

Attractive employer

The Porsche AG Group wants to remain a highly attractive employer in the future. Consequently, one of the four overriding objectives of the Porsche Strategy 2030 is as follows: "Be the top employer of choice."

Employer attractiveness is measured continuously based on external surveys (such as by the Trendence Institute or the employer rating platforms kununu and Glassdoor) and potential improvements are derived from these. The developments are shared regularly on the level of the Executive Board and reported on in annual target reviews.

Verified employer ratings by students are just one piece of evidence that Porsche AG is already considered an attractive employer. Porsche AG topped the rankings of Trendence and Universum again in 2023 and managed to further improve its popularity among the sought-after target group of IT and computer science students.

The number of applicants, which remains high, is another hallmark of an attractive employer—in the reporting year, the Porsche AG Group received more than 140,000 applications for just under 5,000 vacancies.

A wide range of external communication formats are used to further improve employer attractiveness. For instance, Porsche AG is refining its general image as an employer through the new "Porsche Dream Job" employer branding initiative and showing that "Driven by Dreams" is not exclusive to its customer base, as employees are driven by dreams too. It is also using specific communication formats, such as the social media series "Women in MINT" or "Tech Talks," to target profiles of great strategic relevance in the growing labor market.

To attract talented young people to its employer brand at an early stage, Porsche AG works with universities and target groups of students, including as part of the racing car engineering student competition Formula Student Germany. With regard to student marketing, the Ferry Porsche Award was presented to over 200 school pupils in Baden-Württemberg in 2023. In cooperation with the Ministry of Culture, Youth and Sport in Baden-Württemberg, Porsche AG presents this award to honor talented young people who excel in the field of natural sciences.

Socially ethical transformation

The transformation of the automotive industry is in full swing and is affecting the Porsche AG Group in terms of electric mobility, digitalization, and new business models. As an employer, the Porsche AG Group aims to make the transformation sustainable and socially ethical—and both accompany and support its employees in this time of change.

A wide range of options are available for employees to qualify for specific future roles and develop on a personal level. → **Equal treatment and opportunities within the own workforce**

For example, Porsche AG offers personal advice to all employees affected by obsolescence. These consultations explore an employee's personal interests, strengths, and possible future roles, and plan the necessary advanced training.

In the reporting year, Porsche AG had a budget of €10 million and a wide range of personalized advanced training courses for advanced training within the scope of the transformation. Additionally, wherever operationally possible, Porsche AG always endeavors to assign appropriate tasks to employees whose working capacity has changed (i.e. employees who have been limited by an accident or illness).

Corporate codetermination

Porsche AG's main site is in Germany, which means it is required by national law to engage in corporate codetermination. 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 codetermination is based on a constructive, cooperative dialog 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 is codified in the Code of Conduct.

Employees and their elected representatives are notified punctually and comprehensively of any important operational and organizational changes. National laws are considered, although corresponding notification deadlines are not set out in existing works agreements.

Codetermination is guaranteed in a number of different ways, including a supervisory board with equal representation, the Works Council committees, the Economic Committee, and the constant maintenance of the works agreement database on the internal intranet. The workforce receives information about current developments at regular intervals through meetings of the workforce. "Transformation road maps" containing subject areas that are set to be restructured or built up, as well as major change projects that are preplanned years in advance and affect employees, have been and are presented to employee representatives regularly.

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

Complaints management
The complaints mechanism within the Porsche AG Group makes a crucial contribution to upholding the company's values and commitments. Its purpose is to discover and settle, if necessary, potential grievances relating to business and human rights. Employees can use the mechanism to report concerns they might have relating to freedom of association or collective bargaining—to name just two examples. → **Corporate governance, corruption, and bribery**

Where necessary and possible, steps are taken to minimize risks even before the grievance has been fully investigated. Appropriate preventative and remedial action is initiated depending on the outcome of the grievance procedure. The grievance procedure is discontinued if no actual infringement can be determined, even after an interview with the person who filed the grievance.

Working conditions for workers who are not employees
In particular, temporary workers are used at the locations of Porsche AG and selected subsidiaries to maintain flexibility in terms of the number of personnel. Temporary workers are exclusively categorized as workers who are not employees. In various areas of the company, they perform similar work to that of permanent employees.

In Germany, legislation is in place to regulate the use of temporary workers. They are also regulated by collective agreements and internal rules at Porsche AG and selected subsidiaries. These regulations are adhered to by Porsche AG and selected subsidiaries. At Porsche AG, for example, each department is provided with information about the legal framework for temporary employment for this reason.

When they employ external workers, Porsche AG, and selected subsidiaries, such as Porsche Leipzig GmbH and Porsche Deutschland GmbH, adhere to the principle of "same work, same pay". Additionally, the maximum length of service (such as a maximum of 48 months for temporary workers in the product development process) has been agreed based on the collectively agreed provisions. At Porsche AG and selected subsidiaries, including Porsche Financial Services GmbH and Porsche Leipzig GmbH, temporary workers with the right qualifications are also given priority over external applicants when it comes to filling a vacancy.

ECONOMIC, SOCIAL, AND CULTURAL RIGHTS AS WELL AS CIVIL AND POLITICAL RIGHTS OF COMMUNITIES

Beyond the customers and employees of the company, the business activities of the Porsche AG Group can affect communities at Porsche's locations as well as the production sites of its direct suppliers. The Porsche AG Group embraces its responsibility to protect the environment and safeguard human rights and strives to do business responsibly for communities all along its value chain.

The Porsche AG Group has identified residents and communities as key stakeholders who have an interest in the decisions and activities of the Porsche AG Group. Porsche AG therefore stays in direct contact with residents and local stakeholders at its production and development locations via liaisons and events, discusses specific topics and issues with them, in necessary, and provides a point of contact for complaints and suggestions. → **Stakeholder dialog and materiality**

In this context, the Porsche AG Group actively strives to help regions and communities protect the environment, provide healthy living conditions, and strengthen social cohesion—at its locations and all over the world. Aside from financial support, the voluntary engagement of Porsche employees is an important element. → **Partner to society**

Responsible business and sustainability along the value chain is a priority for the Porsche AG Group. Safe, reasonable working conditions and the continuous minimization of environmental impacts—especially in regions where raw materials are extracted—have a significant effect on the lives of employees in the value chain and, in turn, on their communities. Porsche AG therefore also expects good conduct from its direct business partners and direct suppliers in line with a Code of Conduct. Porsche AG monitors their compliance with duties of care relating to human rights and the environment under the German Supply Chain Due Diligence Act (LkSG). → **Sustainability, work-related rights and equal treatment and opportunities in the value chain**

The environmental impacts of Porsche AG's business activities can also affect residents living in the direct vicinity of Porsche locations as well as people in neighboring areas. Consequently, Porsche AG and Porsche Leipzig GmbH measure and monitor the environmental impacts of the production locations in Stuttgart-Zuffenhausen and Leipzig as well as at the Development Center in Weissach, including energy and water consumption, waste, and the relevant impacts on the air, soil, and water. In areas with moderate and high water stress levels, in particular, Porsche AG aims to further reduce its water consumption and effluents and, in turn, minimize its impact on the drinking water and groundwater in the region. → **Pollution and substances of concern,** → **Water and marine resources**

PERSONAL SAFETY OF CONSUMERS AND/OR END USERS

The personal safety of all road users is important to Porsche AG. Therefore, Porsche AG considers vehicle safety and the optimal protection of drivers and passengers a high priority. The safety of other road users is also important.

The safety standard of Porsche AG is the authoritative vehicle safety document. It is part of the safety strategy adopted by the Executive Board of Porsche AG in 2021, which is set to remain in place until 2030. A comprehensive catalog of requirements describes how the safety standard is to be implemented in a binding manner and adhered to, regardless of the vehicle model or market. It applies to all series and derivatives in all target markets around the world, yet it also contains versions that are specific to individual vehicle projects. The catalog of vehicle safety requirements is updated regularly.

Porsche AG does not use an individual indicator to measure vehicle safety across the board. Rather, vehicle safety goes beyond a safe overall vehicle with safe structures; it also means, for example, safety for everyone inside and outside of the vehicle, a safe fuel system, and safe high-voltage technology.

On the one hand, the Porsche safety standard ensures conformity with the laws in the target markets. To this end, the Technical Conformity department at Porsche AG monitors the course of legislative processes worldwide as well as their regulatory and technical frameworks. It raises awareness of conformity, delivers transparency with regard to new and existing requirements in all target markets, and promotes long-term process reliability, stability, and quality.

On the other hand, the safety standard also contains some of Porsche AG's standards relating to the safety of Porsche vehicles. These standards can go far beyond the legal requirements. They are based on the current state-of-the-art and consumer protection requirements. From these, Porsche AG also derives specific target specifications for passive vehicle safety to minimize the potential consequences of accidents for everyone involved.

Porsche AG revises and updates its safety standards regularly. Therefore, Porsche AG continuously monitors the changing legal situation in every target market as well as the activities of consumer protection organizations. It also performs regular analyses of the current state of vehicle safety technology from a competitive standpoint. Furthermore, field observations and accident analyses provide important information about the safety of Porsche vehicles that is factored into their design.

Porsche AG and the Volkswagen Group coordinate on vehicle safety requirements and procedures in several working groups, including the Safety working group that meets three times a year. The group consists of all the safety officers of the brands of the Volkswagen Group.

The vehicle safety departments at Porsche AG bear responsibility for the safety of individual vehicle components and systems. They work together centrally in the vehicle development stage. Each project coordinator examines the corresponding key figures. The head of the relevant specialist area oversees giving final approval for safety features.

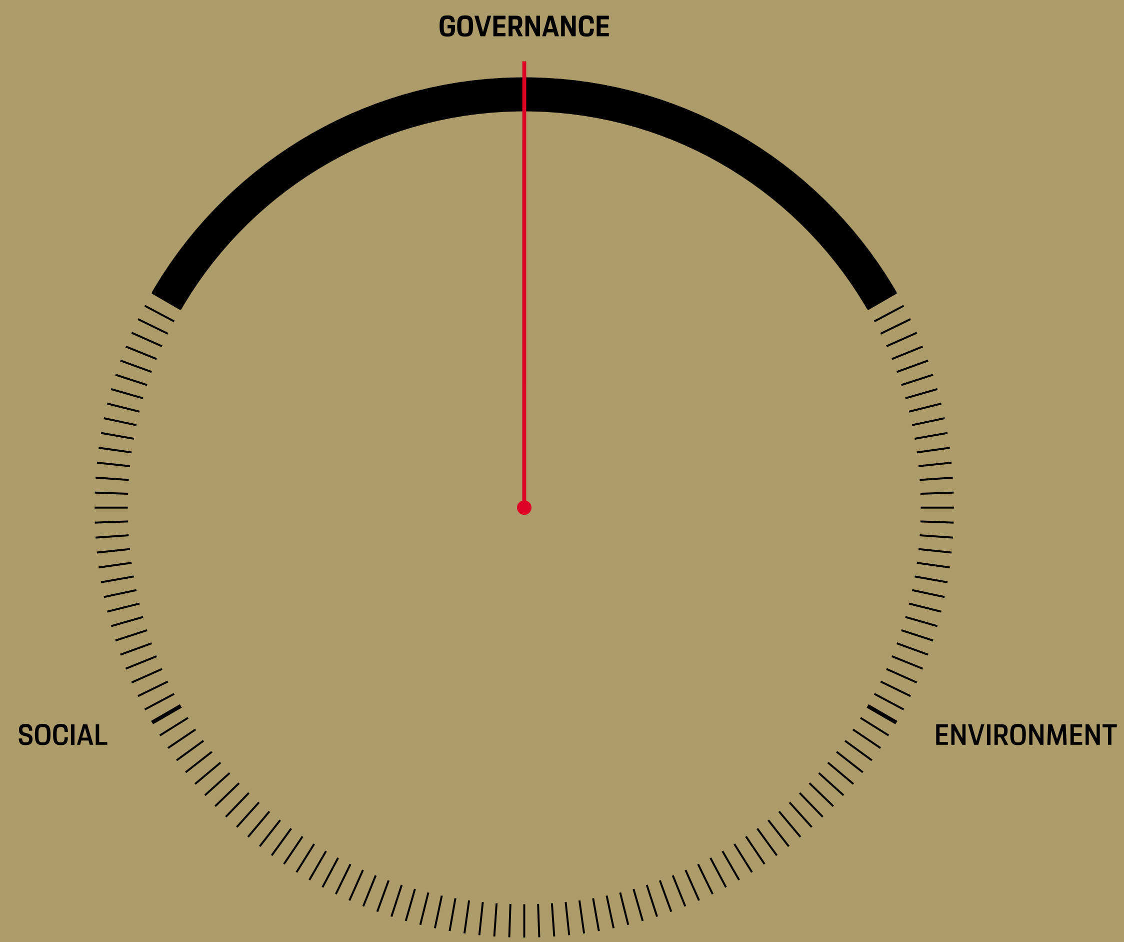
For example, all the areas involved with "front protection" are pooled within one department at Porsche AG, from the structure of the vehicle and the arrangement of components in the front end to energy dissipation, deceleration characteristics intended to protect passengers in the event of a frontal accident, and restraint systems (seat belts and airbags). Additionally, the specialist area pools all necessary development methods—component and system simulations and tests as well as overall vehicle testing. This further refines the safety features and improves them until they are ready for series production.

Child safety is another key focal point in the field of vehicle safety. As such, vehicles and child car seats are designed to provide optimal protection for children of all ages and sizes in the event of an accident.

The protection of other road users, such as pedestrians, is also a key element in the development of vehicle safety. Measures designed to meet the existing pedestrian safety requirements are implemented in cooperation with the Exterior Design department and the attachment development departments (such as fairing and headlights).

Once approved for road use, all Porsche vehicles undergo strict inspections according to the in-house quality management system at Porsche AG. These include a final inspection of their safety from development and production to after-sales.

In the reporting year, Porsche AG successfully implemented and approved the Porsche safety standard for the Panamera series, as has been the case with all other series so far too, and secured access to the market. Consequently, these vehicles received official approval as part of the standard operating procedure. Porsche AG was able to demonstrate that the legal requirements are being met worldwide.



90%

of production material purchased from direct suppliers of Porsche AG in compliance with the strictest internal quality standards relating to sustainability (S-rating "A") by 2030.

88.3%

of the production material purchased from direct suppliers of Porsche AG already meets the strictest quality standards within the scope of the S-rating in 2023.

100%

of the direct suppliers of Porsche AG are audited on the basis of sustainability criteria.

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS INCLUDING PAYMENT PRACTICES

As its range of vehicles is increasingly electrified, the supply chain of the Porsche AG Group is becoming increasingly complex: new components and types of technology are involved, and the number of direct suppliers of production materials is rising. The need for potentially high-risk raw materials, especially for battery manufacturing, is also growing. The proportion of CO_2 emissions of the Porsche AG Group attributable to the vehicle supply chain is currently around one-fifth of the greenhouse gas emissions of the vehicles' entire value chain, as measured using the Decarbonization Index (DCI). As the proportion of all-electric vehicles increases, the Porsche AG Group anticipates that the proportion of supply-chain-related CO_2 emissions might also rise further—not accounting for decarbonization measures.
→ **Climate change mitigation**

The legal requirements also broadened in scope in the reporting year with Germany's new Supply Chain Due Diligence Act (LkSG). Consequently, the strategic significance of a responsible, environmentally friendly supply chain that respects human rights has risen even further in the eyes of the Porsche AG Group.

The Porsche AG Group has enacted multiple guidelines underlining its determination to enforce high standards in the supply chain:

- The objective of the group guidelines on supplier risk management is to standardize procedures intended to rapidly identify and control risks relating to suppliers who are financially unstable, in acute financial crisis, or insolvent. Standardized procedures are meant to minimize supply risks and the resulting costs if a direct supplier's delivery capacity deteriorates for financial reasons.
- The company guidelines on the procurement of production material at Porsche AG set out a framework for the production material procurement process. This framework comprises two core processes: forward sourcing (the procurement of new vehicle parts) and global sourcing (the selection and validation of direct suppliers for vehicle components that are already in mass production). The guidelines define the operational process stages and describe strategic procurement processes, procurement planning, and tool documentation as well as how price risks are to be handled.

  The objective of the guidelines is more effective procurement on a standardized level of quality. Through this, Porsche AG aims to minimize potential risks relating to costs, quality, supply security, compliance with legal specifications and official orders, scheduling, liability, and the financial stability of direct suppliers to the greatest extent possible. The governing bodies in charge are the Porsche Sourcing Committee (PSC) for the procurement of production materials and the Corporate Sourcing Committee (CSC) of the Volkswagen Group. Involving the vehicle brands, regions, and departments of the Porsche AG Group and in coordination with the CSC, the PSC makes all decisions concerning contracts for purchased parts within the scope of the global sourcing (for newly developed vehicle components) and forward sourcing (for existing vehicle components) processes. → **Sustainability, work-related rights and equal treatment and opportunities in the value chain**

Ambitious internal objectives

The Porsche AG Group pursues defined objectives within the scope of legal and internal regulations. The Porsche AG Group codified these in the form of three pillars in its procurement strategy in 2023: "Supply chain resilience" contains criteria for awarding contracts, transparency, partnership structures, and digital matters. "Profitability" focuses on planning accuracy and deals with long-term contracts. The third pillar is "Supply chain sustainability" and contains criteria relating to water consumption and strategic dialogs with direct suppliers.

In turn, all three pillars are geared towards three courses of action:

Decarbonization:
The Porsche AG Group analyzes the own CO_2 emissions and those of the vehicles to consistently avoid or reduce them along the entire value chain through decarbonization. The Porsche AG Group only offsets emissions where this is not possible for technical reasons or at a reasonable economic cost. → **Energy and climate change adaptation,** → **Climate change mitigation**

Circular economy:
The Porsche AG Group has resolved to continuously reduce the consumption of materials and resources along its entire value chain. Where possible, the Porsche AG Group aims to transition material usage into closed-loop recycling. → **Circular economy**

Responsibility for complex global supply chains:
Porsche AG promotes sustainability along its entire supply chain. Porsche AG wants to make complex global supply chains more transparent and further increase the weighting of sustainability aspects in its decisions to award contracts in the future. Moreover, in selected countries of origin of its raw materials, Porsche AG works with local partners on initiatives designed to improve local living and working conditions. → **Sustainability, work-related rights and equal treatment and opportunities in the value chain,** → **Equal treatment and opportunities within the own workforce**

Code of Conduct for Business Partners

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 specific requirements. The Code of Conduct compels all parties to observe environmental, social, and human rights standards. The Code of Conduct was originally drawn up by the Volkswagen Group and is available online at ↗ **www.vwgroupsupply.com.**

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.

In so far as business partners of Porsche AG engage third parties (such as subcontractors or representatives) as part of their business relationships with the company, they undertake to pass the Code of Conduct for Business Partners on to the third parties in question and have them commit to adhere to it.

Sustainability criteria in new contracts

The Porsche AG Group adheres to strict sustainability criteria when it awards new contracts.

High-voltage battery cells for electric drives are a CO_2-intensive component to manufacture. A new tendering process has therefore been in place for all-electric vehicles since 2023: all direct suppliers in these vehicle projects must now meet concrete specifications concerning the use of electricity from renewable sources, CO_2-optimized primary materials, and recycled materials. They have already been obligated to use green electricity in manufacturing since 2021.

Concerning the awarding of contracts for new parts in new vehicle projects, direct suppliers of production materials have been contractually obligated to use green electricity to manufacture components since 2021. In 2022, all direct suppliers selected for new vehicle projects undertook to meet this requirement.

Preventative supplier risk management

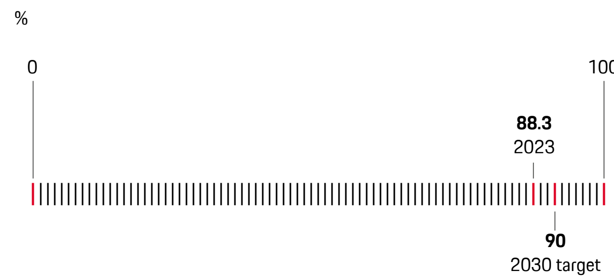
Before a contract is awarded to a direct supplier, the Procurement department at Porsche AG reviews its financial status. The “Supplier Status” report is used for this purpose: it indicates whether direct suppliers of production materials and direct suppliers of nonproduction materials are considered eligible or ineligible to be awarded a contract from a financial standpoint. Employees in the Procurement department are required to perform continuous reviews of the financial situations of direct suppliers and look out for potential indications of negative changes. If a critical development occurs, further information about the financial situation of the direct suppliers must be obtained in coordination with the relevant department.

Sustainability rating for direct suppliers

In 2021, Porsche AG began using the sustainability rating (S-rating) as another supply chain control instrument. Based on defined criteria, Porsche AG reviews the environmental and social behavior of direct suppliers of production materials alongside their compliance with the Code of Conduct.

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. This means that direct suppliers of production materials are expected to achieve a positive S-rating in the highest category by this point in time. The basis is a self-disclosure from the direct suppliers, which is followed by special-purpose on-site inspections if necessary.

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



Porsche AG employees who work with these suppliers are advised to undergo training in this context. A digital learning module for employees in other divisions of Porsche AG is also available. → **Sustainability, work-related rights and equal treatment and opportunities in the value chain**

Transparent payment processes

In the interests of maximizing transparency in the supply chain and avoiding attempts at corruption, Porsche AG has largely transitioned its payment practices to electronic processes. Direct contractual partners are expected to send electronic invoices exclusively. Direct suppliers of production materials must upload their invoices on the business platform of the Volkswagen Group ↗ **www.vwgroupsupply.com**. Paper invoices are only accepted in justified exceptional cases or in coordination with the Accounts Payable department at Porsche AG. They must always be sent to a fixed address. In turn, Porsche AG provides electronic accounting records as a rule.

All invoices must be prepared in accordance with national VAT law. They must also contain a specific set of details (supplier, order, delivery order, material number, unloading point, and the name of the point of contact at Porsche AG); all necessary documents must be attached.

Training measures in the supply chain

Employees of Porsche AG and employees of selected direct suppliers receive training as part of the revision of sustainability standards, especially in line with the UN Global Compact. These training courses, for example, are part of supplier development measures that also encompass other project management subject areas, such as capacity adjustment, cost optimization, and reporting. In doing so, Porsche AG is bolstering its supply security for series production.

POLITICAL ENGAGEMENT AND LOBBYING ACTIVITIES

The Porsche AG Group works across party lines to support strong, sustainable global trade. It requires international competition, international business activities, freedom of movement for workers, and a global exchange of knowledge in order to be competitive. The Porsche AG Group welcomes international frameworks for improved sustainability and supports the Paris Agreement, including the 1.5°C goal. To the Porsche AG Group, these are the foundations of 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. Additionally, it spent nothing on supporting party events, advertisements in party-affiliated publications, or external lobbyists in 2023.

Dialog with politics

The Porsche AG Group operates in a complex and heavily regulated field. Whenever it makes a business decision, the Porsche AG Group evaluates the consequences of its actions for the company and environment and factors them into its internal processes. Furthermore, the Porsche AG Group plays an active role in helping to structure the framework for its business operations. To this end, the Porsche AG Group maintains a transparent, goal-driven sociopolitical dialog with governments, parliaments, authorities, associations, institutions, nongovernmental organizations, and civil society. This enables the Porsche AG Group to incorporate its positions into social and political discourses as well as decision-making processes.

The Politics and Society department is responsible for all political lobbying on behalf of the Porsche AG Group. It is a centralized coordination hub for concerted approaches and actions, not to mention harmonized communication. Its duties also include organizing and supervising programs of political visits and events. Moreover, the department reports to the Executive Board on current political matters and developments regularly. Through its Governmental Affairs Steering Committee, the Politics and Society department coordinates the political activities of the Porsche AG Group whilst maintaining both a harmonized approach and consistent communication with stakeholders.

The Group-wide “Principles of Communication and Governmental Affairs” guideline requires every political activity to adhere to the principles of integrity, transparency, and traceability. The guideline also offers guidance on contact with political stakeholders and governs the process of political lobbying.

The employees of the Porsche AG Group who are tasked with political lobbying coordinate their work with the Public Affairs division of the Volkswagen Group on a regular basis. Only the Volkswagen Group has its corporate representation—for instance, in Berlin and Brussels. As such, it also handles political lobbying for the Porsche AG Group.

Involvement in associations

The Porsche AG Group also deals with current political issues by getting involved with associations. The Politics and Society department oversees coordinating these activities as well. These activities are also subject to the principles of transparency, traceability, and responsibility. Competition and antitrust legislation, as well as other legal provisions, must always be taken into account. Inter alia, Porsche AG is registered in the Lobby Register (↗ **https://www.lobbyregister.bundestag.de**) to lobby the German Bundestag and the German government as well as the Baden-Württemberg Transparency Register (↗ **https://www.landtag-bw.de/home/der-landtag/transparenzregister.html**).

The Porsche AG Group is a member of the following associations (selection below):

- **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)**
- **The Industry Association of Baden-Württemberg (LVI)**
- **Stifterverband (an organization dedicated to education, science, and innovation)**

For more about the Porsche AG Group's involvement in associations and networks, including how it involves its stakeholders in this context, please refer to → **Stakeholder dialog and materiality**.

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904 Carrera GTS

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE DECLARATION

PURSUANT TO SECTION 289F AND SECTION 315D HGB

In the Corporate Governance Declaration, the Executive Board and Supervisory Board report on the company's corporate governance for the fiscal year 2023 in accordance with sections 289f and 315d of the German Commercial Code (HGB) and as stipulated in Principle 23 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 the Executive Board and Supervisory Board of Porsche AG, good corporate governance is a prerequisite and reflection of responsible corporate governance. They 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, workforce, 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

In December 2023, the Executive 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 (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 submitting the last declaration of conformity in December 2022 and will continue to comply with in the future, with the following exceptions:

1. 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 continues to hold the view that the ability to monitor and advise the Executive Board in the management of the business does not cease upon reaching a certain age.

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

   According to recommendation C.5 of the Code, members of the Executive Board of a listed company should 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 Executive Board and the Supervisory Board are convinced that the Supervisory Board member has sufficient time available to exercise his mandate at the company.

3. Disclosure of election proposals (C.13 of the Code)

   According to recommendation C.13 Sentence 1 of the Code, the Supervisory Board, in its election proposals to the Annual General Meeting, should disclose the personal and business relationships of every candidate with the company, the governing bodies of the company and any shareholders with a material interest in the company. The requirements of recommendation C.13 sentence 1 of the Code are vague and the definitions unclear. A deviation from this recommendation is therefore declared as a precautionary measure. Notwithstanding this, the Supervisory Board will make every effort to satisfy the requirements of recommendation C.13 sentence 1 of the Code.

4. Remuneration of the Executive Board (G.1, G.2, G.3, G.6 and G.10 sentences 1 and 2 of the Code)

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

   In detail:

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

      Until the IPO on September 28, 2022, the company was not required to establish a remuneration system for the Executive Board in accordance with section 87a AktG. The provisions in the Executive Board service contracts existing at the time of the IPO did 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 was approved by the company's Annual General Meeting on June 28, 2023 with a majority of 100%. Against this background, the following recommendations have temporarily not been complied with for the period until the end of December 31, 2022:

      — Until the new remuneration system comes into effect, there was 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 was not provided for until the IPO. On September 14, 2022, the Supervisory Board determined a specific target total remuneration for the Executive Board members effective January 1, 2023.
      — The long-term variable remuneration amounts granted to the members of the Executive Board in accordance with the remuneration system for the Executive Board valid until December 31, 2022 are agreed in 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 with regard to performance periods for performance share plans that have begun since January 1, 2023 and will begin again in the future will therefore be complied with.

      Since submitting the last declaration of conformity, the company has concluded new Executive Board service contracts with all Executive Board members with retroactive effect from January 1, 2023, in which the remuneration was set in accordance with the new remuneration system. Since then, the recommendations in section G. of the Code have been complied with, unless a deviation is declared below under c).

   b) Peer group disclosure (G.3 of the Code)

      In order to assess whether the specific total remuneration of Executive 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 accordance with recommendation G.3 sentence 1, second half-sentence of the Code, the composition of this peer group was disclosed for the first time in the remuneration report for the fiscal year 2022. Until the disclosure of the remuneration report for the fiscal year 2022 on March 13, 2023, recommendation G.3 of the Code was therefore not complied with for a transitional period. Since the disclosure of the remuneration report for the fiscal year 2022, the company complies fully with recommendation G.3 of the Code.

c) IPO bonus (G.6 and G.10 sentence 2 of the Code)

On July 20, 2022, the Supervisory Board agreed with the members of the Executive 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 paid to the Executive 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 should 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 Executive Board members. As a result, the target value of the short-term variable remuneration promised to the Executive Board members for the fiscal year 2022 exceeds the target value of the long-term variable remuneration. The IPO bonus granted in the fiscal year 2022 was not yet fully settled in the current fiscal year 2023 either. Against this background, a deviation from recommendation G.6 of the Code continues to be declared as a precautionary measure. Nevertheless, the remuneration of the Executive 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 Executive Board, which is not limited to preparations for the IPO, but also takes into account how successful the IPO over the long term is.
— Finally, the members of the Executive 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 Executive 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 eight divisions. In addition to the Chairman of the Executive Board, the other Board positions are: Procurement, Car-IT, Research and Development, Finance and IT, Human Resources and Social Affairs, Production and Logistics as well as Sales and Marketing. 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, 2023, there were eight 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, procurement, 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, procurement, 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 2023, 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 2023 and their main topics can be found in the Report of the Supervisory Board at ↗ **https://investorrelations.porsche.com/en/corporate-governance.**

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.

More information about the members, their relevant experience and expertise and the composition of the Supervisory Board and the Supervisory Board committees 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.**

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.

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 twelve 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:

(1) Knowledge of and skills and professional experience in the manufacture and sale of all types of vehicles and engines or other technical products.
(2) 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.
(3) Knowledge of and skills and professional experience in the field of research and development, particularly of technologies with relevance for the company.
(4) Knowledge of and skills and professional experience in leadership positions and supervisory bodies of companies, including holding companies and start-ups, or large organizations.
(5) Knowledge of and skills and professional experience in the areas of governance, law, or compliance.
(6) 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).
(7) 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.

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
(1) Manufacture and sale	▪	▪	▪			▪	▪	▪	▪	▪		▪	▪		▪	▪		▪	▪	▪
(2) Automotive sector and transformation	▪	▪	▪			▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪
(3) Research and development				▪			▪			▪								▪		
(4) Management/supervision experience	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪				▪	▪	▪	▪	
(5) Governance/legal/compliance	▪	▪	▪	▪	▪	▪	▪	▪			▪					▪				
(6) Finance, accounting/auditing		▪	▪	▪	▪		▪	▪	▪			▪		▪				▪		
(7) Capital market, controlling, and risk management	▪	▪	▪	▪	▪	▪	▪	▪		▪								▪		
(8) Personnel expertise and remuneration	▪	▪		▪		▪	▪	▪	▪		▪	▪				▪	▪	▪		
(9) Co-determination	▪	▪	▪	▪		▪	▪	▪		▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪
(10) Sustainability		▪		▪	▪			▪	▪					▪						
(11) Digital		▪	▪	▪	▪				▪	▪			▪							
(12) 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.

(8) 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 succession process) and knowledge of incentive and remuneration systems for the Executive Board.
(9) Knowledge of and skills and professional experience in the areas of co-determination, employee matters, and the working environment in the company.
(10) 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.
(11) Knowledge of and skills and professional experience in the area of digital transformation.
(12) Knowledge of and skills and professional experience in the luxury goods industry.

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

The members of the Audit Committee, in particular its Chairman, Dr. Christian Dahlheim, as well as Ms. Micaela Le Divelec Lemmi and Dr. Ferdinand Oliver Porsche, each have specialist knowledge both in the field of accounting, including sustainability reporting, and in the field of auditing, including the audit of sustainability reporting.

The Chairman of the Audit Committee, Dr. Christian Dahlheim, has special knowledge and experience in the application of accounting principles and internal control and risk management systems as well as in the auditing of financial statements due to his many years working in various management and board positions, including at Volkswagen Financial Services AG, and his work on the supervisory boards of various banks.

Ms. Micaela Le Divelec Lemmi worked for an audit firm for several years during the course of her professional career. In addition to various management functions in the financial sector, Ms. Micaela Le Divelec Lemmi has also held various management positions, including Chief Financial Officer at Gucci and CEO of the Salvatore Ferragamo Group. She therefore has special knowledge and experience in the application of accounting principles and internal control and risk management systems as well as in the auditing of financial statements.

Dr. Ferdinand Oliver Porsche has been a member of the audit committees of various listed companies for many years and worked for an audit firm for several years. As part of his work on audit committees, he was also involved in the audit of non-financial statements relating to sustainability in the form of material environmental and social issues. Dr. Ferdinand Oliver Porsche also follows and supports current developments in the field of sustainability reporting and contributes his expertise to Porsche AG's Audit Committee.

More information about the members, their relevant experience and expertise can be found in the Report of the Supervisory Board and under the heading → **Our Supervisory Board** on the company's website at
↗ **https://investorrelations.porsche.com/en/corporate-governance.**

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 twelve 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 performed a self-assessment in fiscal year 2023. For the self-assessment, a questionnaire was first distributed for the Supervisory Board members to give their evaluation and suggest possible improvements. However, in order to identify further potential for optimization—in the sense of a continuous improvement process—the Supervisory Board resolved to conduct individual interviews in addition to a traditional assessment using a questionnaire. From the Supervisory Board's perspective, this approach offers the opportunity to discuss individual issues in detail, set individual priorities and thus ensure a comprehensive exchange of information. The interviews were held at the beginning of 2024. External support was obtained for part of the process, specifically the preparation of the self-assessment and upstream training.

Following a comprehensive analysis of the feedback from questionnaires and interviews, the Supervisory Board discussed the results and suggestions for optimization options at the next regular meeting of the full Board. The analysis for the fiscal year 2023 shows a high level of satisfaction among Supervisory Board members, particularly with the organization and conduct of the meetings. Cooperation within the Supervisory Board and with the Executive Board is perceived as trusting and constructive. The composition of the Supervisory Board and the committees is deemed to be effective and efficient. The results also show an adequate supply of information. Measures derived from the results to optimize the Supervisory Board's work will be adopted in a timely manner.

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 them shareholder representatives and three of them 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 below the Executive Board and 18% women in the second level of management below the Executive Board. A deadline of December 31, 2025 was set for achieving each of the targets.

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 2023, 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.**

The remuneration system for the Executive Board and the Supervisory Board remuneration were 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. The Annual General Meeting passed these two say-on-pay resolutions on June 28, 2023, each with 100% of the votes cast. The most recent remuneration resolution in accordance with section 113 (3) AktG is available at the following link: ↗ **https://investorrelations.porsche.com/en/general-meeting-23/**. Additional information on remuneration can be found under → **Notes to the consolidated financial statements** and in the notes to the Porsche AG financial statements for 2023.

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/germany/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 employees of 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:** 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. The responsible management of business risks to achieve our objectives is just as important as the timely identification of opportunities to ensure 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) and internal control system (ICS). The aim is to identify potential risks at an early stage and manage them using suitable measures or controls. 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.

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]
Lutz Meschke (*1966) Deputy Chairman (since 2015) Finance and IT Beginning of membership of the Executive Board: 2009 Nationality: German, Croatian	**Membership of statutory supervisory boards in Germany** Porsche Leipzig GmbH, Leipzig[2] **Comparable appointments in Germany and abroad** European Transport Solutions S.à r.l., Luxembourg[1] FlexFactory GmbH, Munich (until November 30, 2023)[1] MHP Management und IT-Beratung GmbH, Ludwigsburg (Chairman)[2] Porsche Consulting GmbH, Bietigheim-Bissingen (Chairman)[2] Porsche Deutschland GmbH, Bietigheim-Bissingen[2] Porsche Digital GmbH, Ludwigsburg (Chairman until October 31, 2023)[2] Porsche eBike Performance GmbH, Ottobrunn (Chairman)[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 Investments Management S.A., Luxemburg (Chairman) (since April 1, 2023)[2] Porsche Lifestyle GmbH & Co. KG, Ludwigsburg (Chairman)[2] Porsche Werkzeugbau GmbH, Schwarzenberg (until January 16, 2023)[2] P3X GmbH & Co. KG, Gilching (until December 31, 2023)[2] Rimac Group d.o.o., Sveta Nedelja[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[2] Stiftung Münchner Sicherheitskonferenz GmbH, Munich (since June 26, 2023)[1]
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]
Sajjad Khan (*1973) Car-IT Beginning of membership of the Executive Board: 2023 Nationality: German	**Comparable appointments in Germany and abroad** Porsche Digital GmbH, Ludwigsburg (Chairman) (since November 1, 2023)[2] Porsche Engineering Group GmbH, Weissach (since November 1, 2023)[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 Digital GmbH, Ludwigsburg[2] Porsche Enterprises Inc., Atlanta[2] Porsche Financial Services GmbH Bietigheim-Bissingen[2] Porsche Lifestyle GmbH & Co. KG, Ludwigsburg[2] Porsche Logistik GmbH, Stuttgart[2] P3X GmbH & Co. KG, Gilching (Chairman) (until December 31, 2023)[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** FlexFactory GmbH, Munich (until November 30, 2023)[1] KS HUAYU AluTech GmbH, Neckarsulm[1] Porsche Werkzeugbau GmbH, Schwarzenberg (Chairman)[2] Porsche Logistik GmbH, Stuttgart (Chairman)[2] Smart Press Shop GmbH & Co. KG, Halle[1] Volkswagen Osnabrück GmbH, Osnabrück[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[1] **Comparable appointments in Germany and abroad** Cellforce Group GmbH, Tübingen (Chairman)[2] Group14 Technologies, Inc., Woodinville[1] HIF Global LLC, Delaware[1] 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, Ottobrunn[2]

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] Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)[1] Schmittenhöhebahn AG, Zell am See[1]
Jordana Vogiatzi (*1976) Deputy Chairwoman Managing Director of Members and Finance of IG Metall Stuttgart Member since: 2014 Nationality: German, Greek	**Membership of statutory supervisory boards in Germany** Porsche Leipzig GmbH, Leipzig (since February 13, 2023)[2]
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] Volkswagen Financial Services Europe 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 (Deputy Chairman)[1] Porsche Holding Gesellschaft m.b.H., Salzburg (Deputy Chairman)[1] Porsche Retail Gesellschaft m.b.H., Salzburg (Deputy Chairman)[1]
Ibrahim Aslan (*1973) Member of the works council Zuffenhausen/Ludwigsburg/Sachsenheim; head of representatives body Member since: 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** 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] **Comparable appointments in Germany and abroad** Porsche Bank AG, Salzburg[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. (until April 30, 2023)[1] Member since: 2022 Nationality: Italian	**Comparable appointments in Germany and abroad** Pitti Immagine S.r.l., Florence (until July 31, 2023)[1] De Longhi S.p.A., Treviso[1,3] Aeroporti di Roma S.p.A., Rome (until April 30, 2023)[1] Non-executive member of the Board of Directors of Benetton S.p.A. (since April 30, 2023)[1]
Melissa Di Donato Roos (*1972) Chair & Chief Executive Officer at Kyriba Member since: 2022 Nationality: USA, British	**Comparable appointments in Germany and abroad** Independent, non-executive 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	
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]

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] Schmittenhöhebahn AG, Zell am See[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 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 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 (until December 31, 2023)[1,3]

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]
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 Hungaria Kereskedelmi Kft., Budapest[1] Volkswagen Financné služby Slovensko s.r.o., Bratislava[1] Porsche Versicherungs AG, Salzburg[1] Porsche Bank AG, Salzburg[1] Din Bil Sverige AB, Stockholm[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: 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[1,3]

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, 2023

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 German Co-Determination Act (MitbestG)

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 2023

The Executive Board and Supervisory Board of Dr. Ing. h.c. F. Porsche AG (Porsche AG) are required to prepare a clear and comprehensible remuneration report in accordance with section 162 of the German Stock Corporation Act (AktG). 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.

The Executive Board and Supervisory Board of Porsche AG have previously prepared a remuneration report in accordance with section 162 AktG for fiscal year 2022. The Annual General Meeting approved the remuneration report 2022 on June 28, 2023 with 100% of the votes cast.

A. REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

Fiscal year 2023 was a challenging year for Porsche AG in many respects. Despite changed conditions, a large number of political and economic crises and the ongoing transformation, Porsche AG successfully closed 2023, increasing the operating result of the Porsche AG Group by €512 million to €7,284 million. Executive Board remuneration also benefited from this positive development.

I. Principles of Executive Board remuneration

The Supervisory Board adopted a remuneration system for the Executive Board (the Executive Board remuneration system) on September 14, 2022 with effect from January 1, 2023. This Executive Board remuneration system implements the requirements of AktG as amended by ARUG II and takes into account the recommendations of the German Corporate Governance Code (the Code) in the version dated April 28, 2022 (which entered into force on June 27, 2022). The Annual General Meeting approved the Executive Board remuneration system in a say-on-pay vote on June 28, 2023 with 100% of the votes cast.

Since January 1, 2023, the remuneration of the Executive Board has complied fully with the requirements of the Executive Board remuneration system. Porsche AG was assisted by independent remuneration and legal consultants during the development of the 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, 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.

Porsche AG already had a remuneration system for the members of the Executive Board prior to the IPO (the former Executive Board remuneration system). 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 remuneration granted and owed as presented in this remuneration report therefore also includes remuneration components under the former Executive Board remuneration system, such as the long-term incentive (LTI) for 2020–2022, the 2022 guaranteed amount and the first tranche of the IPO bonus. The former Executive Board remuneration system permissibly did not correspond to all of the current statutory and regulatory requirements for listed stock corporations.

This chapter first provides an overview of the Executive Board remuneration system before going into the components of the remuneration in fiscal year 2023.

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

The table below provides an overview of the components of the Executive Board remuneration system applicable for fiscal year 2023. 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 — 2023: Chairman of the Executive Board[1]: €800,000; Deputy Chairman of the Executive Board: €950,000; Executive Board member: €800,000		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, D&O insurance) — Security		
Occupational retirement provision	— Defined contribution plans with an annual contribution of 40% of the annual base salary — Usually paid out when the members reach the age of 67		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 are intended to support the strategic target of achieving competitive profitability.
	Target amount for 2023:	Chairman of the Executive Board[1]: €800,000; Deputy Chairman of the Executive Board: €950,000; Executive Board member: €800,000	
	Cap:	180% of the target amount, i.e.: Chairman of the Executive Board: €1,440,000; Deputy Chairman of the Executive Board: €1,710,000; Executive Board member: €1,440,000	
	Performance criteria:	— Return on investment (ROI) of the Porsche AG Group, Automotive Division (50%) — Operating return on sales (ROS) of the Porsche AG Group (50%) — ESG targets (multiplier 0.63–1.43)	
	Assessment period:	Fiscal year in question	
	Payment:	— In cash in the month following approval of the consolidated financial statements of 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 receives pro rata remuneration from Porsche AG and Volkswagen AG.

Remuneration component	Measurement base/parameters		Target
Long-term incentive (LTI)	Plan type:	Virtual performance share plan	The LTI serves to align the remuneration of the Executive Board members with the Porsche AG Group's long-term performance. The financial performance target EPS (earnings per share) of the Porsche AG Group in conjunction with share price performance and the dividends paid, measured over four years, is intended to ensure the long-term effect of the behavioral incentives and support the strategic target of achieving competitive profitability.
	Target amount:	Chairman of the Executive Board[1]: €1,200,000; Deputy Chairman of the Executive Board: €1,400,000; Executive Board member: €1,173,333	
	Cap:	200% of the target amount, i.e.: Chairman of the Executive Board: €2,400,000; Deputy Chairman of the Executive Board: €2,800,000; Executive Board member: €2,346,666	
	Performance criterion:	EPS of the Porsche AG Group	
	Performance period:	Measured forward over four years	
	Payment:	In cash in the month following approval of the consolidated financial statements of the Porsche AG Group for the last fiscal year of the performance period	
	Exit:	— Pro rata reduction of the target amount if the service contract starts or ends during the fiscal year when shares are granted — 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 BGB or revocation of appointment because of gross breach of duty pursuant to section 84 (4) AktG or breach of (post-contractual) non-competition covenant	

[1] Dr. Oliver Blume receives pro rata remuneration from Porsche AG and Volkswagen 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 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 a non-competition payment 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-competition 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.
Maximum remuneration	— This includes the base salary paid for the fiscal year in question, the fringe benefits granted for the fiscal year in question, the service cost of company pensions, the annual bonus granted for the fiscal year in question and paid out in the following year, the LTI paid out in the fiscal year in question whose performance period ends immediately before the respective fiscal year, any benefits granted to new Executive Board members for the fiscal year in question and the payment amount for the sub-tranche of the IPO bonus that is paid out in the fiscal year in question — For the Chairman of the Executive Board[1]: €5,000,000 gross per fiscal year, for the Deputy Chairman of the Executive Board: €6,000,000 gross per fiscal year and for regular Executive Board members: €5,000,000 gross per fiscal year		Maximum remuneration is intended to ensure that the remuneration of the Executive Board members is not unreasonably high when measured against the peer group.

1 Dr. Oliver Blume receives pro rata remuneration from Porsche AG and Volkswagen AG.

On September 15, 2023, the Supervisory Board of Porsche AG resolved to adjust the base salary and the target amounts of the STI and LTI under the Executive Board remuneration system with effect from January 1, 2024. Furthermore, on February 28, 2024, the Supervisory Board resolved to adjust the Executive Board remuneration system and to present the adjusted Executive Board remuneration system to the Annual General Meeting 2024 for approval. In the future, the return on investment (ROI) financial sub-target is to be replaced by the net cash flow margin (NCF margin) of the Porsche AG Group's automotive segment. The NCF margin – unlike ROI – is one of the five key performance indicators for managing the Porsche AG Group, along with the operating return on sales (ROS). These performance indicators are derived from the strategy and the underlying strategic objectives and are essential components of group planning and budgeting. From Porsche AG's perspective, the NCF margin is therefore a more suitable indicator than the current ROI sub-target for aligning the remuneration of Executive Board members with the interests of the company and the capital market. The ESG criterion of employee satisfaction will be incorporated into the ESG factor and the weighting of the ESG sub-targets adjusted. Adding employee satisfaction is intended to reflect sustainability aspects more broadly and place people more prominently at the center of Porsche AG's actions. Maintaining a high level of employee satisfaction will secure Porsche AG's leading role in the competition for the best applicants. In order to adequately capture the elements of the social ESG sub-target, which will consist of three ESG criteria going forward, the environmental ESG sub-target is to be weighted at 40% and the social ESG sub-target at 60%. However, the decarbonization index (DCI) will remain the most heavily weighted criterion. Following approval by the Annual General Meeting 2024, the adjusted Executive Board remuneration system will be applied retroactively to all Executive Board members as of January 1, 2024.

III. Remuneration of the Executive Board members serving in fiscal year 2023

1. EXECUTIVE BOARD MEMBERS IN FISCAL YEAR 2023

The members of the Porsche AG Executive Board in fiscal year 2023 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. Starting January 1, 2023, Dr. Blume has received 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 (Porsche 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.
- Sajjad Khan has been a member of the Executive Board since November 1, 2023.
- 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 SE.

2. REMUNERATION GRANTED AND OWED IN FISCAL YEAR 2023

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.

2.1. Overview in the tables

The following tables show the remuneration actually received by members of the Executive Board in fiscal year 2023. The remuneration reported as granted in fiscal year 2023 thus consists of the base salary paid out in fiscal year 2023, the fringe benefits, and the annual bonus paid in the month following the approval of the consolidated financial statements of Porsche AG for fiscal year 2023 for which the related service has been fully performed. In fiscal year 2023, the LTI for 2020–2022 would also have been paid out to the extent that it exceeded the guaranteed amount for fiscal year 2020 that was paid out in 2021. Moreover, the guaranteed amount for fiscal year 2022 was paid out in fiscal year 2023, as was the first tranche of the IPO bonus with a one-year term. 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 during retirement 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 2023.

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

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

	2023	
	€	%
Fixed remuneration		
Annual base salary	800,000	28.3
Fringe benefits	0	0.0
Total fixed remuneration	**800,000**	**28.3**
Variable remuneration		
Short-term variable remuneration (STI) 2023	1,388,800	49.2
Multiyear variable remuneration/long-term incentive (LTI) 2020–2022 less guaranteed LTI 2020–2022	–	–
Guaranteed LTI 2022–2024	0	0.0
Tranche 1 of the IPO bonus	636,827	22.5
Total variable remuneration	**2,025,627**	**71.7**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**2,825,627**	**100.0**
Pension expenses	324,342	–
Total remuneration including pension expenses	**3,149,969**	**–**

[1] Dr. Blume also receives remuneration from Volkswagen AG. This remuneration is not counted toward the remuneration from Porsche AG. The remuneration received by Dr. Blume from Volkswagen AG in fiscal year 2023 is presented in the remuneration report 2023 of Volkswagen AG.

[2] Dr. Blume receives a fringe benefit allowance from Volkswagen AG

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

	2023	
	€	%
Fixed remuneration		
Annual base salary	950,000	26.2
Fringe benefits	65,987	1.8
Total fixed remuneration	**1,015,987**	**28.0**
Variable remuneration		
Short-term variable remuneration (STI) 2023	1,649,200	45.5
Multiyear variable remuneration/long-term incentive (LTI) 2020–2022 less guaranteed LTI 2020–2022	-	-
Guaranteed LTI 2022–2024	596,424	16.5
Tranche 1 of the IPO bonus	363,972	10.0
Total variable remuneration	**2,609,596**	**72.0**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**3,625,583**	**100.0**
Pension expenses	386,206	–
Total remuneration including pension expenses	**4,011,789**	**–**

[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 2023 from Porsche SE is presented in the remuneration report 2023 of Porsche SE.

Barbara Frenkel, Member of the Executive Board; Procurement

	2023	
	€	%
Fixed remuneration		
Annual base salary	800,000	30.9
Fringe benefits	34,682	1.4
Total fixed remuneration	**834,682**	**32.3**
Variable remuneration		
Short-term variable remuneration (STI) 2023	1,388,800	53.6
Multiyear variable remuneration/long-term incentive (LTI)	-	-
Guaranteed LTI 2022–2024	0	0.0
Tranche 1 of the IPO bonus	363,972	14.1
Total variable remuneration	**1,752,772**	**67.7**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**2,587,454**	**100.0**
Pension expenses	327,993	–
Total remuneration including pension expenses	**2,915,447**	**–**

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

	2023	
	€	%
Fixed remuneration		
Annual base salary	800,000	25.8
Fringe benefits	62,656	2.0
Total fixed remuneration	**862,656**	**27.8**
Variable remuneration		
Short-term variable remuneration (STI) 2023	1,388,800	44.8
Multiyear variable remuneration/long-term incentive (LTI) 2020–2022 less guaranteed LTI 2020–2022	–	–
Guaranteed LTI 2022–2024	483,360	15.6
Tranche 1 of the IPO bonus	363,972	11.8
Total variable remuneration	**2,236,132**	**72.2**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**3,098,788**	**100.0**
Pension expenses	324,999	–
Total remuneration including pension expenses	**3,423,787**	**–**

Sajjad Khan[1], Member of the Executive Board; Car-IT

	2023	
	€	%
Fixed remuneration		
Annual base salary	133,333	36.0
Fringe benefits	4,268	1.2
Total fixed remuneration	**137,602**	**37.2**
Variable remuneration		
Short-term variable remuneration (STI) 2023	232,101	62.8
Multiyear variable remuneration/long-term incentive (LTI)	–	–
Guaranteed LTI 2022–2024	0	0.0
Tranche 1 of the IPO bonus	0	0.0
Total variable remuneration	**232,101**	**62.8**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**369,702**	**100.0**
Pension expenses	53,333	–
Total remuneration including pension expenses	**423,035**	–

[1] Mr. Khan has been a member of the Executive Board of Porsche AG since November 1, 2023; remuneration is calculated pro rata temporis.

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

	2023	
	€	%
Fixed remuneration		
Annual base salary	800,000	26.0
Fringe benefits	44,170	1.4
Total fixed remuneration	**844,170**	**27.4**
Variable remuneration		
Short-term variable remuneration (STI) 2023	1,388,800	45.1
Multiyear variable remuneration/long-term incentive (LTI) 2020–2022 less guaranteed LTI 2020–2022	–	–
Guaranteed LTI 2022–2024	483,360	15.7
Tranche 1 of the IPO bonus	363,972	11.8
Total variable remuneration	**2,236,132**	**72.6**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**3,080,302**	**100.0**
Pension expenses	324,420	–
Total remuneration including pension expenses	**3,404,722**	**–**

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

	2023	
	€	%
Fixed remuneration		
Annual base salary	800,000	25.8
Fringe benefits	66,052	2.1
Total fixed remuneration	**866,052**	**27.9**
Variable remuneration		
Short-term variable remuneration (STI) 2023	1,388,800	44.8
Multiyear variable remuneration/long-term incentive (LTI) 2020–2022 less guaranteed LTI 2020–2022	–	–
Guaranteed LTI 2022–2024	483,360	15.6
Tranche 1 of the IPO bonus	363,972	11.7
Total variable remuneration	**2,236,132**	**72.1**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**3,102,184**	**100.0**
Pension expenses	324,731	–
Total remuneration including pension expenses	**3,426,915**	**–**

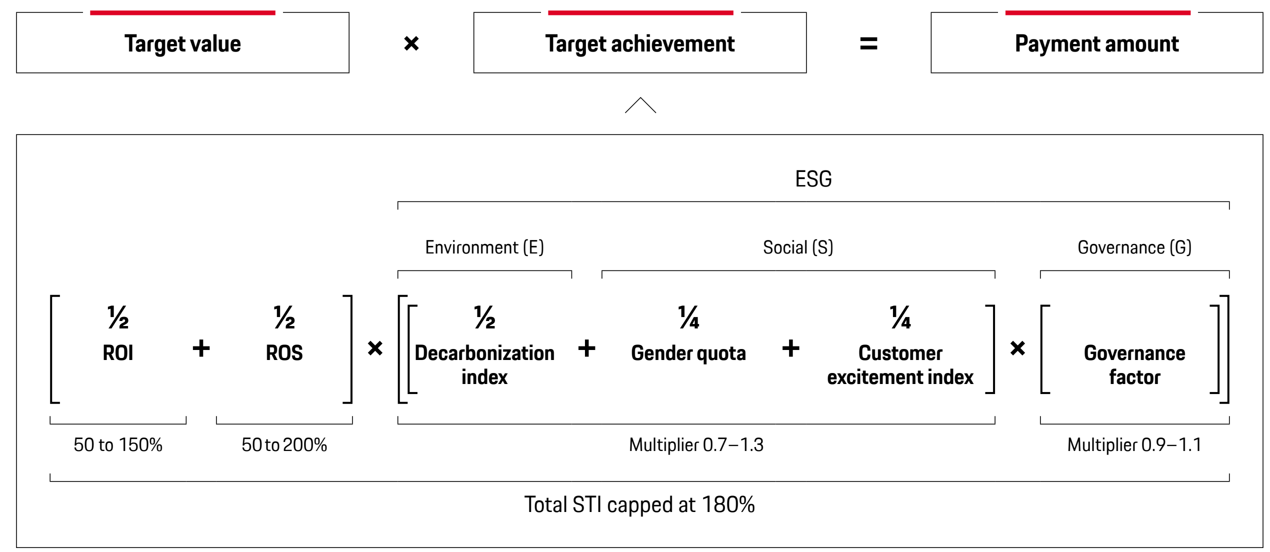
Dr. Michael Steiner, Member of the Executive Board; Research and Development

	2023	
	€	%
Fixed remuneration		
Annual base salary	800,000	25.9
Fringe benefits	53,161	1.7
Total fixed remuneration	**853,161**	**27.6**
Variable remuneration		
Short-term variable remuneration (STI) 2023	1,388,800	45.0
Multiyear variable remuneration/long-term incentive (LTI) 2020–2022 less guaranteed LTI 2020–2022	-	-
Guaranteed LTI 2022–2024	483,360	15.6
Tranche 1 of the IPO bonus	363,972	11.8
Total variable remuneration	**2,236,132**	**72.4**
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**3,089,293**	**100.0**
Pension expenses	325,355	–
Total remuneration including pension expenses	**3,414,648**	**–**

2.2. Explanations

2.2.1. 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 and an ESG factor. The Supervisory Board of Porsche AG sets the target values for each fiscal year. After the end of the fiscal year, target achievement is reviewed and the payment amount determined. The payment amount is calculated by multiplying the individual target amount by the sum of the weighted financial sub-target achievement levels and then by the ESG factor. The annual bonus can range between €0 and 180% of the target amount (cap). The resulting amount is paid out to the Executive Board members, subject to malus provisions. The actual figures are rounded to one decimal place, although the initial calculation is based on two decimal places; any deviations are due to rounding differences.

aa) Financial targets

The following overviews show the threshold values, target values and maximum values set by the Supervisory Board for fiscal year 2023 for the operating return on sales of the Porsche AG Group (ROS) and the return on investment of the Porsche AG automotive segment (ROI), along with the actual figures and target achievement levels in percent in fiscal year 2023.

%	2023
ROS	
Maximum value (200%)	19.0
Target value (100%)	15.0
Threshold value (50%)	12.5
Actual	18.0
Target achievement (in %)	**174.0**
ROI	
Maximum value (150%)	30.0
Target value (100%)	24.0
Threshold value (50%)	18.0
Actual	24.7
Target achievement (in %)	**106.0**
Total target achievement	**140.0**

bb) ESG factor

The following overview shows the minimum values, target values and maximum values set by the Supervisory Board for fiscal year 2023 for the environmental (decarbonization index) and social (gender quota and customer excitement index) sub-targets, along with the actual figures and target achievement levels in fiscal year 2023.

The decarbonization index (DCI) aims to provide an overview of the CO_2 equivalent emissions along the value chain (production, use and end of life) based on an assessment of environmental impacts such as the CO_2 footprint over the entire life cycle of a vehicle. For Porsche AG, the DCI is an important performance indicator in terms of the transparent and comprehensive management of the company's progress towards a net carbon neutral value chain of the newly produced vehicles in 2030. Promoting diversity and equal opportunities is a high priority. Porsche AG is convinced that diversity and equal opportunities are key factors for long-term corporate success. Therefore, the company has set out to further increase the proportion of women at all levels and has defined a target for the gender quota.

A central goal of Porsche AG is to excite its customers. Porsche AG does not just want to meet customers' expectations, but to exceed them. Using the customer excitement index Porsche AG measures how enthusiastic customers are along their journey – a basic requirement for continuous improvement. Incorporating this indicator achieves the goal of creating a direct link between customer excitement and Executive Board remuneration.

The Supervisory Board uses the governance factor to convey its satisfaction with the Executive Board's actual conduct in relation to integrity and compliance expectations. As a rule, the governance factor should be 1.0 and should only be reduced to 0.9 or increased to 1.1 after due consideration in exceptional circumstances. For fiscal year 2023, the Supervisory Board set the governance factor at the standard value of 1.0 for all Executive Board members, having considered and evaluated the collective performance of the Executive Board and the individual performance of its members.

The following overview shows the threshold values, target values and maximum values set by the Supervisory Board for fiscal year 2023 for the decarbonization index, the gender quota and the customer excitement index, along with the actual figures and multiplication factor achieved in fiscal year 2023.

Environmental

	Decarbonization index
In tCO_2e/vehicle	**2023**
Maximum value (1.3)	62.5
Target value (1.0)	63.5
Threshold value (0.7)	64.5
Actual[1]	62.7
Target achievement (factor)	**1.26**

Social

	Gender quota for the first reporting level	Gender quota for the second reporting level	Customer excitement index
%	**2023**	**2023**	**2023**
Maximum value (1.3)	20.5	18.4	47.0
Target value (1.0)	18.6	16.7	45.0
Threshold value (0.7)	16.7	15.0	43.0
Actual	20.0	17.3	46.7
Target achievement (factor)	**1.22**	**1.10**	**1.26**

[1] Including voluntary CO_2 compensation measures through climate change mitigation projects

The overall ESG factor is calculated using the weighted sub-factors environmental (50%), gender quota (25%) and customer excitement index (25%) and amounts to 1.24 for fiscal year 2023.

b) Performance criteria for long-term incentive (LTI) 2020–2022 and the outlook for the LTI 2021–2023 and 2022–2024

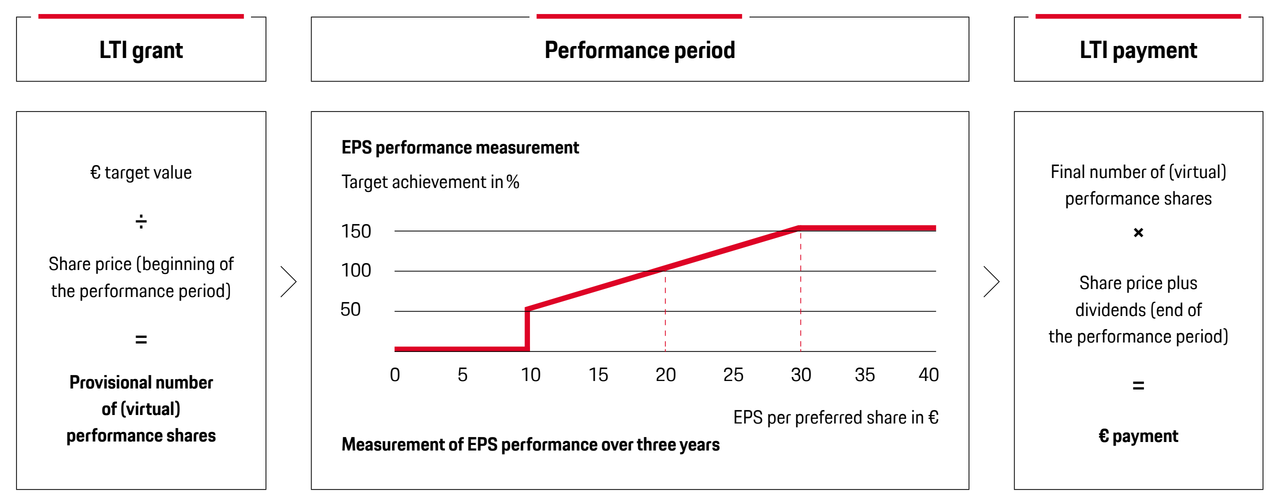
aa) Information on the LTI under the former Executive Board remuneration system
The former Executive Board remuneration system provided for share-based long-term variable remuneration for the Executive Board members in the form of a forward-looking performance share plan with a term of three years. The LTI was 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 were 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 had ended, the final number of performance shares was 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 was 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 LTI can range between €0 and 200% of the target amount (cap).

Under the former Executive Board remuneration system, the members of the Executive Board were allocated a total of three tranches of the performance share plan: 2020–2022, 2021–2023 and 2022–2024. The first tranche of the three-year performance share plan with the performance period 2020–2022 was paid out in fiscal year 2023.

The following table provides an overview of the LTI under the former Executive Board remuneration system.

Remuneration component	Measurement base/parameters		Target
Long-term incentive (LTI) until December 31, 2022	Plan type:	Virtual performance share plan	The long-term incentive granted until December 31, 2022 was intended to align the remuneration of the Executive Board members with the Volkswagen Group's long-term performance and was measured against the financial performance target EPS (earnings per share) of Volkswagen AG in conjunction with share price performance and the dividends paid.
	Target amount until December 31, 2022:	Chairman of the Executive Board[1]: €0; Deputy Chairman of the Executive Board: €653,400; Executive Board member: €945,000	
	Performance period:	Measured forward over three years	
	Performance criterion:	EPS of Volkswagen AG (100%)	
	Cap:	200% of the target amount, i.e.: Chairman of the Executive Board: €0; Deputy Chairman of the Executive Board: €1,306,800; Executive Board member: €1,890,000	
	Exit:	— Pro rata reduction of the target amount if the service contract starts or ends during the fiscal year when shares are granted — 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 BGB or revocation of appointment because of gross breach of duty pursuant to section 84 (4) AktG or breach of (post-contractual) non-competition covenant	

[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.



bb) Information on the performance share plan

	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
Lutz Meschke	3,682	4,381	3,718
Barbara Frenkel	0	1,866	5,377
Andreas Haffner	4,240	5,045	5,377
Detlev von Platen	4,240	5,045	5,377
Albrecht Reimold	4,240	5,045	5,377
Dr. Michael Steiner	4,240	5,045	5,377
Total	**20,642**	**26,427**	**30,603**

cc) EPS performance
The following overview shows the minimum values, target values and maximum values set by the Supervisory Board at the beginning of the performance period for the performance share plan 2020–2022, which was paid out in fiscal year 2023 to the extent that the payment amount exceeded the guaranteed amount paid out for 2020.

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

The following overviews show the minimum values, target values and maximum values set by the Supervisory Board at the beginning of the performance periods 2021–2023 and 2022–2024 under the former Executive Board remuneration system, along with the actual figures and target achievement levels attained in percent for the individual years of the assessment period up to and including 2023. The performance share plans for the performance periods 2021–2023 and 2022–2024 were not due in fiscal year 2023 and have not yet been paid out; they therefore do not constitute remuneration granted or owed in fiscal year 2023.

Performance period 2021–2023

EPS Volkswagen preferred share

€	2023	2022	2021
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	31.98	29.69	29.65
Target achievement (%)	150	148	148

Performance period 2022–2024

EPS Volkswagen preferred share

€	2023	2022
Maximum value	30.00	30.00
Target value 100%	20.00	20.00
Minimum value	10.00	10.00
Actual	31.98	29.69
Target achievement (%)	150	148

dd) Reference prices/dividend equivalent
The relevant reference prices and dividend equivalents for the performance period 2020–2022 can be found in the following overview.

€	2020–2022
Initial reference price	177.44
Closing reference price	131.74
Dividend equivalent	
2020	4.86
2021	4.86
2022	7.56

The following overview shows the relevant reference prices of the Volkswagen preferred share and the dividend equivalents for the performance periods of the performance share plans 2021–2023 and 2022–2024 that were allocated under the former Executive Board remuneration system, are not yet due and have not yet been paid out.

€	2021–2023	2022–2024
Initial reference price	149.14	175.75
Closing reference price[1]	110.83	■
Dividend equivalent		
2021	4.86	–
2022	7.56	7.56
2023	27.82	27.82

[1] Determined at the end of the performance period

c) Guaranteed amounts

Until December 31, 2019, the long-term variable remuneration for Executive Board members comprised a backward-looking corporate bonus and a backward-looking long-term incentive. Due to the change from backward-looking to forward-looking long-term variable remuneration as of January 1, 2020, there was a temporary payout gap for the Executive Board members already appointed at that time 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 2023, the guaranteed amounts for fiscal year 2022 shown in the tables were paid out. The guaranteed amounts paid out in 2023 were 80% 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 2022.

The guaranteed amounts paid out in fiscal year 2023 for fiscal year 2022 will be netted with the payment amount from the performance share plan 2022–2024 at the end of the performance period 2022–2024. If the payment amount for the performance share plan 2022–2024 exceeds the guaranteed amount for fiscal year 2022 paid out in 2023, 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 2022–2024 at the beginning of 2025 exceeding the compensation payment for the guaranteed amounts will be reported in the remuneration report 2025.

d) Performance criteria for the long-term incentive (LTI) 2023–2026

aa) Information on the performance share plan 2023–2026
The four-year performance share plan based on the share price performance and EPS of the Porsche preferred share applies to all Executive Board members from January 1, 2023. For Mr. Khan, the four-year performance share plan for fiscal year 2023 applies pro rata temporis from November 1, 2023 onwards. For this purpose, Executive Board members are allocated virtual performance shares at the beginning of each fiscal year. 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. There is no guaranteed amount.

The following table provides an outlook on the performance criteria for the already allocated 2023–2026 tranche.

bb) Information on the performance shares

	Performance period 2023–2026
	Number of virtual shares allocated at the date of allocation
Dr. Oliver Blume	11,811
Lutz Meschke	13,780
Barbara Frenkel	11,549
Andreas Haffner	11,549
Sajjad Khan	1,930
Detlev von Platen	11,549
Albrecht Reimold	11,549
Dr. Michael Steiner	11,549
Total	**85,266**

cc) EPS performance
The following overview shows the minimum values, target values and maximum values set by the Supervisory Board at the beginning of the performance period 2023–2026.

Performance period 2023–2026

EPS Porsche preferred share

€	2023
Maximum value	6.00
Target value 100%	4.50
Minimum value	3.50
Actual	5.67
Target achievement (%)	139

dd) Reference prices/dividend equivalent
The relevant reference prices and dividend equivalents for the already allocated performance share plan 2023–2026 can be found in the following overview.
Performance period 2023–2026

€	2023–2026
Initial reference price	101.60
Closing reference price[1]	■
Dividend equivalent	
2023	1.01
2024	■
2025	■
2026	■

1 Determined at the end of the performance period.

e) 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 (September 29, 2022). 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 ended on the first anniversary of the IPO, the second sub-tranche ends on the second anniversary and the third sub-tranche ends 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 cap.

The sub-tranches of the IPO bonus will be presented in detail in the remuneration report for the relevant year. This remuneration report covers the first sub-tranche of the IPO bonus, which was paid out at the end of October 2023. The second and third sub-tranches are not remuneration granted and owed in fiscal year 2023.

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
Lutz Meschke	3,675	3,675	3,675
Barbara Frenkel	3,675	3,675	3,675
Andreas Haffner	3,675	3,675	3,675
Sajjad Khan	–	–	–
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**

cc) Reference prices/dividend equivalent
The allocation price, the closing price of the Porsche preferred share relevant for sub-tranche 1 and the dividend equivalent can be found in the following overview.

€	
Allocation price	82.50
Closing price of sub-tranche 1	98.03
Dividend equivalent 2023	1.01
Closing price of sub-tranche 2[1]	■
Dividend equivalent 2024	■
Closing price of sub-tranche 3[1]	■
Dividend equivalent 2025	■

1 Determined at the end of the performance period.

2.2.2. Conformity with the Executive Board remuneration system

The remuneration granted and owed to the members of the Executive Board in fiscal year 2023 is in line with the requirements of the Executive Board remuneration system. There were no departures from the applicable Executive Board remuneration system in fiscal year 2023. The payments from the annual bonus and the performance share plan did not have to be reduced due to the respective maximum values of the individual remuneration components being exceeded, as 180% of the target amount of the annual bonus and 200% of the target amount of the performance share plan were not exceeded.

2.2.3. Maximum remuneration

Maximum remuneration within the meaning of section 87a (1) sentence 2 no. 1 AktG is in place for each Executive Board member, as a result of which total remuneration is capped. Overall, the remuneration granted and owed to the members of the Executive Board in fiscal year 2023 did not exceed the maximum remuneration provided for in the Executive Board remuneration system.

2.2.4. 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 annual bonus paid out for the past fiscal year. Additionally, LTI tranches 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.

The severance payment is paid in equal monthly gross installments from the time of the termination of the appointment. Contractual remuneration paid by Porsche AG for the period from the termination of the appointment until the end of the service contract is 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.

b) Benefit commitments to Executive Board members for regular termination of service

From January 1, 2023, the Executive Board members were granted new pension commitments under the Executive Board remuneration system. Porsche AG implemented a new capital-market-oriented pension system. The members of the Executive Board receive a defined contribution benefit commitment in the form of a direct commitment for retirement, invalidity and surviving dependents' benefits, funded through a contractual trust arrangement. The promised retirement benefits can be drawn from the age of 67, though they can be drawn early from the age of 63. The annual pension contribution is equal to 40% of the relevant contractual annual base salary.

As of January 1, 2023, the pensions for all Executive Board members were transitioned to the new pension system. The pension benefits earned under the former pension system will be maintained. As of December 31, 2022, the members of the Executive Board were promised a fixed monthly pension from the company, which can be claimed from the age of 65. The promised pension amount already factors in an adjustment for the period between the transition date and the age of 65 in accordance with section 2a (2) sentence 2 no. 2a of the German Law for the Improvement of Company Pension Plans (BetrAVG), which means that the pension amount will not change in the period up to the age of 65 (for details on earlier pension commitments, see the remuneration report 2022).

Dr. Blume initially had a pension commitment from Porsche AG until April 12, 2018 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. From January 1, 2023, Dr. Blume received a new, capital-market-oriented pension commitment from Porsche AG. His earlier pension commitment remains frozen.

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, Mr. Reimold and Dr. Steiner have a direct insurance policy within the meaning of section 40b of the German Income Tax Act (EStG), with an annual premium of €1,750 paid by Porsche AG for the duration of their service.

The following overview presents the projected pension obligations for the individual Executive Board members at their present value as of December 31, 2023 as well as the amount of expenses or provisions recognized for pensions in accordance with IFRS in fiscal year 2023. 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 2023
Dr. Oliver Blume	3,952,119	324,342
Lutz Meschke	4,000,346	386,206
Barbara Frenkel	3,679,250	327,993
Andreas Haffner	3,716,727	324,999
Sajjad Khan	54,717	53,333
Detlev von Platen	4,196,289	324,420
Albrecht Reimold	3,523,678	324,731
Dr. Michael Steiner	3,537,814	325,355
Total	**26,660,938**	**2,391,379**

1 Additionally, the company has obligations to Executive Board members from the deferred compensation program.

2.2.5. No malus/clawback claims in fiscal year 2023

The prerequisites for a clawback claim affecting variable remuneration components did not apply in fiscal year 2023. 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 2023 (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 2023 to the individual former members of the Executive Board who left after fiscal year 2013.

Uwe-Karsten Städter
Former member of the Executive Board; Procurement
Exit date: August 18, 2021

	2023	
	€	%
Fixed remuneration		
Pension payments	154,080	99.3
Fringe benefits	1,020	0.7
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**155,100**	**100.0**

Wolfgang Hatz
Former member of the Executive Board; Research and Development
Exit date: May 3, 2016

	2023	
	€	%
Fixed remuneration		
Pension payments	0	0.0
Fringe benefits	19,213	100.0
Total remuneration within the meaning of section 162 (1) sentence 1 AktG	**19,213**	**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 2023 to former Executive Board members who left their office as an Executive Board or Supervisory Board member before the beginning of 2014 and who were granted and owed remuneration in fiscal year 2023, 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 €2,239,538 was granted to such former Executive Board members and their surviving dependents in fiscal year 2023.

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), 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 2023, excluding the members of the Executive Board (employees of Porsche AG).

%	Annual change 2023 compared with 2022	Annual change 2022 compared with 2021
Executive Board remuneration [1]		
Active Executive Board members		
Dr. Oliver Blume	–	–
Lutz Meschke	7.5	-5.2
Barbara Frenkel	54.3	243.5
Andreas Haffner	11.1	2.8
Sajjad Khan	-	-
Detlev von Platen	10.4	2.8
Albrecht Reimold	11.6	2.1
Dr. Michael Steiner	11.1	1.1
Former Executive Board members		
Uwe-Karsten Städter	-82.0	-63.6
Wolfgang Hatz	-32.1	19.6
Earnings performance		
Operating return on sales of the Porsche AG Group (ROS)	0.0	12.5
EBITDA margin of the automotive segment	2.0	2.9
Net income or loss for the year of Porsche AG (HGB) [2]	71.9	114.2
Employee remuneration		
Average employee remuneration of PAG	-13.7	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.
2 In 2022, before profit transfer.

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, SAP SE. The companies were chosen to reflect the specific market and competitive environment of Porsche AG. Owing to Porsche AG's global presence, companies from outside Europe were also included in the peer group.

B. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

I. PRINCIPLES OF SUPERVISORY BOARD REMUNERATION

The remuneration of the members of the Supervisory Board is governed by article 18 of the Articles of Association of Porsche AG and comprises fixed remuneration only plus a flat rate for attendance of meetings. The remuneration system for the members of the Supervisory Board in accordance with section 113 (3) AktG was approved at the Annual General Meeting of Porsche AG on June 28, 2023 by 100% of the votes cast. The revision of the Supervisory Board remuneration system 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. Additionally, the Code recommends that the remuneration of the Supervisory Board members should take into account, in an appropriate manner, the higher time commitment of the Chairman and the Deputy Chairman of the Supervisory Board and the chairs and members of committees. 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 Supervisory Board members receive 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 annual remuneration of €100,000 (committee chair) or €50,000 (other members) is paid per committee 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. In this case, members receive remuneration for their two functions in committees that pay the highest fixed remuneration per fiscal year. 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).

The remuneration and flat-rate attendance fees are each payable after the end of the fiscal year.

Retired members of the Supervisory Board no longer receive remuneration from Porsche AG for the period after the end of their service.

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, 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 OF ACTIVE SUPERVISORY BOARD MEMBERS IN FISCAL YEAR 2023

The following table shows the active members of the Supervisory Board of Porsche AG in fiscal year 2023 and the remuneration individually granted and owed to each of the Supervisory Board members in fiscal year 2023. 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 2023, i.e., the remuneration paid to the Supervisory Board members for their work on the Supervisory Board for fiscal year 2023, regardless of the date of actual payment.

	Fixed remuneration		Work in committees				Meeting attendance fees		Total remuneration		Remuneration for serving on the boards of other group companies
Supervisory Board member	€	%	€	%			€	%	€	%	
Dr. Wolfgang Porsche (Chairman)	260,000	70.5	100,000	27.1			9,000	2.4	369,000	100.0	–
Jordana Vogiatzi[3] (Deputy Chair)	195,000	76.8	50,000	19.7			9,000	3.5	254,000	100.0	0
Dr. Arno Antlitz[1]	0		0				0		0		–
Ibrahim Aslan	130,000	93.5	0	0.0			9,000	6.5	139,000	100.0	–
Harald Buck	130,000	54.4	100,000	41.8			9,000	3.8	239,000	100.0	–
Dr. Christian Dahlheim[2]	0	0.0	100,000	100.0			0	0.0	100,000	100.0	–
Micaela le Di Divelec Lemmi	130,000	68.8	50,000	26.5			9,000	4.8	189,000	100.0	–
Melissa Di Donato Roos	130,000	93.5	0	0.0			9,000	6.5	139,000	100.0	–
Wolfgang von Dühren	130,000	93.5	0	0.0			9,000	6.5	139,000	100.0	–
Akan Isik	130,000	93.5	0	0.0			9,000	6.5	139,000	100.0	–
Nora Leser	130,000	68.8	50,000	26.5			9,000	4.8	189,000	100.0	–
Knut Lofski[3]	130,000	93.5	0	0.0			9,000	6.5	139,000	100.0	0
Dr. Hans Michel Piëch	130,000	93.5	0	0.0			9,000	6.5	139,000	100.0	–
Dr. Ferdinand Oliver Porsche	130,000	68.8	50,000	26.5			9,000	4.8	189,000	100.0	–
Hans Dieter Pötsch	130,000	93.5	0	0.0			9,000	6.5	139,000	100.0	–
Vera Schalwig	130,000	93.5	0	0.0			9,000	6.5	139,000	100.0	–
Stefan Schaumburg	130,000	93.5	0	0.0			9,000	6.5	139,000	100.0	–
Carsten Schumacher	130,000	54.4	100,000	41.8			9,000	3.8	239,000	100.0	–
Dr. Hans Peter Schützinger[1]	0		0				0		0		–
Hauke Stars[1]	0		0				0		0		–
Total	**2,275,000**	**75.4**	**600,000**	**19.9**			**144,000**	**4.8**	**3,019,000**	**100.0**	**–**

1 These Supervisory Board members waived remuneration in full for fiscal year 2023.
2 These Supervisory Board members waived remuneration in part for fiscal year 2023.
3 Remuneration was waived for Supervisory Board activities on the Supervisory Board of Porsche Leipzig GmbH.

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), 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 2023 compared with 2022	Annual change 2022 compared with 2021
Supervisory Board remuneration[1]		
Active Supervisory Board members		
Dr. Wolfgang Porsche (Chairman)	126.6	287.7
Jordana Vogiatzi (Deputy Chair)	37.1	53.2
Dr. Arno Antlitz	–	–
Ibrahim Aslan	1,303.8	–
Harald Buck	35.8	45.6
Dr. Christian Dahlheim	252.7	–
Micaela le Divelec Lemmi	265.0	–
Melissa Di Donato	265.0	–
Wolfgang von Dühren	4.1	37.9
Akan Isik	4.1	37.9
Nora Leser	31.0	75.9
Knut Lofski	4.1	37.9
Dr. Hans Michel Piëch	61.8	104.6
Dr. Ferdinand Oliver Porsche	123.3	464.2
Hans Dieter Pötsch	162.6	–
Vera Schalwig	4.1	387.5
Stefan Schaumburg	6.5	59.7
Carsten Schumacher	35.8	38.7
Dr. Hans Peter Schützinger	-100.0	–
Hauke Stars	–	–
Earnings performance		
Operating return on sales of the Porsche AG Group (ROS)	0.0	12.5
EBITDA margin of the automotive segment	2.0	2.9
Net income or loss for the year of Porsche AG (HGB)[2]	71.9	114.2
Average employee remuneration of PAG	-13.7	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.
[2] In 2022, before profit transfer.

For the Executive Board:

February 28, 2024

Dr. Oliver Blume
Chairman of the Executive Board

Lutz Meschke
Deputy Chairman of the Executive Board

For the Supervisory Board:

February 28, 2024

Dr. Wolfgang Porsche
Chairman of the Supervisory Board

COMBINED MANAGEMENT REPORT WITH NON-FINANCIAL STATEMENT

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, in particular finance and mobility services for customers and dealers.

Organization

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) and has its registered office in Stuttgart. Further information can be found in the list of shareholdings pursuant to section 313 of the German Commercial Code (HGB). → **Notes to the consolidated financial statements–50. List of shareholdings**

The structure of investments in Porsche AG remained unchanged from the fiscal year 2022. Volkswagen AG indirectly holds, via Porsche Holding Stuttgart GmbH, 75.4% of Porsche AG's share capital. Porsche Automobil Holding SE directly holds around 12.5% of the share capital. The remaining share capital is in free float. → **To our shareholders**

The Porsche AG Group consists of the automotive and financial services segments. The reconciliation of the segments to the Porsche AG Group relates to transactions between the two segments that are subject to elimination. The activities of the two segments cover the regions Germany, Europe without Germany, North America excluding Mexico, China including Hong Kong, as well as rest of the world.
→ **Notes to the consolidated financial statements–Segment reporting**

AUTOMOTIVE SEGMENT

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 procurement, production, development and sale of vehicles as well as related services.

Procurement

Procurement is centrally organized in Weissach and has a global network of suppliers. This enables the Porsche AG Group to purchase production materials and capital goods as well as services worldwide in the required quality. In this context, the Porsche AG Group is also focusing on start-ups and software suppliers. Through the integration of the procurement organizations of the Volkswagen Group brands, the Porsche AG Group is able to leverage group-wide synergies through improved availability of production materials and cost advantages.

Production

The headquarters of Porsche AG and 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.

For the Cayenne model series, the Porsche AG Group uses other production sites. The Cayenne model series is produced at the Volkswagen Group's multi-brand site in Bratislava, Slovakia. Some models of this series are assembled at a third-party assembly plant in Kulim District, Kedah, Malaysia. These are intended for the Malaysian market. The Volkswagen Group also has the capacity to produce the 718 series on a contract manufacturing basis at the Osnabrück plant. In addition to this, the Porsche AG Group operates a pilot series center in Sachsenheim as a central production facility to provide prototype vehicles for future Porsche series models. → **Production**

Development

Weissach is home to the Porsche Research and Development Center, where Porsche vehicles are developed from first sketch to series production. Weissach is also home to the development of infotainment and connect functions as well as vehicle-related digital solutions. The Shanghai development site complements these development activities with specific solutions for the Chinese market. → **Research and development**

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 selected Porsche dealer companies (17 legally independent entities) are part of the Porsche AG Group. → **Deliveries**

All brick-and-mortar retail formats follow the "Destination Porsche" retail concept, which has already been rolled out in more than 70 of the over 800 Porsche centers worldwide since the end of 2020, and more than 600 others are to follow by the end of the decade.

Indirect online sales for the Porsche AG Group are conducted via its digital platform and sales partners. The digital 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 exclusive variants.

FINANCIAL SERVICES SEGMENT

The activities of the financial services segment include 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.

EXTERNAL FACTORS

The report on risks and opportunities presents and comments on the external factors influencing the business of the Porsche AG Group.
→ **Risk and opportunity situation as of December 31, 2023**

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. The cross-cutting strategies form the center of the Porsche AG Group's strategy and are supplemented by the "Road to 20" program. Together, these contribute to the group's corporate goals. Two Executive Board members are responsible for each cross-cutting strategy and for the "Road to 20" program. 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. A customer excitement index is used to systematically measure and manage the customer relationship from initial contact through to the purchase of a product.

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 communities are designed to grant them 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. The Porsche AG Group aims to deliver more than 80% of its new vehicles with all-electric drive systems by 2030—depending on demand and the development of electromobility in the individual regions of the world. Primarily in the development and procurement of the new family of electric vehicles, synergies are created in particular through the use of platforms and modules by other brands of the Volkswagen AG Group.

In the transition phase, Porsche AG offers three drive systems: fully electric models, plug-in hybrids and pure internal combustion engines. Porsche AG is also investing in the development of synthetic fuels, known as 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 the employees. 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 the transformation journey: They should be notified about changes promptly and be involved in processes so that all employees can drive the transformation together. Long-term thinking and business-minded actions are to be supported here.
Porsche AG's position as a top employee with high levels of employee satisfaction also plays an important role.

Road to 20

The "Road to 20" program forms the basis for the Porsche AG Group's long-term profitability target of an operating consolidated return on sales of more than 20%. "Road to 20" is also intended to optimize the resilience and profitability of the Porsche AG Group. To achieve this, various areas are once again being revisited—from product offering to pricing through to cost structure.

The six cross-cutting 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. The Porsche AG Group believes that the unwavering focus on the needs of these groups will ensure sustainable growth, which will also be supported by the "Road to 20" program.

MANAGEMENT AND KEY PERFORMANCE INDICATORS

Management and key figures

Based on the group strategy—Strategy 2030—this chapter describes how the Porsche AG Group is managed and which key figures are primarily used. The operating performance and the related success of the Porsche AG Group are reflected in both the financial and non-financial key figures as an integral part of the internal management system. There were no changes in the management process or the most important performance indicators compared to the prior year.

Management process at the Porsche AG Group

At the Porsche AG Group, the continuous and close alignment of the group strategy with the strategic and operational planning ensures full transparency in the financial assessment and evaluation of decisions on the direction to be taken. 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 planning 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 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 on the basis of the planning horizon:

- 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/target recommendations for the first planning year, details of which are then finalized down to the level of the operational cost centers and subsidiaries 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 and, if necessary, adjusted to reflect the latest developments. Current opportunities and risks are also taken into account when preparing the forecast to the extent that their occurrence is considered to be probable. The management process can thus ensure short-term adjustments and implementation programs to secure the forecast, also taking volatile conditions into account. In principle, the focus of management during the year is on adjusting current activities in line with requirements. 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 key performance indicators

Most important key performance indicators

Porsche AG Group	Automotive segment
— Sales revenue (€ million) — Return on sales (%)	— Automotive net cash flow margin (%) — Automotive EBITDA margin (%) — Automotive BEV share (%)

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
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. → Results of operations

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. → Results of operations

AUTOMOTIVE NET CASH FLOW MARGIN
Automotive net cash flow margin is defined as the ratio of cash flows from operating activities less cash flows from investing activities of current operations to sales revenue, each in the automotive segment. The investing activities of current operations exclude the changes in investments in securities, loans and time deposits of the automotive segment. The net cash flow margin also plays an important role in assessing the excess funds from operating activities and the associated financial resilience of the automotive segment. → Financial position

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 for all stakeholders to evaluate the business development, operating performance and profitability of the automotive segment over time. → Results of operations

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 new vehicles delivered to end customers. The driver for the automotive BEV share is the sale of fully electric vehicles. The BEV share is used to assess the transformation and electrification of the vehicle portfolio. → Deliveries

The current development of the most important performance indicators can be found in the explanations on the results of operations, financial position and net assets. The anticipated development of the most important financial indicators for the fiscal year 2024 is described in the report on expected developments. → Report on expected developments

Other relevant performance indicators

In addition, the following financial and non-financial performance indicators have been defined for use in the management of the company and supplement the most important performance indicators accordingly:

- 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 HGB is contained in the → Corporate Governance Declaration and online at ↗ http://investorrelations.porsche.com/en/corporate-governance/.

BUSINESS DEVELOPMENT

MACROECONOMIC ENVIRONMENT

Development of global economy

The Russia-Ukraine conflict continued to cause increased uncertainty about the development of the global economy. Large sections of the community of Western states imposed an extensive trade embargo on Russia and partially excluded Russia from the international financial market. Russia itself, in its role as an energy exporter, restricted gas deliveries to Europe. In the reporting year, despite the resulting supply shortages, the energy and commodity markets started to steady, although some energy and commodity prices are still at a relatively high level. There is also a risk of high inflation continuing in the face of wage developments on the labor markets.

After a slump in global economic output in 2020, it recovered again in 2021 as a result of base and catch-up effects and normalized further in 2022 despite the Russia-Ukraine conflict. The global economy recorded positive growth of 2.7% overall in the fiscal year 2023 (2022: up 3.1%). The advanced economic and emerging markets continued to recover, although the advanced economies grew more slowly.

Regional developments depended on the extent to which the central banks implemented restrictive monetary policies to curb high inflation. This was mainly done by raising interest rates and reducing bond holdings, which had a negative impact on private consumption and investment. The other decisive factor was how hard the advanced economies were hit by the consequences of the Russia-Ukraine conflict. Prices for energy and many commodities were down on the prior year, with shortages of intermediates and commodities easing somewhat. Global nominal goods trade declined in the reporting year.

GERMANY

The German economy contracted by 0.2% in the reporting year (2022: growth of 1.9%). The seasonally adjusted unemployment rate rose on average. At the same time, the average annual inflation rate fell but remained relatively high.

EUROPE

The Western European economy grew by 0.4% (2022: 3.5%) in the reporting year, slower than in the prior year. This was partly due to high inflation rates, which had a negative impact on consumer sentiment. Business sentiment also deteriorated across all sectors. In addition, restrictive monetary policy measures to combat inflation had a negative impact on both private consumption and investment activity.

In the Central and Eastern European advanced economies, real gross domestic product (GDP) recorded real growth in absolute terms of 2.6% (2022: 1.1%). Economic output in Central Europe thus grew at a somewhat slower pace of 1.7% (2022: 4.5%). In Eastern Europe, on the other hand, economic growth was positive again for the first time since the start of the Russia-Ukraine conflict at 3.6% (2022: down 2.8%). Inflation rates in Central and Eastern Europe as a whole declined on average, but remained at a high level.

NORTH AMERICA EXCL. MEXICO

In the USA, economic output increased by 2.4% (2022: 1.9%) in the reporting year. Here too, the US Federal Reserve continued with its restrictive monetary policy as a result of inflation remaining high and the strained labor market, raising the key interest rate a total of four times in 2023. The unemployment rate remained at a low level in the reporting year. In Canada, GDP grew by 1.1% (2022: 3.8%).

CHINA INCL. HONG KONG

Chinese GDP grew by 5.4% (2022: 3.0%) in the reporting year, stronger than in the prior year. This development was positively influenced by the Chinese government lifting its "Zero-Covid" strategy.

SECTOR-SPECIFIC ENVIRONMENT

Market development for the automotive segment

In the fiscal year 2023, the global volume of the passenger cars market was up noticeably on the prior year at 76.6 million vehicles. While the regions Germany and China incl. Hong Kong grew noticeably, the regions Europe excluding Germany and North America excl. Mexico even recorded significant growth. In addition to the weak prior-year figures, these developments were due to the fact that shortages and disruptions in the global supply chains eased and therefore had less of an impact on vehicle availability. While the supply situation for intermediates improved compared to 2022, it was, among other factors, the consequences of the Russia-Ukraine conflict and pull-forward effects due to expiring subsidies at the end of the prior year that had a dampening effect on the development of new registrations in some markets.

In addition to fiscal policy measures, the sector-specific environment was primarily influenced by the economic situation, which contributed to the uneven development of sales in the markets in the past fiscal year. While real purchasing power fell in many places and vehicle prices remained at a high level, order backlogs were reduced at a high level worldwide thanks to increased vehicle availability. The fiscal policy measures included tax cuts and increases, the introduction, expiry and adjustment of incentive programs and buyer's premiums as well as import tariffs. Sanctions were imposed as a result of the conflict in Ukraine, which restricted the production and sale of vehicles in particular in Russia.

GERMANY

At 2.8 million units (up 7.3%), the number of new car registrations in Germany in 2023 was noticeably higher than the weak level of the prior year. Easing shortages and disruptions in global supply chains had a positive effect on vehicle availability in relation to the overall passenger car market and backlogs from the prior year were processed.

EUROPE WITHOUT GERMANY

In Western Europe (excluding Germany), the number of new registrations for passenger cars in 2023 rose significantly by 16.1% to 8.8 million vehicles. In all other major markets for passenger cars, development was positive in 2023: the UK (up 17.9%), Italy (up 18.8%) and France (up 16.1%) were able to exceed their prior-year levels significantly.

In Central and Eastern Europe, the passenger car market volume increased significantly by 23.6% to 2.3 million vehicles in the fiscal year 2023, following the very sharp decrease seen in the prior year. The number of sales also developed largely positively in the individual markets of Central Europe.

NORTH AMERICA EXCL. MEXICO

In the region North America excl. Mexico, sales figures for passenger cars in the fiscal year 2023 rose to 17.3 million units–an increase of 12.3% year on year. In the USA, the volume stood at 15.6 million units, an increase of 12.3%. In Canada too, sales figures increased significantly by 12.5% to 1.7 million vehicles.

CHINA INCL. HONG KONG

In the region China incl. Hong Kong, the number of new registrations of passenger cars increased by 5.5% to 22.2 million units in 2023. The development of the Chinese passenger car market was shaped by the expiry of government subsidy and purchase incentive programs at the end of the fiscal year 2022, which led to pull-forward effects in vehicle purchases and consequently to declining registration figures at the beginning of 2023. Demand recovered over the course of the fiscal year, partly as a result of price discounts and ongoing regional development programs, while the competitive situation became increasingly fierce.

Market development for the financial services segment

Demand for automotive financial services was high in 2023, although higher interest rates put pressure on the demand for financial services in almost all regions.

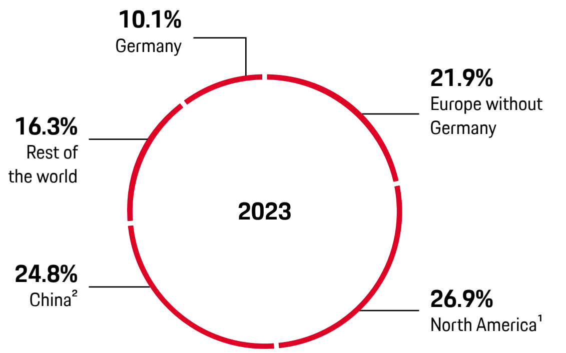
Demand for the products and services of the financial services segment, which is calculated as the ratio of leased or financed new vehicles to the total number of deliveries in the markets of the segment (penetration rate), stood at 40.1% as of December 31, 2023 (2022: 40.8%). While demand for financial services products declined in the region Europe without Germany compared to the prior-year period, demand developed positively in the regions North America excl. Mexico and rest of the world. In the regions Germany and China incl. Hong Kong, the share was stable at the prior-year level or slightly below the prior year.

The Porsche AG Group, including its cooperation partners, increased the overall number of contracts for financing and leasing by 4.2% to 345 thousand contracts as of December 31, 2023 (December 31, 2022: 331 thousand contracts).

DELIVERIES

The Porsche AG Group exhibited robust growth in the fiscal year 2023 and achieved a slight increase in deliveries[1]. Overall, the sports car manufacturer delivered 320,221 vehicles over the past 12 months, up 3.3% compared with 2022.

Share of deliveries by region



[1] North America excl. Mexico
[2] China incl. Hong Kong

In the domestic market of Germany, 32,430 customers received their vehicle, an increase of 9.9%. In the sales region of Europe without Germany, the Porsche AG Group delivered 70,229 vehicles in the past year. This is 12.0% more than in the prior year. In North America excl. Mexico, the Porsche AG Group made 86,059 deliveries (up 8.6%)—the largest sales region in 2023. In China incl. Hong Kong, 79,283 vehicles were handed over to customers (down 15.0%). The significant decrease is largely attributable to the continuing challenging economic situation in this region. As a result, the supply volume was brought into line with the demand situation and the market distribution was balanced across all sales regions, which compensated for the decline in China. In addition to the noticeable growth in North America, the sales region rest of the world also developed positively with a 15.7% increase in deliveries. Accordingly, 52,220 customers took delivery of their vehicle in the region rest of the world.

[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.

The Porsche Cayenne was the model with the highest number of deliveries. It was handed over to 87,553 customers last year (down 8.4%). The decrease compared to 2022 is due to the staggered introduction of the new generation worldwide as well as delivery delays due to a necessary software update for the hybrid models. This was followed by the Macan with 87,355 units delivered, which is on a par with the prior year. The Porsche 911 also remained extremely popular with 50,146 deliveries (up 24.1%). The sports car limousine Panamera achieved 34,020 deliveries (down 0.4%) in the last year of its life cycle. The new generation of the luxury saloon, which was unveiled in November, will be available to customers from 2024. Deliveries of the 718 Boxster and 718 Cayman models came to 20,518 (up 12.7%).

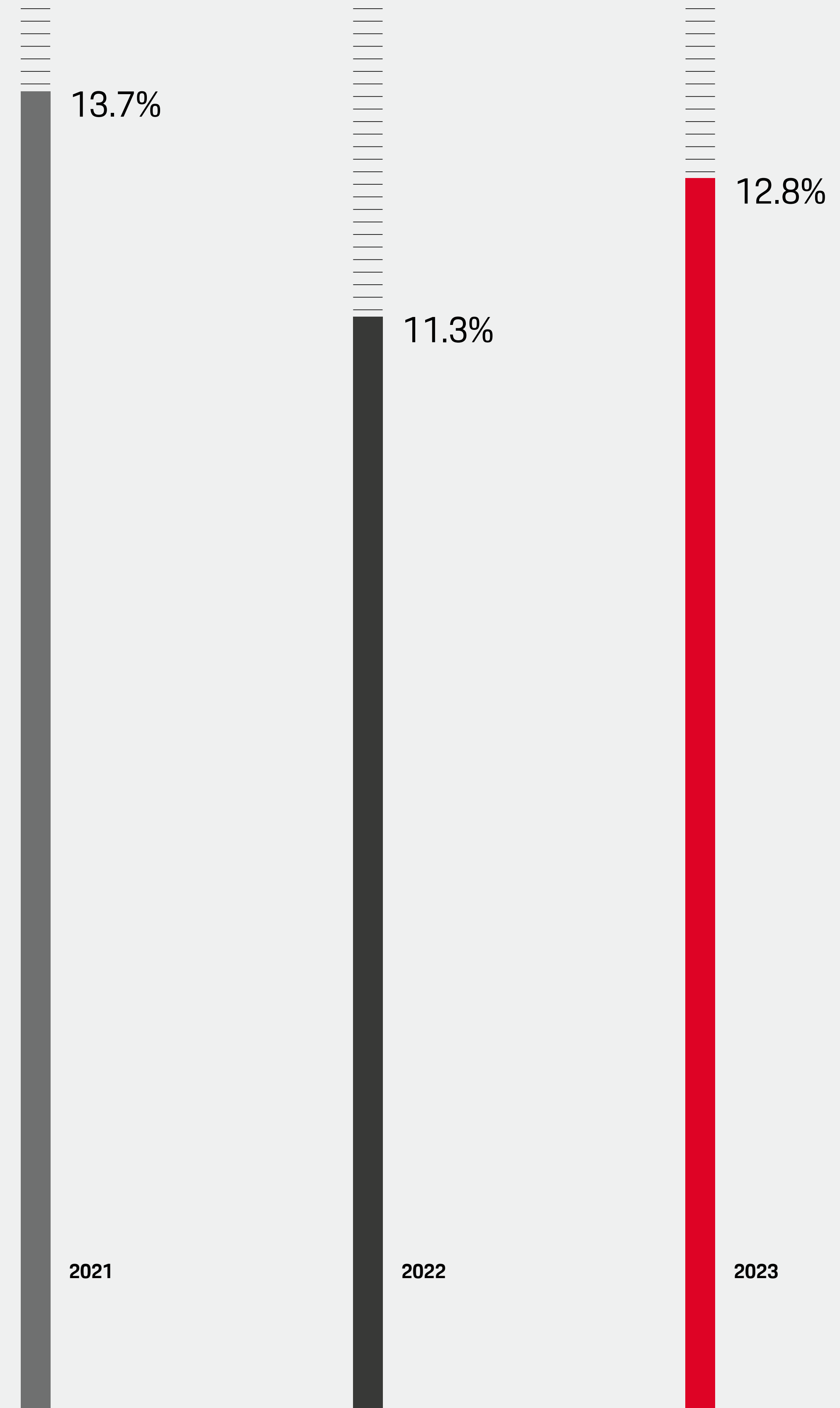
Demand for the all-electric Taycan remained consistently high. In 2023, the Porsche AG Group recorded 40,629 deliveries worldwide (up 16.7%).

In the reporting period, the proportion of purely battery-powered electric vehicles (automotive BEV share) stood at 12.8% (2022: 11.3%). → Environment

Deliveries of the Porsche AG Group

Units	2023	2022
911	50,146	40,410
718 Boxster/Cayman	20,518	18,203
Macan	87,355	86,724
Cayenne	87,553	95,604
Panamera	34,020	34,142
Taycan	40,629	34,801
Deliveries	**320,221**	**309,884**

Automotive BEV share
of Porsche AG Group



PRODUCTION

The Porsche AG Group produced 336,280 vehicles in total in the fiscal year 2023, an increase of 4.7% on the prior year.

Production of the Porsche AG Group

Units	2023	2022
911	55,655	41,947
718 Boxster/Cayman	23,605	18,080
Macan	87,334	91,117
Cayenne	96,600	98,113
Panamera	33,689	35,241
Taycan	39,397	36,823
Production	**336,280**	**321,321**

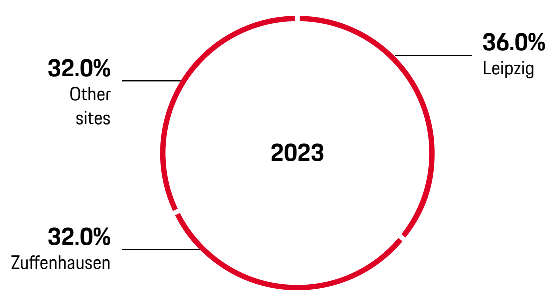
In 2023, 39,397 Taycan units were manufactured in Stuttgart-Zuffenhausen. Additionally, all the vehicles of the 911 model series (55,655 units) rolled off the production line at the main plant. Furthermore, 12,652 units of the 718 Boxster/Cayman were produced in Zuffenhausen.

At the Leipzig plant, the Porsche AG Group produced a total of 121,023 vehicles, which equates to 36.0% of total production. There were 87,334 units of the Macan model series and 33,689 Panamera produced in Saxony.

As was already the case in 2022, the locations in Zuffenhausen and Leipzig were net neutral carbon in manufacturing all vehicles.

At the other production locations such as the Volkswagen Group's multi-brand site in Bratislava (Slovakia) as well as in Malaysia, 96,600 units of the Cayenne model series were produced. In addition, 10,953 units of the 718 Boxster/Cayman model series were completed at the Osnabrück site.

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. In the summer of 2023, the sports car production plant underwent extensive conversion work to enable the production of electric, two-door sports cars alongside models with boxer engines. This included expanding the assembly line, purchasing new automated guided vehicles (AGVs) and setting up new testing and finishing areas.

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. This included establishing a completely new body shop for the future electric SUV. 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.

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 vast majority of research and development activities as well as the employees working in this area relate to Porsche AG. The cross-brand development network in the Volkswagen Group also strengthens the future viability of the Porsche AG Group.

In the fiscal year 2023, the Porsche AG Group spent €2,834 million on research and development (R&D), compared to €2,651 million in the prior-year period. The R&D ratio stood at 7.6% (2022: 7.7%). Additions to capitalized development costs stood at €2,081 million, thus exceeding the comparable figure in 2022 of €1,951 million. This reduced the capitalization ratio compared to the prior-year period from 73.6% to 73.5% due to a change in the project mix and different stages of capitalization for current vehicle projects. At €1,712 million (2022: €1,484 million), research and development costs recognized in the income statement were up on the prior-year level. Amortization of capitalized development costs contained therein amounted to €960 million (2022: €784 million). 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 towards 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 6,699 persons in the area of research and development (2022: 6,299 persons).

The development site in Shanghai became fully operational in 2023, which included an increase in personnel. In the long term, infotainment and connect systems as well as driver assistance systems (DAS) and highly automated driving (HAD) functions are to be developed for the Chinese market together with Chinese partners. This is to be done in close cooperation with Porsche Digital China, which was founded in early 2021, and Porsche Engineering China, which was founded in 2014.

€ million	2023	2022
Automotive sales revenue	37,349	34,599
Total research and development costs	**2,834**	**2,651**
of which: capitalized development costs	2,081	1,951
Capitalization ratio[1] (%)	73.5	73.6
R&D ratio[2] (%)	7.6	7.7
Research and development costs recognized in the income statement	**1,712**	**1,484**
of which: amortization of capitalized development costs	960	784
Research and development costs recognized in the income statement[3] (%)	4.6	4.3

1 Total research and development expenses in relation to capitalized development costs.
2 Total research and development costs in relation to automotive sales revenue.
3 Total research and development expenses in relation to automotive sales revenue recognized in the income statement.

PERSONNEL

As of the reporting date, the Porsche AG Group had 42,140 employees, an increase of 7.6% compared to the prior-year reporting date. On average, the Porsche AG Group had 41,043 employees in the fiscal year 2023.

Further information on the workforce of the Porsche AG Group can be found in the non-financial statement. → Social

OVERALL STATEMENT ON BUSINESS DEVELOPMENT AND THE ECONOMIC SITUATION

The Porsche AG Group successfully completed its first fiscal year after the IPO and continued to pursue its efforts in the field of electromobility. In its anniversary year celebrating “75 years of Porsche sports cars”, the Porsche AG Group achieved all the economic targets set for the fiscal year 2023.

The fiscal year 2023 continued to be influenced by a challenging macroeconomic situation, also as a result of geopolitical conflicts and tensions. Shortages and disruptions in the global supply chains eased, reducing the impact on vehicle availability. The automotive sector continued to be characterized by intense competition, technological change and increasing environmental awareness. In this environment, the Porsche AG Group recorded a slight increase in deliveries to 320,221 vehicles (2022: 309,884 vehicles).

The Porsche AG Group noticeably increased its sales revenue and operating profit in the fiscal year 2023. Sales revenue increased from €37,637 million in 2022 to €40,530 million in 2023, an increase of 7.7%. Operating profit also rose by 7.7% from €6,772 million to €7,284 million. The Porsche AG Group’s return on sales was therefore 18.0%, as in the prior year. The development of the return on sales is due on the one hand to higher group sales with positive product mix and price effects. On the other hand, costs were kept constant in relation to sales revenue. The automotive EBITDA margin increased to 25.7% (2022: 25.2%).

The positive contribution from automotive EBITDA, the changes in working capital and the increase in capital expenditure led to an automotive net cash flow of €3,973 million in 2023 (2022: €3,866 million). The automotive net cash flow margin stood at 10.6% (2022: 11.2%).

Comparison of forecast with actual business development

	Forecast for 2023 in annual report 2022		Actual business development 2023
Most important key performance indicators			
Porsche AG Group			
Sales revenue	€40 to €42 billion	€ million	40,530
Return on sales	Between 17% and 19%	%	18.0
Automotive segment			
Automotive net cash flow margin	Between 10% and 12%	%	10.6
Automotive EBITDA margin	Between 25% and 27%	%	25.7
Automotive BEV share	Between 12% and 14%	%	12.8

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

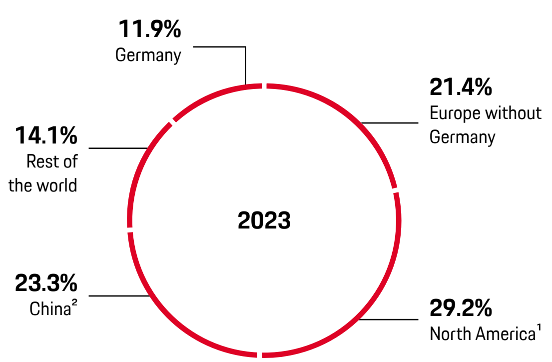
The Porsche AG Group generated sales revenue of €40,530 million in the fiscal year 2023. This is an increase of 7.7% on the prior year (2022: €37,637 million) and is largely due to higher vehicle sales coupled with positive product mix and price effects. The development of the Chinese renminbi and US dollar currencies in particular had the opposite effect on sales revenue.

In the fiscal year 2023, the Porsche AG Group sold 333,605 vehicles. This corresponds to a 6.3% increase in unit sales compared to the prior-year period (2022: 313,721 vehicles).

The Cayenne was the bestselling series with 92,866 vehicles sold and a slight decrease of 4.1%, followed by the Macan with 90,161 vehicles. The largest relative growth was recorded for the 911 (up 13,026 vehicles; up 32.0%), the 718 Boxster/Cayman (up 4,003 vehicles; up 21.8%) and the Taycan (up 5,967 vehicles; up 17.5%).

In regional terms, with a total of 92,012 vehicles sold, North America excl. Mexico is the largest market, with a significant increase in sales of 14.9%. This was counterbalanced by the region China incl. Hong Kong with a decrease of 17.7% to 79,331 vehicles sold, which was attributable to the challenging economic situation. In the region China incl. Hong Kong, the Porsche AG Group brought supply into line with demand and compensated for this decline with positive sales in all other regions. Accordingly, the Porsche AG Group recorded growth in the regions rest of the world (up 12,036 vehicles), Europe without Germany (up 9,641 vehicles) and Germany (up 3,309 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	2023	2022
911	53,741	40,715
718 Boxster/Cayman	22,395	18,392
Macan	90,161	89,767
Cayenne	92,866	96,800
Panamera	34,386	33,958
Taycan	40,056	34,089
Vehicle sales	**333,605**	**313,721**

The cost of sales rose by €1,835 million to €28,924 million (2022: €27,089 million) and was therefore in proportion to sales revenue at 71.4% (2022: 72.0%). Despite supplier cost increases, cost of sales increased less thanks to changes in the product mix.

Gross profit increased accordingly by 10.0% to €11,606 million (2022: €10,549 million), therefore resulting in a gross margin of 28.6% (2022: 28.0%).

Distribution expenses increased by €516 million to €2,869 million. In proportion to sales revenue, this is an increase of 7.1% (2022: 6.3%). The increase is due, among other things, to increased sales activities such as investments in the brand and product events, the digitalization strategy, a stronger commitment to motorsport and activities to mark the anniversary year celebrating “75 years of Porsche sports cars”. Administrative expenses increased from €1,655 million to €1,787 million. In proportion to sales revenue, these were on a par with the prior year at 4.4% (2022: 4.4%). Net other operating result increased by €103 million to €335 million (2022: €232 million).

Return on sales as % and sales revenue in € million
of Porsche AG Group

Condensed income statement of the Porsche AG Group

€ million	2023	2022[1]
Sales revenue	**40,530**	**37,637**
Cost of sales	–28,924	–27,089
Gross profit	**11,606**	**10,549**
Distribution expenses	–2,869	–2,353
Administrative expenses	–1,787	–1,655
Net other operating result	335	232
Operating profit	**7,284**	**6,772**
Return on sales (%)	18.0	18.0
Financial result	91	308
Profit before tax	**7,375**	**7,081**
Income tax	–2,218	–2,114
Profit after tax	**5,157**	**4,967**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Notes to the consolidated financial statements–Effects of new or amended IFRS**).

Accordingly, the operating profit of the Porsche AG Group increased by €512 million to €7,284 million in the fiscal year 2023 (2022: €6,772 million). The operating return on sales of the Porsche AG Group thus stood at 18.0% (2022: 18.0%).

The financial result came to €91 million (2022: €308 million). The decline is mainly due to lower interest income as a result of the spin-off of the loan receivable from Porsche Holding Stuttgart GmbH implemented as part of the IPO. In addition, adjusted interest rates used to measure provisions had a negative impact on the financial result. By contrast, the securities held in the special funds benefited in particular from the overall positive development of the capital markets and the higher interest rate level. Additionally, the financial result was positively impacted by a reversal of an impairment loss on Bertrandt AG that has been accounted for using the equity method.

Due to the higher effective tax rate of 30.1% (2022: 29.9%), income tax did not increase in proportion to the profit before tax, rising to €2,218 million (2022: €2,114 million). The increase in the tax rate is due to a shift from lower taxed countries to higher taxed countries, tax effects from planned dividends and lower effects from the elimination of intercompany profits compared to the prior year. As a result, profit after tax increased by €190 million to €5,157 million in the reporting period.

Earnings per ordinary share came to €5.66 and per preferred share to €5.67. 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 €6,938 million in the fiscal year 2023 exceeded the figure of the prior-year period by €513 million (2022: €6,425 million). With automotive sales revenue of €37,349 million, automotive return on sales stood at 18.6% (2022: 18.6%). Due to positive product mix and price effects, automotive EBITDA increased by €868 million to €9,594 million (2022: €8,726 million). Accordingly, the automotive EBITDA margin stood at 25.7% (2022: 25.2%).

Automotive EBITDA margin

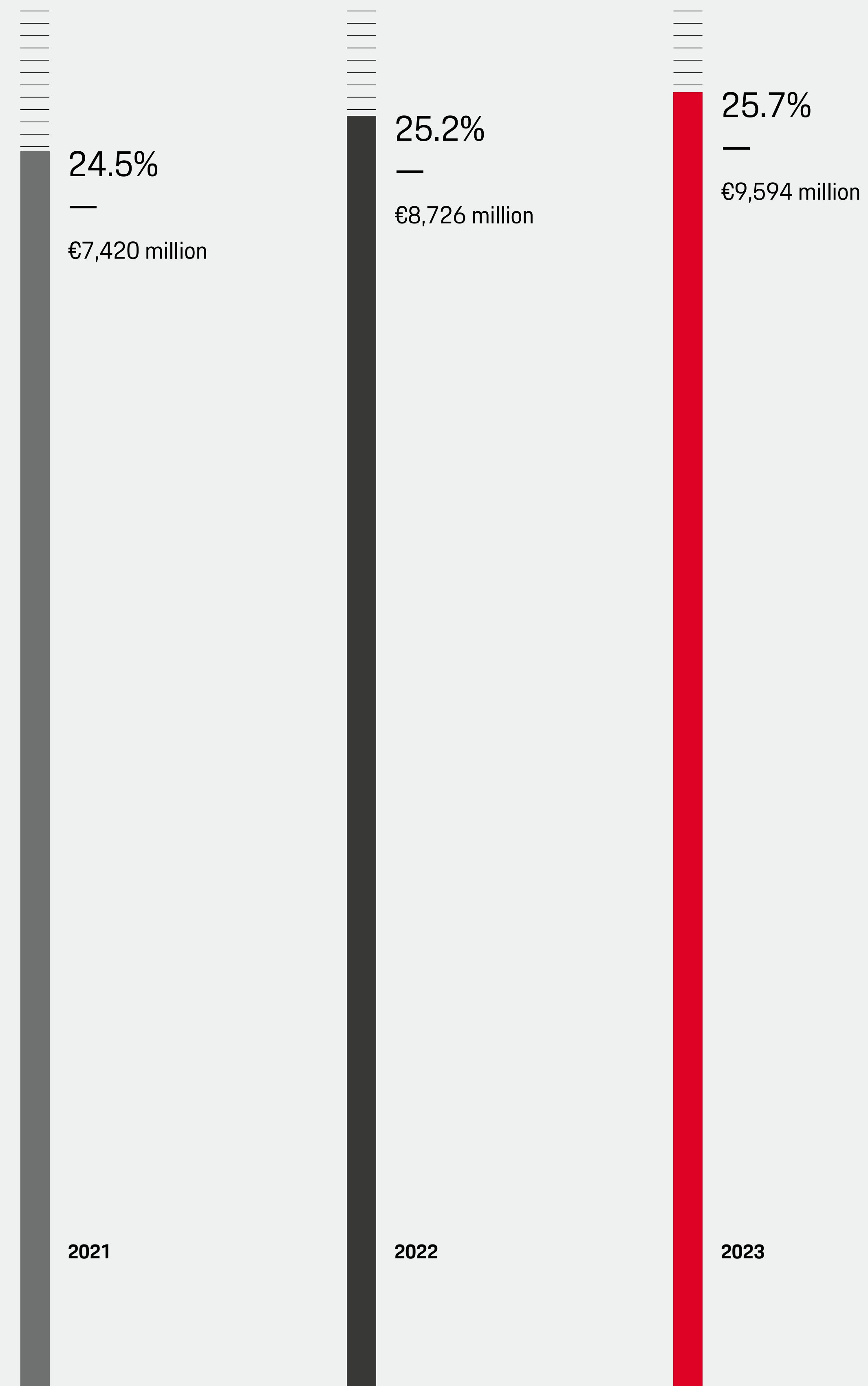
€ million	2023	2022[1]
Automotive operating profit	6,938	6,425
Depreciation, amortization and impairment losses	2,656	2,301
Automotive EBITDA	**9,594**	**8,726**
Automotive sales revenue	37,349	34,599
Automotive EBITDA margin (%)	**25.7**	**25.2**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Notes to the consolidated financial statements–Effects of new or amended IFRS**).

Financial services results of operations

Financial services sales revenue increased to €3,444 million (2022: €3,292 million). Financial services operating profit decreased to €302 million in 2023 (2022: €341 million). The decrease was mainly due to the measurement of interest rate hedges, to derivatives outside of hedge accounting as part of regular refinancing activities as well as a lower portfolio margin due to a delayed pass-through of the higher refinancing costs. Furthermore, there were fewer reversals of provisions for credit risks compared to the prior-year period. As a result, financial services return on sales decreased to 8.8% (2022: 10.3%).

Automotive EBITDA margin as % and Automotive EBITDA in € million
of Porsche AG Group



FINANCIAL POSITION

At €7,023 million, the Porsche AG Group's cash flow from operating activities in the fiscal year was at the prior-year level (2022: €7,114 million), which was mainly due to the positive contribution from profit before tax. This was offset by cash outflows for income tax payments of €2,190 million (2022: cash outflows of €2,370 million). The lower outflows in the form of income tax payments compared to the prior-year period are mainly due to payments relating to other periods in the prior year. In the current year, payments were largely recognized in the correct period.

Cash outflows in working capital of €1,866 million (2022: cash outflows of €1,168 million) comprised the changes in the automotive segment and the cash outflows from the financial services segment in the changes in leased assets of €1,322 million (2022: cash outflows of €536 million) and chance in financial services receivables of €645 million (2022: cash outflows of €983 million).

Cash outflows from investing activities amounted to €1,203 million and decreased by €5,403 million (2022: cash outflows of €6,606 million). In contrast to the increased cash outflows from investing activities of current operations in the automotive segment, the change in investments in securities and time deposits as well as loans resulted in cash inflows of €3,119 million (2022: cash outflows of €2,502 million). Returns from the reversal of cash investments of surplus liquidity in the Volkswagen AG Group led to this contrasting development in cash flow from investing activities.

Cash outflows from financing activities of €3,708 million (2022: cash outflows of €1,089 million) was primarily attributable to the cash outflows from profit transfer and dividends of €4,895 million (2022: cash outflows of €3,361 million). These consisted of the final profit transfer to Porsche Holding Stuttgart GmbH of €3,979 million and the dividend payment of €916 million resolved at the end of the first half of the year. In the past fiscal year, the change in asset-backed securities in the financial services segment was the main driver of changes in other financing activities in the form of cash inflows of €1,186 million (2022: cash outflows of €786 million).

Automotive financial position

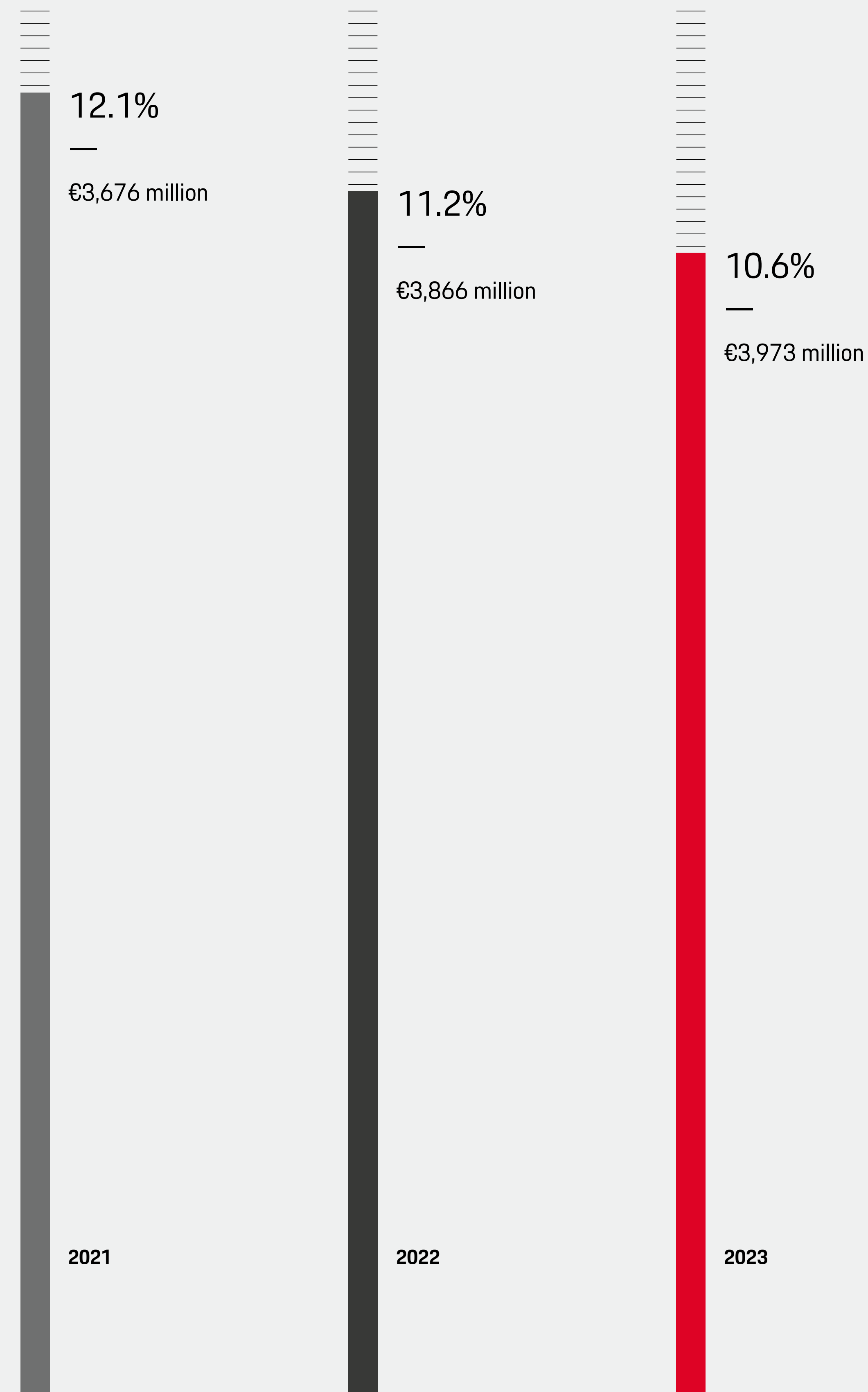
Automotive cash flows from operating activities increased by €401 million to €8,256 million (2022: €7,855 million).

Cash outflows in automotive working capital amounted to €2 million (2022: cash inflows of €334 million). The automotive working capital was largely affected by the cash outflows of €671 million caused by the change in inventories (2022: cash outflows of €1,013 million). Despite the improved situation compared to the prior year, the increase in vehicle inventories in the current fiscal year, among other things in connection with the market launch of the new Cayenne, was responsible for this development. Further cash outflows of €279 million (2022: cash outflows of €202 million) related to the change in receivables. Cash inflows from the change in liabilities of €578 million (2022: cash inflows of €1,016 million) had a positive impact on the automotive working capital. While trade payables increased year on year, there was a decrease in other liabilities from other taxes. Cash inflows from the change in other provisions decreased to €370 million (2022: cash inflows of €532 million).

Compared to the prior-year period, cash outflows from the investing activities of current operations increased from €3,989 million to €4,282 million. The increase was largely attributable to the higher automotive capital expenditure of €1,964 million (2022: €1,642 million) and capitalized development costs €2,081 million (2022: €1,951 million). The Porsche AG Group continued to invest in various vehicle projects, the electrification and digitalization of products and in production sites. The changes in equity investments mainly consisted of existing investments in financial assets.

As of the end of the fiscal year, the automotive net cash flow increased slightly to €3,973 million (2022: €3,866 million). The positive contribution from automotive EBITDA, the changes in working capital and the cash outflows from the increase in automotive capital expenditure led to an automotive net cash flow margin of 10.6% (2022: 11.2%).

Automotive net cash flow margin as % and Automotive net cash flow in € million
of Porsche AG Group



Automotive net cash flow

€ million	2023	2022[1]
Cash flows from operating activities	**8,256**	**7,855**
Change in working capital	–2	334
Change in inventories	–671	–1,013
Change in receivables (excluding financial services)	–279	–202
Change in liabilities (excluding financial liabilities)	578	1,016
Change in other provisions	370	532
Investing activities of current operations[2]	**–4,282**	**–3,989**
Investments in intangible assets (excluding capitalized development costs) and property, plant and equipment	–1,964	–1,642
Additions to capitalized development costs	–2,081	–1,951
Changes in equity investments	–248	–404
Net cash flow	**3,973**	**3,866**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Notes to the consolidated financial statements–Effects of new or amended IFRS**).
[2] Including cash received from disposal of intangible assets and property, plant and equipment.

As of December 31, 2023, automotive net liquidity decreased by €1,067 million to €7,215 million compared to the prior-year reporting date. The main driver for this decline was the cash outflow due to payment of the profit transfer and dividend for the fiscal year 2022. Cash inflow from net cash flow caused net liquidity to increase.

In 2023, cash and cash equivalents in the automotive segment at the end of the period rose by €1,428 million to €6,139 million (2022: €4,710 million). In addition, securities and time deposits as well as loans decreased by €2,692 million in 2023 to €3,723 million.

Automotive third-party borrowings decreased by €196 million to €2,646 million in 2023 on account of repayments of financial liabilities.

Since June 2023, a €2,500 million revolving credit facility (€0 million drawn) has been in place with a syndicate of 21 national and international banks. In this context, the existing €4,000 million master loan agreement with Volkswagen AG was terminated by Porsche AG in June 2023 (€0 million drawn in 2022). → **Financial risk management and methods as well as opportunities**

Automotive net liquidity

€ million	2023	2022
Cash and cash equivalents	6,139	4,710
Securities and time deposits as well as loans	3,723	6,415
Gross liquidity	**9,861**	**11,125**
Third-party borrowings	–2,646	–2,843
Automotive net liquidity	**7,215**	**8,282**

Condensed cash flows of the Porsche AG Group

€ million	2023	2022[1]
Cash and cash equivalents at beginning of period	**3,745**	**4,327**
Profit before tax	7,375	7,081
Income taxes paid	–2,190	–2,370
Depreciation and amortization[2]	3,528	3,189
Gain/loss on disposal of non-current assets	14	5
Share of profit or loss of equity-accounted investments	34	52
Change in pension provisions	251	366
Other non-cash expense/income	–122	–40
Change in working capital	**–1,866**	**–1,168**
Change in inventories	–694	–1,010
Change in receivables (excluding financial services)	–190	–247
Change in liabilities (excluding financial liabilities)	618	1,052
Change in other provisions	366	556
Change in leased assets	–1,322	–536
Change in financial services receivables	–645	–983
Cash flows from operating activities	**7,023**	**7,114**
Investing activities of current operations	–4,322	–4,103
Change in investments in securities and time deposits as well as loans	3,119	-2,502
Cash flows from investing activities	**–1,203**	**–6,606**
Capital contributions	–	3,057
Profit transfer and dividends	–4,895	–3,361
Change in other financing activities	1,186	–786
Cash flows from financing activities	**–3,708**	**–1,089**
Effect of exchange rate changes on cash and cash equivalents	–31	–2
Net change in cash and cash equivalents	**2,081**	**–583**
Cash and cash equivalents at end of period	**5,826**	**3,745**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Notes to the consolidated financial statements–Effects of new or amended IFRS**).
[2] Offset against reversals of impairment losses.

NET ASSETS

At the end of the reporting period, the Porsche AG Group reported total assets of €50,447 million, that is a 5.9% increase compared to December 31, 2022. As of the reporting date, total assets take into account the implementation of the new regulations on the accounting treatment of insurance contracts (IFRS 17), which led to a reduction in total assets. The prior-year figures were adjusted where necessary.

In connection with the intention to sell three Russian subsidiaries, assets of €6 million and liabilities of €5 million were disclosed as held for sale pursuant to IFRS 5 in separate lines of the consolidated statement of financial position as of December 31, 2023.

Intangible assets increased from €7,473 million to €8,554 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 €471 million to €9,394 million compared to 2022. The increase primarily resulted for the most part from additions to furniture and fixtures as well as advance payments made and assets under construction, while plant and machinery as well as land and buildings also increased. Leased assets increased by €336 million to €4,190 million compared to 2022. This item includes vehicles leased to customers under operating leases.

Non-current and current financial services receivables increased from €5,920 million to €6,345 million. These mainly include receivables from finance leases as well as receivables from customer and dealer financing. The number of financing and leasing contracts increased in the past fiscal year.

Equity-accounted investments, other equity investments, other financial assets, other receivables and deferred tax assets increased overall from €2,855 million in the prior year to €3,592 million.

The increase in other financial assets of €178 million largely related to the acquisition of shares in existing investments.

Other financial assets and other receivables changed by €646 million to €1,500 million. The increase related to receivables from loans and from marking derivative financial instruments to market.

In total, non-current assets increased by €2,919 million to €30,407 million. Non-current assets expressed as a percentage of total assets amounted to 60.3% (2022: 57.7%).

Inventories increased from €5,504 million in the prior year to €5,947 million at the end of the reporting period. The increase is due to the market launch of the new Cayenne, while the other model series are developing in line with the product life cycle as part of normal business activities. In addition, there was an increase in inventories of spare parts due to the steadily growing vehicle fleet in the markets and as a result of the general market environment and the associated rise in procurement prices.

Current other financial assets and other receivables decreased by €2,943 million to €4,537 million. The reduction mainly related to the reversal of investments of surplus liquidity in the form of loan receivables in the amount of €2,800 million as of December 31, 2022 from Volkswagen AG and in the amount of €798 million from VW International Belgium S.A. This was offset in particular by marking derivative financial instruments to market and trade receivables.

Condensed statement of financial position of the Porsche AG Group as of December 31, 2023

€ million	Dec. 31, 2023	%	Dec. 31, 2022[1]	%
Assets				
Non-current assets	**30,407**	**60.3**	**27,488**	**57.7**
Intangible assets	8,554	17.0	7,473	15.7
Property, plant and equipment	9,394	18.6	8,924	18.7
Leased assets	4,190	8.3	3,854	8.1
Financial services receivables	4,676	9.3	4,382	9.2
Equity-accounted investments, other equity investments, other financial assets, other receivables and deferred tax assets	3,592	7.1	2,855	6.0
Current assets	**20,040**	**39.7**	**20,154**	**42.3**
Inventories	5,947	11.8	5,504	11.6
Financial services receivables	1,669	3.3	1,538	3.2
Other financial assets and other receivables	4,537	9.0	7,480	15.7
Tax receivables	235	0.5	87	0.2
Securities and time deposits	1,826	3.6	1,795	3.8
Cash and cash equivalents	5,820	11.5	3,719	7.8
Assets held for sale	6	0.0	31	0.1
Total assets	**50,447**	**100.0**	**47,642**	**100.0**
Equity and liabilities				
Equity	**21,668**	**43.0**	**17,035**	**35.8**
Non-current liabilities	**15,211**	**30.2**	**14,027**	**29.4**
Provisions for pensions and similar obligations	4,315	8.6	3,668	7.7
Financial liabilities	6,537	13.0	6,016	12.6
Other liabilities	4,360	8.6	4,343	9.1
Current liabilities	**13,567**	**26.9**	**16,579**	**34.8**
Financial liabilities	3,880	7.7	3,464	7.3
Trade payables	3,490	6.9	2,899	6.1
Other liabilities	6,192	12.3	10,204	21.4
Liabilities associated with assets held for sale	5	0.0	12	0.0
Total assets	**50,447**	**100.0**	**47,642**	**100.0**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Notes to the consolidated financial statements–Effects of new or amended IFRS**).

Securities and time deposits as well as cash and cash equivalents increased by €2,132 million to €7,646 million compared to 2022.

As of December 31, 2023, the equity of the Porsche AG Group increased by €4,633 million to €21,668 million compared to the figure from December 31, 2022. Profit after tax as well as other comprehensive income, net of tax, caused equity to increase by €5,627 million. Within other comprehensive income, net of tax, the increase was mainly due to the measurement of derivative financial instruments through other comprehensive income, while effects from currency translation as well as the remeasurement of pension plans, net of tax, led to a decrease.

Dividend payments of €916 million, which were resolved by the Annual General Meeting of Porsche AG on June 28, 2023, caused equity to decrease.

Pension provisions increased by €647 million in the fiscal year 2023 compared to the comparative period of 2022. The increase is attributable to the decrease in the discount rate for domestic pension obligations from 3.6% to 3.2% as well as the current service cost.

Furthermore, non-current other liabilities increased by €16 million to €4,360 million compared to December 31, 2022.

In total, non-current liabilities increased by €1,184 million to €15,211 million. Non-current liabilities expressed as a percentage of total capital amount to 30.2% (2022: 29.4%).

Non-current and current financial liabilities increased from €9,480 million to €10,417 million. This increase mainly related to the refinancing of the financial services business through asset-backed securities, while the debenture bonds decreased as a result of partial repayment.

Trade payables increased from €2,899 million to €3,490 million compared to year-end 2022 in the ordinary course of business.

Current other liabilities decreased by €4,012 million to €6,192 million compared to December 31, 2022. The decrease is largely due to the last payment of the profit transfer of €3,979 million for the fiscal year 2022 to Porsche Holding Stuttgart GmbH.

Overall, current liabilities decreased by €3,012 million to €13,567 million. Current liabilities expressed as a percentage of total capital amounted to 26.9% (2022: 34.8%).

As of December 31, 2023, there were off-balance-sheet contingent liabilities of €64 million. This is a €65 million decrease compared to the prior-year period, primarily as a result of fewer legal and product-related matters.

Off-balance-sheet other financial obligations increased by €2,002 million to €5,392 million and essentially comprised obligations from development, supply and service agreements.

PORSCHE AG HGB FINANCIAL STATEMENTS (CONDENSED VERSION)

RESULTS OF OPERATIONS

In the reporting year, sales revenue increased by 5.0% on the prior year from €30,317 million to €31,839 million. The increase was largely due to higher unit sales coupled with improved unit price realization as well as positive product mix effects. Sales revenue was largely offset by cost of materials of €18,993 million (2022: €17,545 million), personnel expenses of €3,336 million (2022: €3,624 million) as well as other operating expenses of €4,580 million (2022: €5,289 million). The decrease in personnel expenses is due to the lower current service cost for the company pension scheme.

Of other operating income of €3,155 million (2022: €897 million), €227 million (2022: €300 million) related to exchange rate gains. The contribution of shares in five importing companies to Porsche Investments Management S.A. in return for the contribution of new shares resulted in other operating income of €2,283 million.

Cost of materials related to expenses for raw materials, consumables and supplies and for purchased merchandise of €16,141 million (2022: €15,061 million) and to expenses for purchased services of €2,852 million (2022: €2,484 million). The disproportionate 8.3% increase in the cost of materials compared to sales revenue was due in particular to the continued high level of inflation and the associated supplier receivables as well as higher purchased services for research and development activities.

Other operating expenses of €4,580 million (2022: €5,289 million) include exchange rate losses of €399 million (2022: €370 million). The decrease in other operating expenses was mainly driven by lower expenses in connection with the measurement of derivative financial instruments. This was offset by higher sales and IT expenses.

The investment result comprised income from equity investments of €689 million (2022: €1,628 million), income from profit and loss transfer agreements of €1,299 million (2022: €274 million), expenses from equity investments of €53 million (2022: €0 million) and expenses from loss absorption of €4 million (2022: €42 million). The increase in income from profit and loss transfer agreements was due to the profit transfer from Porsche Nordamerika Holding GmbH, Ludwigsburg, of €787 million, which included a dividend from Porsche Cars North America, Inc., Atlanta, of US$911 million in the fiscal year 2023. Income from equity investments primarily comprised income from Porsche Hong Kong Ltd., Hong Kong, Porsche Middle East and Africa FZE, Dubai, OOO Porsche Russland, Moscow, Porsche Brasil Importadora de Veículos Ltda., São Paulo, and Porsche Taiwan Motors Ltd., Taipei. The decrease in income from equity investments was due to the dividends from Porsche Hong Kong Ltd, Hong Kong, in the prior year. Expenses from equity investments related to impairment losses of P3X GmbH & Co. KG (€30 million) as well as OOO Porsche Russland, Moscow (€23 million).

The negative interest result of €37 million (2022: €63 million) primarily contained interest income from affiliates, interest expenses from discounting non-current provisions as well as interest expenses for the debenture bonds issued.

Income tax for the fiscal year 2023 amounted to €1,525 million. The low tax rate of 18.2% was mainly due to the additional profit under commercial law in connection with the transfer of shares in five importer companies to Porsche Investments Management S.A. in return for granting new shares.

The control and profit and loss transfer agreement in place with Porsche Holding Stuttgart GmbH ended on December 31, 2022. There was therefore no profit transfer in the fiscal year 2023. The net income for the year before appropriation of profit amounted to €6,840 million.

Income Statement of Dr. Ing. h.c. F. Porsche AG

€ million	2023	2022
Sales revenue	31,839	30,317
Changes in inventories and other own work capitalized	84	383
Total operating performance	**31,923**	**30,700**
Other operating income	3,155	897
Cost of materials	–18,993	–17,545
Personnel expenses	–3,336	–3,624
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-1,662	–1,549
Other operating expenses	-4,580	–5,289
Investment result	1,932	1,860
Interest result	–37	-63
Profit before tax	**8,402**	**5,387**
Tax allocations	–	–1,399
Income tax	-1,525	–
Profit after tax	**6,877**	**3,988**
Other taxes	–37	–9
Profit transferred under a profit and loss transfer agreement	–	–3,979
Net income for the year	**6,840**	**–**
Reduction in assets from spin-off	–	–11,704
Withdrawal from capital reserves	–	12,595
Withdrawal from retained earnings	–	25
Transfer to retained earnings	-3,420	–
Profit carryforward	–	–
Distributable profit	**3,420**	**916**

NET ASSETS AND FINANCIAL POSITION

As of December 31, 2023, total assets decreased by €1,463 million from €26,856 million to €25,393 million. Fixed assets increased by €3,506 million, while current assets decreased by €4,974 million.

The share of fixed assets in relation to total assets was 61.0% (2022: 44.6%). Property, plant and equipment increased by €442 million to €6,898 million (2022: €6,456 million); investments exceeded depreciation, amortization and impairment losses. The increase in fixed financial assets by €3,022 million to €6,144 million was primarily the result of a change in the intragroup reorganization of the investment structure through the contribution of shares in Porsche Cars Great Britain Ltd., Porsche France S.A.S., Porsche Italia S.p.A., Porsche Schweiz AG, and Porsche Taiwan Ltd. in exchange for the granting of new shares in Porsche Investments Management S.A., which led to additions of €2,334 million and disposals of shares of €51 million. Furthermore, the shares in Cellforce Group GmbH, Tübingen, as well as the loan receivables at Porsche AG as of December 31, 2023 due from Cellforce Group GmbH, Tübingen, in return for granting new shares at carrying amount were transferred to Porsche Erste Beteiligungsgesellschaft mbH, Stuttgart.

This resulted in additions of €410 million and disposals of €71 million. Furthermore, additions of €255 million resulted from the acquisition of the remaining non-controlling interests in MHP Management- und IT-Beratung GmbH, Ludwigsburg.

Current assets amounted to €9,759 million as of December 31, 2023 (2022: €14,733 million). The lower current assets were primarily due to the decrease in receivables from affiliated companies amounting to €5,407 million. These lower receivables were related to a decline in loans granted to other group companies (down €2,530 million), lower cash pool receivables (down €1,938 million) and a lower level of trade receivables (down €781 million). By contrast, receivables from profit transfers from subsidiaries increased by €968 million.

Equity came to €11,573 million as of the reporting date (2022: €5,649 million). The equity ratio stood at 45.6% (2022: 21.0%).

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.

The capital reserves remained unchanged compared to the prior year at €3,822 million.

The €3,420 million increase in retained earnings compared to the prior year related entirely to the transfer of the proportionate net income for the fiscal year 2023 to other retained earnings.

The provisions for pensions primarily related to retirement benefits for employees of Porsche AG. The pension obligations were fully covered 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). These were €112 million (2022: €370 million; difference pursuant to section 253 (6) HGB) lower than the carrying amount for pension provisions that would have been recorded as of December 31, 2023 had the seven-year average interest rate been applied.

Other provisions increased by €244 million from €3,580 million to €3,824 million, mainly due to the increase in warranty provisions (up €142 million), personnel provisions (up €91 million), the provision for exceeding emission limits (up €106 million) and provisions for onerous contracts in connection with the measurement of derivative financial instruments (up €64 million).

The decrease in liabilities including deferred income by €7,926 million to €4,649 million (2022: €12,575 million) was mainly the result of €4,340 million in cash pool liabilities due to a change in the cash pool structure and €3,979 million from the termination of the control and profit and loss transfer agreement in place with Porsche Holding Stuttgart GmbH as of December 31, 2022. From the fiscal year 2023 onwards, there was no profit transfer.

Overall, Porsche AG assessed the past fiscal year as positive, particularly against the backdrop of a persistently challenging macroeconomic situation, which was also linked to the consequences of geopolitical conflicts and tensions. Vehicle availability improved due to easing shortages and disruptions in global supply chains. Porsche AG was always able to fulfill its financial obligations in the fiscal year 2023.

DIVIDEND POLICY

As part of its financial strategy, Porsche AG is pursuing the goal with its dividend policy of 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 control 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 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, following the transfer of €3,420 million to other retained earnings, net retained profit of €3,420 million is eligible for distribution.

It will be proposed to the annual general meeting that a partial amount of €1,048 million (2022: €456 million) from the distributable profit of €3,420 million (2022: €916 million) be used to pay a dividend of €2.30 per ordinary share carrying dividend rights and a partial amount of €1,052 million (2022: €460 million) be used to pay a dividend of €2.31 per preferred share carrying dividend rights as well as a partial amount of €1,320 million to transfer to other retained earnings.

Statement of financial position structure of Dr. Ing. h.c. F. Porsche AG as of December 31, 2023

€ million	Dec. 31, 2023	Dec. 31, 2022
Assets		
Fixed assets		
Intangible assets	2,438	2,396
Property, plant and equipment	6,898	6,456
Financial assets	6,144	3,122
	15,480	**11,974**
Current assets		
Inventories	2,935	2,957
Receivables	5,777	11,055
Other assets	1,032	686
Cash on hand and bank balances	16	35
	9,759	**14,733**
Prepaid expenses	154	149
Excess of covering assets over pension and similar obligations	0	0
	25,393	**26,856**
Equity and liabilities		
Equity		
Subscribed capital	911	911
Capital reserves	3,822	3,822
Retained earnings	3,420	–
Distributable profit	3,420	916
	11,573	**5,649**
Provisions		
Provisions for pensions and similar obligations	5,291	4,959
Other provisions	3,881	3,673
	9,172	**8,632**
Liabilities		
Liabilities to banks	1,074	1,357
Advance payments received on account of orders	46	47
Trade payables	1,069	715
Other liabilities	1,907	9,940
	4,096	**12,059**
Deferred income	553	516
	25,393	**26,856**

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 comments on the forecast, while the → **Report on risks and opportunities** section comments on the risks and opportunities.

Sales

In the fiscal year 2023, Porsche AG sold 332,681 vehicles in total (2022: 317,018 vehicles). The increase of 4.9% is mainly due to higher sales to importers and sales networks in Europe and North America. By contrast, the Chinese market declined. This decrease is largely attributable to the continuing challenging economic situation in this region.

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.

Production

In the reporting year, Porsche AG manufactured a total of 228,727 vehicles (2022: 223,208 vehicles) at its Zuffenhausen and Leipzig plants. In addition, Volkswagen Osnabrück GmbH produced a further 10,953 vehicles on a contract basis.

Personnel

As of December 31, 2023, there were a total of 24,724 persons (2022: 23,025 persons), excluding employees at subsidiaries, employed at Porsche AG. On average, Porsche AG had 24,176 employees in the fiscal year 2023.

RISKS FROM FINANCIAL INSTRUMENTS

When using financial instruments, Porsche AG is generally exposed to the same risks as for the Porsche AG Group. An explanation of these risks can be found in the → **Report on risks and opportunities**.

DEPENDENT COMPANY REPORT

The Executive Board of Porsche has submitted to the Supervisory Board the report required by section 312 AktG and issued the following concluding declaration:

“We declare that Porsche AG received appropriate consideration for each transaction with affiliated companies as defined by section 312 AktG in the period from January 1 to December 31, 2023. This assessment is based on the circumstances known at the time when the transactions were entered into”.

NON-FINANCIAL STATEMENT 2023

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. The GRI Sustainability Reporting Standards were used as the framework. The information in this non-financial statement relates to the entire Porsche AG Group. If information only relates to individual subsidiaries, this is expressly stated. All information on the Porsche AG Group also applies to Porsche AG, unless stated otherwise. If Porsche AG is mentioned in the comments on objectives, due diligence processes, measures and results, this should be understood to mean that Porsche AG is currently implementing the respective points throughout the group, also against the background of future CSRD reporting, but that this has not yet been completed at the time of reporting.

SUSTAINABILITY MANAGEMENT AND ORGANIZATION

The automotive industry plays an important role in the transformation of business towards sustainability and the fight against climate change. Therefore, the Porsche AG Group developed the company systematically in line with its Sustainability Strategy 2030 and further expanded sustainability activities in the reporting year. More attention is being paid to the entire vehicle value chain. The overarching goal is to embed sustainability even more deeply into all 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 work done by the Porsche AG Group is closely aligned with these fields of action. In doing so, the Porsche AG Group wants to embrace its responsibility, bolster sustainable and value-creating growth, and continuously reduce its environmental footprint. It remains focused on the impact of its own business activities and the expectations of stakeholders along the entire 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 dialog with its internal and external stakeholders and with recognized experts. Where necessary, the Porsche AG Group then uses the findings from this dialog to update its strategy.

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. This helps guide the Porsche AG Group in its efforts to make its own business activities even more sustainable. They show how to reconcile economic progress, social justice, and environmental compatibility.

The Sustainability Development Goals that Porsche AG is concentrating on:

More information on the Porsche AG Group's business model can be found under → **Business model**. 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 under → **Report on risks and opportunities**.

ESG management

The Porsche AG Group completed its IPO in 2022, which means that the expectations of the capital market have become more relevant, also in terms of sustainability in the context of environmental, social, and governance (ESG) aspects. The Porsche AG Group values an independent evaluation of its performance in sustainability and is rated on ESG criteria by selected independent rating agencies at regular intervals. The Porsche AG Group considers this independent, external assessment to be an important tool and source of impetus for the continuous improvement of its sustainability management.

To control and measure sustainability in business processes and contributions to ESG aspects in a targeted way, the Porsche AG Group launched a software based ESG management system in 2021. In the reporting year, it was expanded further and a central control and monitoring system for ESG data was put into operation. Furthermore, the Porsche AG Group determined performance indicators, which illustrate material non-financial ESG contributions and transparently demonstrate the Porsche business model's contribution to sustainable development.

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 wants 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 relevant 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 subsidiaries are required to review the Group's guidelines and implement them in 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 sustainability strategy overseers for the Executive Board. 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. 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.

[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 with its Strategy 2030. "Sustainability" is one of six cross-cutting strategies, together with "customer", "products", "digitalization", "organization" and "transformation".

The Environment and Sustainability Steering Committee is a cross-departmental body comprising representatives of all the relevant departments and determines the direction and content of the sustainability strategy. It also handles decisions regarding the road map and objectives within the strategy. It convened a total of eight times in the reporting year. 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, which determines the focal points and direction of the sustainability strategy, is composed of the heads of the main departments. It can be expanded flexibly as required and generally meets once a quarter and prepares the Executive Board's decisions regarding the sustainability strategy.

Another key body is the Porsche Sustainability Council. It was formed in 2016 and institutionalizes the stakeholder dialog on sustainability. The Council was restructured in the reporting year. External specialists in business, science, politics, and civil society advise the Executive Board and top management regarding the strategic focus of sustainability regularly . 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.

In 2023, the Porsche Sustainability Council held two meetings with members of the Porsche AG Executive Board. The key topics addressed included decarbonization and related measures, the link between sustainability and digitalization as part of Corporate Digital Responsibility, the materiality process to identify strategic and communicative areas of focus and ESG management in the context of the capital market.

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

An overview of sustainability organization

Porsche Executive Board

Overall responsibility for the topic of sustainability

Porsche Sustainability Council

Provides input

Sustainability department

Interface to the Volkswagen Group's sustainability management

Manages the sustainability strategy and the sustainability bodies

Implements sustainability projects

Politics and Society department

Manages sustainability communications and stakeholder dialogue

Responsible for stakeholder management

Interface to the Porsche Sustainability Council

Environment and Sustainability Steering Group

Sets sustainability priorities and strategic focus

Environment and Sustainability Steering Committee

Consolidates measures across all the departments and devises the strategic content for the areas of action

Subject-specific working groups

Develop and implement concrete sustainability measures and programs

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 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:

EU Taxonomy classification system

- 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

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 Do-No-Significant-Harm (DNSH) criteria 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

Reporting for the fiscal year 2023

Pursuant to the EU Taxonomy, the Porsche AG Group is required to report on all environmental objectives for the first time for the fiscal year 2023. In addition to climate change mitigation and climate change adaptation, the criteria for the other four environmental objectives (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) have now been defined. The figures for sales revenue, capital expenditure and operating expenditure relate to the fully consolidated companies included in the Porsche AG Group's financial statements.

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 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 any of the other five environmental objectives for the Porsche AG Group.

Activities are mainly allocated to economic activity "3.3 Manufacture of low-carbon technologies for transport" and minimally to economic activity "3.18 Manufacture of automotive and mobility components" as listed in the EU Taxonomy's environmental objective of climate change mitigation. Changes may be made to the economic activities in the 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 (BEV). They also include passenger cars with CO_2 emissions of less than 50 g/km pursuant to the WLTP until December 31, 2025. This encompasses some of the plug-in hybrids.

Economic activity "3.18 Manufacture of automotive and mobility components"

This economic activity was added to the EU Taxonomy in the reporting year to also include the components that play a key role in reducing greenhouse gas emissions. Here, the Porsche AG Group allocates the sale of engines and powertrains for battery electric vehicles produced by it to third parties; this essentially relates to the sale of these components to AUDI AG.

At this stage, other activities that are directly associated with the primary 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, the sale of independent products and licensed production by third parties.

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 have therefore been 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" and "3.18 Manufacture of automotive and mobility components".

An analysis was performed for each production site where passenger cars are or will be produced that meet the screening criteria for the substantial contribution of economic activities "3.3 Manufacture of low-carbon technologies for transport" and "3.18 Manufacture of automotive and mobility components", or that are to meet them in future according to the Porsche AG Group's five-year planning — based on the current requirements.

The EU Taxonomy contains wording and terms that are subject to interpretation uncertainties and occasionally goes beyond the regulations applied in current operations. 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 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)-8.5 and Shared Socioeconomic Pathway (SSP)5-8.5 by 2050 and thus assumes the highest concentration of CO_2 according to the Intergovernmental Panel on Climate Change (IPCC). The relevance of the identified threats was assessed for the local environment and, if appropriate, the measures needed to mitigate the risk have been 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 environmental impact assessment (EIA or similar processes). Risks identified in the course of EIA investigations are examined as part of approval procedures and, if relevant, result in measures and official requirements. The Porsche AG Group based the analysis primarily on ISO-14001 certificates, findings from site approval procedures and other external data sources with regard to sites in regions with a greater exposure to risks.

TRANSITION TO A CIRCULAR ECONOMY
Environmentally compatible waste management in the manufacturing process, the recycling and use of secondary raw materials and a long product lifespan are key parts of the Porsche AG Group's environmental management system. The strategy field of a circular economy is part of the Porsche AG Group's sustainability strategy and is divided into several fields of action. Here, cross-functional teams work on various key topics — including recycling concepts for high-voltage batteries, the use of circular materials in Porsche vehicles, sustainable product design, avoiding plastic waste and concepts for the reconditioning of vehicle components.

The strategy field also covers circular economy projects at the sites. The Porsche AG Group is pursuing the long-term 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.

The product-related requirements for passenger cars and light commercial vehicles are reflected in the implementation of the 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 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. In this context, the Porsche AG Group's analyses and evaluations already also explore the use of alternative substances.

In July 2023, the EU Commission revised the DNSH criterion of the EU Taxonomy. There is room for interpretation as to the effects of the changed requirements for internal processes with regard to substitution checks for substances of very high concern (SVHC) for the reporting year 2023.

The Porsche AG Group has already established requirements and processes that stipulate that SVHCs must generally be avoided and replaced. Based on this, the Porsche AG Group includes the production process materials and vehicle-related components of the all-electric vehicles (BEV) in its analyses with regard to the substances they contain and their suppliers in order to assess the substitutability of SVHCs, taking into account technical and economic criteria. In a pilot project, the Porsche AG Group is testing the design of the processes to be implemented, including the documentation of a substitution check in accordance with the amended requirements of the EU Taxonomy.

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. We also checked whether a site's conservation status had changed.

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 assessments confirm that the Porsche AG Group meets the requirements of the minimum safeguards in the reporting year.

The Porsche AG'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.

The German Supply Chain Due Diligence Act (LkSG) stipulates certain due diligence obligations to avoid human rights and environmental risks. These include carrying out risk analyses, establishing preventive measures, remedial measures and providing a complaints mechanism.

For its supply chain, the Porsche AG Group has systematically added processes and measures to respect human rights to its company-wide risk and supplier management systems. For its own business, the Porsche AG Group uses its compliance risk assessment to map the human rights and environmental issues it considers relevant within Porsche as well as risks in connection with its direct suppliers. The risk assessment forms the basis for identifying appropriate measures.

Porsche AG Group operates a multistage complaints management system that provides internal and external complainants with a confidential communication channel for reporting potential breaches of human rights and violations of environmental duties.

If the Porsche AG Group determines that a violation of a human rights or environmental obligation has occurred or is imminent in its own business or at one of its direct suppliers, it takes immediate action to prevent or end such violations or to minimize the extent of the violation. If the Porsche AG Group has factual indications of a potential violation of a human rights or environmental obligation by an indirect supplier, the Porsche AG Group exercises the available legal and actual options to take immediate action to prevent or end such violations or to minimize the extent of the violation.

The Executive Board of Porsche AG has delegated the implementation of the obligations arising from the monitoring of Porsche's due diligence with regard to human rights and environmental matters to the Business & Human Rights Council, which is made up of members from various disciplines and reports directly to the Executive Board.

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 explains these 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 2023. By differentiating between economic activities, we have avoided double counting. Where possible, the Porsche AG Group has directly assigned the figures within an economic activity. 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. 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
The turnover defined in the EU Taxonomy corresponds to sales revenue as reported in the IFRS consolidated financial statements, which amounted to €40,530 million in fiscal year 2023. → **Notes to the consolidated financial statements–1. Sales revenue**

Of this total, €39,075 million, or 96.4% 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 deductions from the sale of new and used vehicles, from sales of original parts, from the rental and lease business, from interest and similar income as well as sales revenue directly related to vehicles, such as workshop and other services.

Taxonomy-eligible sales revenue of €99 million, or 0.2% of consolidated sales revenue, was attributable to economic activity “3.18 Manufacture of automotive and mobility components” and classified as taxonomy-eligible. This includes the sale of engines and powertrains for all-electric vehicles to third parties.

Of the taxonomy-eligible sales revenue attributable to economic activity “3.3 Manufacture of low-carbon technologies for transport”, €5,143 million or 12.7% met the screening criteria used to measure the substantial contribution to climate change mitigation. This includes all of the all-electric vehicles and certain plug-in hybrids. In 2023, this amounted to 49 thousand vehicles, 42.5% more than in the prior year. The very sharp increase in sales of taxonomy-aligned vehicles was due to both a significant increase in sales of the Taycan and also to the first-time inclusion of taxonomy-aligned plug-in hybrids. In relation to the total sales revenue of the Porsche AG Group, this resulted in an increase in taxonomy-aligned sales revenue of 2.8 percentage points.

In addition, the taxonomy-eligible sales revenue attributable to economic activity “3.18 Manufacture of automotive and mobility components” met the screening criteria used to measure the substantial contribution to climate change mitigation.

Taking into account the DNSH criteria and the minimum safeguards, €5,143 million (2022: €3,787 million[2]) or 12.7% (2022: 10.1%[2]) of consolidated sales revenue attributable to economic activity “3.3 Manufacture of low-carbon technologies for transport” and €99 million or 0.2% of consolidated sales revenue attributable to economic activity “3.18 Manufacture of automotive and mobility components”, which had to be reported on for the first time, were taxonomy-aligned.

Of the Porsche AG Group’s total sales revenue in the fiscal year 2023,

- €39,175 million (2022: €36,704 million[2]), or 96.7% (2022: 97.5%[2]), was taxonomy-eligible sales revenue
- €5,243 million (2022: €3,787 million), or 12.9% (2022: 10.1%[2]), 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	**39,175**	**96.7**	**5,243**	**12.9**	**Y**	**Y**	**5,243**	**12.9**
3.3 Manufacture of low-carbon technologies for transport	39,075	96.4	5,143	12.7	Y	Y	5,143	12.7
of which taxonomy-aligned BEVs					Y	Y	4,368	10.8
3.18 Manufacture of automotive and mobility components	99	0.2	99	0.2	Y	Y	99	0.2
B. Taxonomy-non-eligible activities	**1,355**	**3.3**						
Total (A + B)	**40,530**							

1 All percentages relate to the total amount of sales revenue.
2 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Notes to the consolidated financial statements — Effects of new or amended IFRS**).

CAPITAL EXPENDITURE
Capital expenditure (CapEx) 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 → **Notes to the consolidated financial statements–13. Intangible assets,** → **Notes to the consolidated financial statements–14. Property, plant and equipment,** → **Notes to the consolidated financial statements–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 2023, additions in the Porsche AG Group as defined above amounted to

- €2,454 million from intangible assets
- €1,797 million from property, plant and equipment
- €2,900 million from leased assets (mainly vehicle leasing business)

Additions from changes in the consolidated group, which amounted to €0 million in fiscal year 2023, can also be added to this figure. Total capital expenditure to be included in accordance with the EU Taxonomy therefore came to €7,151 million.

All capital expenditure is associated with economic activity “3.3 Manufacture of low-carbon technologies for transport”. The taxonomy-eligible capital expenditure amounted to €7,151 million or 100% of the Group’s capital expenditure.

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 €2,743 million (2022: €2,634 million) was taxonomy-aligned. This represents 38.4% (2022: 43.6%) of the group’s total capital expenditure. Of this, €1,494 million related to intangible assets, €820 million to property, plant and equipment and €430 million to leased assets. For all-electric vehicles (BEV), this figure includes additions to capitalized development costs of €1,297 million and additions to property, plant and equipment of €810 million. In absolute terms, taxonomy-aligned capital expenditure increased slightly compared to the prior year. This is attributable to the growing number of environmentally sustainable vehicle projects in line with the EU Taxonomy. The moderate relative decrease in taxonomy-aligned capital expenditure compared to the prior year is mainly due to investments in connection with the production set-up for the all-electric Macan, which was largely completed in the fiscal year 2022.

Of the Porsche AG Group’s total capital expenditure in the fiscal year 2023,

- €7,151 million (2022: €6,045 million), or 100% (2022: 100%), was taxonomy-eligible capital expenditure
- €2,743 million (2022: €2,634 million), or 38.4% (2022: 43.6%), was taxonomy-aligned capital expenditure

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	**7,151**	**100.0**	**2,743**	**38.4**	**Y**	**Y**	**2,743**	**38.4**
3.3 Manufacture of low-carbon technologies for transport	7,151	100.0	2,743	38.4	Y	Y	2,743	38.4
of which additions to capitalized development costs for BEVs					Y	Y	1,297	18.1
of which additions to property, plant and equipment for BEVs					Y	Y	810	11,3
3.18 Manufacture of automotive and mobility components	–	–	–	–	–	–	–	–
B. Taxonomy-non-eligible activities	**–**	**–**						
Total (A + B)	**7,151**							

[1] All percentages relate to the total amount of capital expenditure.

OPERATING EXPENDITURE

The operating expenditure (OpEx) 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 €555 million (2022: €467 million), 64.1% (2022: 63.4%) was attributable to non-capitalized research and development costs. The increase in taxonomy-aligned operating expenditure — both the absolute value and the proportion — is attributable to the growing number of environmentally sustainable vehicle projects in line with the EU Taxonomy.

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	**1,112**	**100.0**	**555**	**49.9**	**Y**	**Y**	**555**	**49.9**
3.3 Manufacture of low-carbon technologies for transport	1,112	100.0	555	49.9	Y	Y	555	49.9
3.18 Manufacture of automotive and mobility components	–	–	–	–	–	–	–	–
B. Taxonomy-non-eligible activities	**–**	**–**						
Total (A + B)	**1,112**							

[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 five-year operational medium-term 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 operational medium-term 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, €1,741 million of the taxonomy-aligned capital expenditure and €268 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 operational medium-term planning amounts to around €15 billion.

TABLES PURSUANT TO EU TAXONOMY
Sales revenue 2023

Economic activities	Code	Sales revenue € (million)	Proportion of sales revenue, 2023 %[1]	Substantial contribution criteria: Climate change mitigation Y; N; N/EL[2]	Climate change adaptation Y; N; N/EL[2]	Water Y; N; N/EL[2]	Pollution Y; N; N/EL[2]	Circular economy Y; N; N/EL[2]	Bio-diversity Y; N; N/EL[2]
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
Manufacture of low-carbon technologies for transport	CCM 3.3	5,143	12.7	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of automotive and mobility components	CCM 3.18	99	0.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Sales revenue of environmentally sustainable activities (taxonomy-aligned) (A.1)		**5,243**	**12.9**	**12.9**	-	-	-	-	-
Of which enabling		5,243	12.9	12.9	-	-	-	-	-
Of which transitional		-	-	-					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**
Manufacture of low-carbon technologies for transport	CCM 3.3	33,932	83.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Sales revenue of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**33,932**	**83.7**	**83.7**	–	–	–	–	–
Sales revenue of taxonomy-eligible activities (A.1 + A.2)		**39,175**	**96.7**	**96.7**	–	–	–	–	–
B. Taxonomy-non-eligible activities									
Sales revenue of taxonomy-non-eligible activities (B)		1,355	3.3						
Total (A + B)		**40,530**	**100.0**						

Economic activities	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation Y/N	Climate change adaptation Y/N	Water Y/N	Pollution Y/N	Circular economy Y/N	Biodiversity Y/N	Minimum safeguards Y/N	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) sales revenue, 2022 %[1,4]	Category enabling activity E	Category transitional activity T
A. Taxonomy-eligible activities										
A.1. Environmentally sustainable activities (taxonomy-aligned)										
Manufacture of low-carbon technologies for transport		Y	Y	Y	Y	Y	Y	10.1	E	
Manufacture of automotive and mobility components		Y	Y	Y	Y	Y	Y	-	E	
Sales revenue of environmentally sustainable activities (taxonomy-aligned) (A.1)		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**10.1**		
Of which enabling		Y	Y	Y	Y	Y	Y	10.1	E	
Of which transitional		–	–	–	–	–	–	-		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)										
Manufacture of low-carbon technologies for transport								87.5		
Sales revenue of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)								**87.5**		
Sales revenue of taxonomy-eligible activities (A.1 + A.2)								**97.5**		
B. Taxonomy-non-eligible activities										
Sales revenue of taxonomy-non-eligible activities (B)										
Total (A + B)										

1 All percentages relate to the total sales revenue of the group.
2 Y: Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N: No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.
3 EL: taxonomy-eligible activity for the relevant objective; N/EL: taxonomy-non-eligible activity for the relevant objective.
4 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Notes to the consolidated financial statements — Effects of new or amended IFRS**).

Capital expenditure 2023

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
	Code	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2022	Category enabling activity	Category transitional activity
Economic activities		€ (million)	%[1]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%[1]	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	2,743	38.4	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	43.6	E	
Manufacture of automotive and mobility components	CCM 3.18	-	-	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	-	E	
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**2,743**	**38.4**	**38.4**	-	-	-	-	-		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**43.6**		
Of which enabling		2,743	38.4	38.4	-	-	-	-	-		Y	Y	Y	Y	Y	Y	43.6	E	
Of which transitional		-	-	-							-	-	-	-	-	-	-		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)				**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**										
Manufacture of low-carbon technologies for transport	CCM 3.3	4,408	61.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								56.4		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**4,408**	**61.6**	**61.6**	-	-	-	-	-								**56.4**		
CapEx of taxonomy-eligible activities (A.1 + A.2)		**7,151**	**100.0**	**100.0**	-	-	-	-	-								**100.0**		
B. Taxonomy-non-eligible activities																			
CapEx of taxonomy-non-eligible activities (B)		–	–																
Total (A + B)		**7,151**	**100.0**																

[1] All percentages relate to the total capital expenditure of the group.
[2] Y: Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N: No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.
[3] EL: taxonomy-eligible activity for the relevant objective; N/EL: taxonomy-non-eligible activity for the relevant objective.

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
	Code	OpEx	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2022	Category enabling activity	Category transitional activity
Economic activities		€ (million)	%[1]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%[1]	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	555	49.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	45.9	E	
Manufacture of automotive and mobility components	CCM 3.18	-	-	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	-	E	
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**555**	**49.9**	**49.9**	-	-	-	-	-		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**45.9**		
Of which enabling		555	49.9	49.9	-	-	-	-	-		Y	Y	Y	Y	Y	Y	45.9	E	
Of which transitional		-	-	-							-	-	-	-	-	-	-		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**	**EL; N/EL[3]**										
Manufacture of low-carbon technologies for transport	CCM 3.3	557	50.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								54.1		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**557**	**50.1**	**50.1**	-	-	-	-	-								**54.1**		
OpEx of taxonomy-eligible activities (A.1 + A.2)		**1,112**	**100.0**	**100.0**	-	-	-	-	-								**100.0**		
B. Taxonomy-non-eligible activities																			
OpEx of taxonomy-non-eligible activities (B)		–	–																
Total (A + B)		**1,112**	**100.0**																

1 All percentages relate to the total operating expenditure of the group.
2 Y: Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N: No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.
3 EL: taxonomy-eligible activity for the relevant objective; N/EL: taxonomy-non-eligible activity for the relevant objective.

ENVIRONMENT

Climate change mitigation

The Porsche AG Group is aware of its responsibility for climate change mitigation and committed to the targets agreed in the Paris Agreement in 2015. These include keeping the global average temperature increase below 2°C above pre-industrial levels and pursuing efforts to limit it even further to 1.5°C.

For this reason, the Porsche AG Group structures its processes and products to build a net carbon-neutral future in which resources are used as responsibly as possible. The focus here is on vehicle decarbonization, the development of alternative drive systems, reducing consumption of primary resources and making increasing use of more ecological materials[1] in vehicles and in their upstream supply chains.

TARGETS

The Porsche AG Group intends to lower its average greenhouse gas emissions along the value chain and over the vehicles' entire life cycles.[2] The Porsche AG Group has developed its reduction pathway based on existing 1.5-degree climate scenarios and formulated specific targets at the vehicle level and requirements at the component level.

The Porsche AG Group intends to have its targets validated within two years by the "Science Based Targets initiative" (SBTi), which is currently revising its scenarios. In October 2023, the SBTi published a draft version of the sectoral roadmap for the automotive industry, which is currently under consultation. The Porsche AG Group expects that the final reduction targets will be in line with the 1.5-degree target.

The Porsche AG Group aims to achieve net carbon neutrality[3] along the value chain (production, use, and end of life) of newly produced vehicles in 2030. To achieve this, the Porsche AG Group aims to systematically electrify its vehicle portfolio as a key lever for reducing greenhouse gas emissions. In 2030, the Porsche AG Group aims to deliver more than 80% of its new vehicles with purely battery-electric drives — depending on customer demand and the development of new mobility concepts, including electromobility in individual regions of the world. The Porsche AG Group aims to reduce greenhouse gas emissions[4] in the use phase (Scope 3 emissions) of Porsche vehicles in 2030 by 70% compared to 2022.

In addition to the transformation to electromobility for new vehicles, the Porsche AG Group is also pursuing the goal of demonstrating how the fossil CO_2 emissions of existing vehicles with combustion engines can be reduced by using renewable energy sources. Here, the Porsche AG Group is investigating synthetic, liquid fuels referred to collectively as eFuels. These fuels, produced based on electricity from renewable energy, could replace fossil fuels and thus potentially enable a virtually carbon-neutral operation of vehicles with combustion engines.

This means that the existing vehicle fleet could also potentially contribute to the decarbonization of the transport sector. Together with partners from science and industry, Porsche AG is working on developing these alternative fuels on an industrial scale.

[1] For the Porsche AG Group, more ecological materials are reduced-carbon primary materials or circular materials. Reduced-carbon primary materials are characterized by the fact that they cause less CO_2 per kilogram of primary material than the average materials of the same type used in the EU. Porsche AG Group uses the term circular to describe materials that are partly produced from pre- and post-consumer scrap or from renewable raw materials.

[2] Life cycle includes the CO_2 emissions of a vehicle in the supply chain, Porsche's 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 of the newly produced vehicles describes the Porsche AG Group'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) through climate change mitigation projects are included in the Porsche AG Group's decarbonization strategy. Therefore, in order to achieve net carbon neutrality, the remaining emissions along the value chain of the newly produced vehicles should be offset. Emissions of vehicles produced prior to achieving net carbon neutrality along the value chain of the vehicles are not taken into account for the calculation of the carbon balance. Realizing the Porsche AG Group's ambition depends upon various factors, for example, technological progress that has not yet been fully developed, and also on regulatory or economic developments that are outside the Porsche AG Group's control and may therefore not be realizable.

[4] Based on the GHG Protocol, the decarbonization index (DCI) models significant emissions as comprehensively as possible in greenhouse gas equivalents (CO_2e), such as CO_2, CH_4, N_2O, HFCs, PFCs and SF_6. The DCI's targets and reporting relate to the current status of the methods and are stated in CO_2e. For the sake of legibility, CO_2 is used in this report.

DUE DILIGENCE PROCESS

The Porsche AG Group measures the success of its decarbonization program with the decarbonization index (DCI). This presents the model-based average emissions per newly produced vehicle along the entire value chain — from production and use to end of life — as comprehensively as possible in CO_2 equivalents (tCO_2e/vehicle).

The DCI covers the main parts of the Porsche AG Group.[1] Among other factors, the DCI is based on life cycle assessments performed in accordance with ISO 14040/44. Individual assumptions and values as well as data from life cycle inventory databases are used for these.[2] As a strategic indicator with a transparent and comprehensive calculation, the DCI is intended to support the Porsche AG Group in reducing its carbon footprint.

The Decarbonization working group processes all the Porsche AG Group's 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.

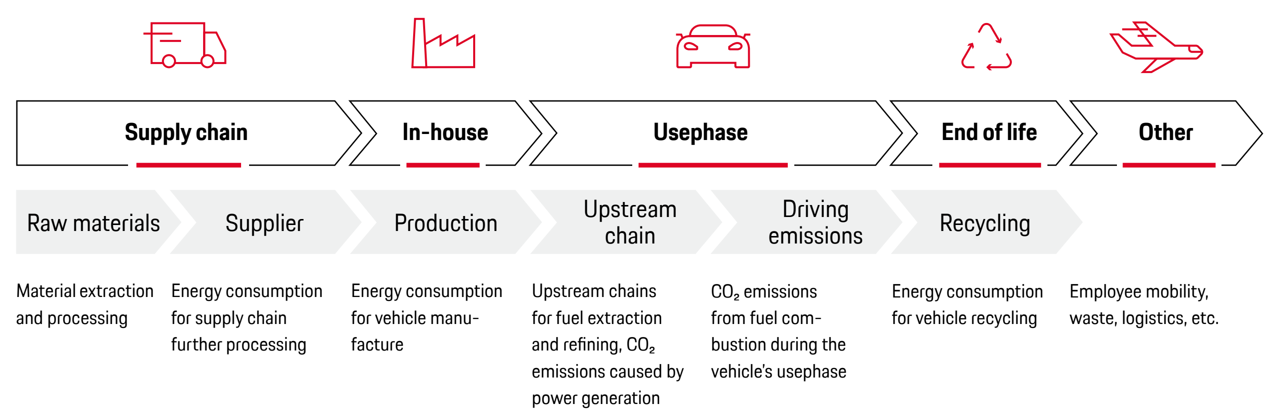
It tracks their progress and offers a forum for discussion about the content. The working group also prepares decisions for the Environment and Sustainability Steering Committee. The Steering Committee meets regularly and reports on the DCI to the chain of bodies responsible from the Environment and Sustainability Steering Group right through to the Executive Board. The Steering Committee decides on target suggestions at company level and for the relevant company departments, which are signed off by the Steering Group and then the Executive Board.

In cooperation with the Volkswagen Group, the Porsche AG Group revises the composition, valuation methods, and methodology of the DCI on a regular basis, for example, due to changes in internal or external requirements, such as vehicle test cycles. DCI values previously published can therefore also be adapted to new premises — considering the requirements of the GHG Protocol for the recalculation of corporate emissions — for the purpose of obtaining a methodologically consistent time series.

In preliminary processes and committees, the Porsche AG Group evaluates its product strategy and develops recommendations based on input from the relevant internal specialist departments. The Executive Board holds regular strategy workshops and planning rounds for this purpose. Decarbonization targets are included in the product strategy and product development process. These are initially set by the sustainability organization bodies and then verified when setting targets for the vehicle projects and signed off on by the responsible committee of the Executive Board.

During the product development process, the targets are broken down to vehicle and system level and requirements are defined at component level and included as binding specifications for direct suppliers. The achievement of targets is then monitored by the Executive Board Product Committee, among others, and finally subjected to an external audit.

Decarbonization Index



[1] For the purpose of recording CO_2 emissions in the DCI, the main parts of the Porsche AG Group are above all 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.

[2] In this index, 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 of Great Britain and Northern Ireland), China, the USA). 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.

The Porsche AG Group has set up an internal project organization structure consisting of eleven sub-projects for topics relating to eFuels. The Procurement Central Functions, Strategy, Digitalization, Risk Prevention and Original Parts department has overall responsibility for the project and is supported by the Politics and Society department in communications. Approximately every two months, they report to subject-specific steering groups, to which members of the Executive Board also belong. In addition, eFuels are a core component of the meetings of the "Beyond Core" strategy area from the Porsche Strategy 2030, which take place four times a year.

The Executive Board's remuneration has also been tied to the DCI targets since fiscal year 2023.[1] The Executive Board resolved the same for the management of Porsche AG and selected national subsidiaries.

MEASURES

To continuously reduce greenhouse gas emissions over the entire life cycle of Porsche vehicles, two main levers are currently available: the electrification of the vehicle portfolio and the systematic implementation of measures along the entire life cycle of the vehicles — from the supply chain and production through to the downstream use phase.

Electrification of the vehicle portfolio

The Porsche AG Group is systematically expanding its range of battery-electric vehicles. The portfolio of the Panamera and Cayenne model series has been successively expanded to include plug-in hybrid electric vehicles (PHEV). These will continue to be designed with high performance in mind and greater electric ranges. As part of its electrification strategy, the Porsche AG Group has offered the all-electric Taycan since 2019. In addition, the Porsche AG Group is launching the next generation of the Macan in 2024 as a purely battery-powered electric vehicle (BEV). It plans to offer the 718 Boxster and Cayman models as BEVs by mid-decade. The all-electric Cayenne is expected to be launched shortly afterwards.

In the medium term, there are also plans to expand the product portfolio with a new, all-electric model in the SUV segment above the Cayenne. Going forward, sporty hybridization will be possible for the Porsche 911.

Decarbonization in the supply chain

Porsche AG is also working on the supply chain of its vehicles and contributing to the decarbonization target — a net carbon neutral value chain of the newly produced vehicles in 2030. For example, all direct suppliers of production materials for vehicles are required to switch their production to certified electricity from renewable energies. This has applied to 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.

In the reporting year, the Executive Board of Porsche AG set decarbonization targets for new vehicle and platform projects. In addition, specific decisions were made for relevant vehicle projects under development on how to further reduce the carbon footprint in the supply chain.

Together with AUDI AG, Porsche AG is developing the Premium Platform Electric (PPE), a modular platform for electric cars for the period beyond the reporting period. The aim is to use this for the all-electric Macan and one other model series in the short to medium term. Another platform is the Scalable Systems Platform (SSP), which Porsche AG is developing with AUDI AG and other companies in the Volkswagen Group. The high-performance version (SSP Sport) in particular aims to support Porsche's all-electric vehicles. Using this long-term strategy of aligning vehicle development on a small number of platforms allows for synergies in development and production, which can also make a potential contribution to climate protection. One example is a jointly developed high-voltage battery in the SSP, which can be used to implement lower-carbon materials and more carbon-efficient processes for several vehicles.

In the reporting year, Porsche AG entered further partnerships with manufacturers of raw materials to improve the carbon footprint of Porsche vehicles. Porsche AG and a Norwegian aluminum producer have agreed to work together on low-carbon aluminum.

In addition, they also intend to develop a plan for a more ecologically sustainable value chain for battery materials and their recycling. The focus here is on how to design efficient closed cycles for the high-voltage batteries of Porsche electric vehicles. Another cooperation is the supply of low-carbon steel by a Swedish start-up from the steel industry. The partner company uses an innovative production process with hydrogen and electricity from renewable energies.

[1] To calculate target achievement, the DCI, including the scope of voluntary CO_2 compensation measures through climate change mitigation projects, is included in the ESG factor in the variable remuneration with the annual bonus (short-term incentive) in the remuneration of the Executive Board and management.

 For details concerning fuel consumption, electricity consumption, and CO_2 emissions, see pages 464 – 468.

Decarbonization in production

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 vehicle 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.

Decarbonization of the use phase

Although no local CO_2 emissions are incurred during the operation of electric vehicles, the carbon footprint of the use phase[1] depends on the intensity of the CO_2 emissions from the electricity generation. The use of renewable energies is therefore a major lever for reducing CO_2 emissions during the use phase. As new battery-electric vehicles increase the demand for electricity in the markets, Porsche AG is committed to the expansion of renewable energies. Porsche AG intends to enter long-term indirect commitments with operators of wind and solar plants to promote the expansion of renewable energies. These plants are to provide new capacities to generate enough electricity from renewable energies to match the vehicles' imputed energy requirements. This approach has been used since 2021 for the newly produced fleet of the Taycan Sport Turismo and Taycan Cross Turismo models in the respective fiscal year. In the reporting year, the approach was extended to all Taycan models. Additional models will follow in the coming years.

The Porsche AG Group is also continuing to expand its charging infrastructure. Over 1,000 high-performance charging points have been put into operation for customers at more than 600 dealer locations to date. These are tailored to the Porsche Taycan and future Porsche vehicles with their 800-volt charging architecture. The Porsche AG Group is also planning to set up its own fast-charging stations along main traffic routes. In addition to this, the Porsche AG Group is involved in the further expansion of the public fast-charging infrastructure, which also includes IONITY's network of currently more than 500 fast-charging parks in Europe. The Porsche AG Group already participated in an additional financing round for the joint venture in 2021. In addition, Porsche Destination Charging is helping the Porsche AG Group expand the existing infrastructure for AC charging. There are more than 5,000 charging points in 86 countries and there should be more than 7,500 by the end of 2025. The Porsche Charging Service also enables access to charging points from various providers. More than 560,000 charging points in over 20 European countries are currently connected.

In addition to the transformation to all-electric vehicles and the decarbonization of the use phase through electricity from renewable energies, Porsche AG is also committed to solutions to reduce CO_2 emissions from combustion engines. Alongside efficiency-enhancing technologies, the Porsche AG Group is working on further developing alternative fuels (especially eFuels) on an industrial scale.

Together with HIF (Highly Innovative Fuels), Siemens Energy and several other international companies, the Porsche AG Group built an industrial eFuels production plant in Punta Arenas, Chile, in 2022. The Porsche AG Group not only funded most of the pilot plant, but also closely accompanied the project progress and will use the fuel produced there in the future. Punta Arenas has particularly favorable conditions compared to the rest of the world: There is a constant strong wind, which ensures low costs for renewable electricity generation by wind turbines and thus to produce eFuels. The pilot plant is designed for a maximum production volume of around 130,000 liters of eFuels per year; the aim is to expand the capacity in Chile to around 600 million liters per year by the end of the decade. Together with Volkswagen Group Innovation, the eFuels company HIF Global and MAN Energy Solutions, the Porsche AG Group is looking into integrating a direct air capture (DAC) facility into the eFuels pilot plant in Chile.

Until now, the CO_2 used there has been taken from a biogenic source. The DAC process uses wind energy to filter the CO_2 required for production from the atmosphere in an environmentally friendly way.

With this commitment, the Porsche AG Group is seeking to contribute to the worldwide development of world-class sites: these are sites where competitive eFuels can be manufactured under optimal conditions. This includes ensuring that renewable energies can be used without competing with other industries.

[1] 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 of Great Britain and Northern Ireland), China, the USA). 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.

RESULTS
In the reporting year, the Porsche AG Group delivered 29,403 PHEVs (9.2% of total deliveries) and 41,023 BEVs (12.8% of total deliveries). The share of all-electric vehicles delivered in 2023 increased in comparison to the prior year.

BEV share

%	2023	2022	2021
Share of all-electric vehicles (BEV) delivered	12.8	11.3	13.7

The Porsche AG Group reviews the effectiveness of its decarbonization program on an ongoing basis. To this end, it uses forecasts prepared during the year and commissions external audits.

In the reporting year, the DCI was 62.7 tCO_2e/vehicle, which represents a slight decrease of 1.8% year on year.

Decarbonization index

DCI	2023	2022	2021
Metric tons of CO_2e/vehicle	62.7	63.9	63.8

CO_2 emissions from the use phase were reduced by 3.1% in the reporting year compared to the prior year. A decisive factor here was Porsche AG's commitment to the expansion of new wind and solar power plants in combination with the higher proportion of purely battery-powered vehicles. In the reporting year, the newly contracted capacities corresponded to the energy requirements of the newly produced Taycan fleet.

The first Porsche Charging Lounge in Germany was opened in the reporting year.

The pilot plant in Punta Arenas, Chile, commenced operations in the reporting year. The first batches of eFuels were produced and used in initial applications at vehicle events.

In addition to its involvement with HIF, Porsche AG participates in various research projects and initiatives such as DeCarTrans and Refinery4Future. The funding project "reFuels—Rethinking Fuels" under the umbrella of the Baden-Württemberg Strategiedialog Automobilwirtschaft was completed in the reporting year.

Circular economy

TARGETS
Porsche AG is increasingly aligning its processes, products and use of raw materials towards a resource-saving and net carbon neutral future. The concept of a circular economy is a key component of Porsche AG's sustainability strategy. Defined fields of action address topics such as the battery raw material cycle and the use of circular materials in vehicles, or circular economy concepts for Porsche sites.

Through its work in the strategy field of a circular economy, Porsche AG and selected subsidiaries are striving to handle raw materials in a responsible and resource-saving way and to use vehicles and the materials used in them for a long time.

Among other things, it is pursuing the goal of a closed battery raw material cycle. Batteries and their battery cell modules should be used in the vehicle for as long as possible. It should also be possible to reuse their raw materials in new batteries after going through modern recycling processes or to use the battery cell modules in energy storage systems. The aim is also to reduce the share of primary raw materials in other areas of the vehicle wherever technically possible and to use more ecologically sustainable materials. The longevity of Porsche vehicles and the associated long service life of the materials used also contribute to the formulated target image. This is to be further strengthened by the extended availability of spare parts and the reconditioning of selected components.

Aspects of the circular economy will also be increasingly integrated into the development of Porsche vehicles. For example, there are pre-development projects for various vehicle components using more ecologically sustainable raw materials and recycled materials. In addition, a holistic approach aims to strengthen circular economy concepts and reduce waste at the production sites. → **Waste**[1]

Targets and projects were defined for all fields of action in the reporting year, ranging from pilot projects for battery recycling to the development of a catalog of criteria for the use of plant-based renewable raw materials.

In the reporting year, the Porsche AG Group set specific targets for the use of circular materials. These apply to newly developed, purely battery-electric vehicle models.[2]

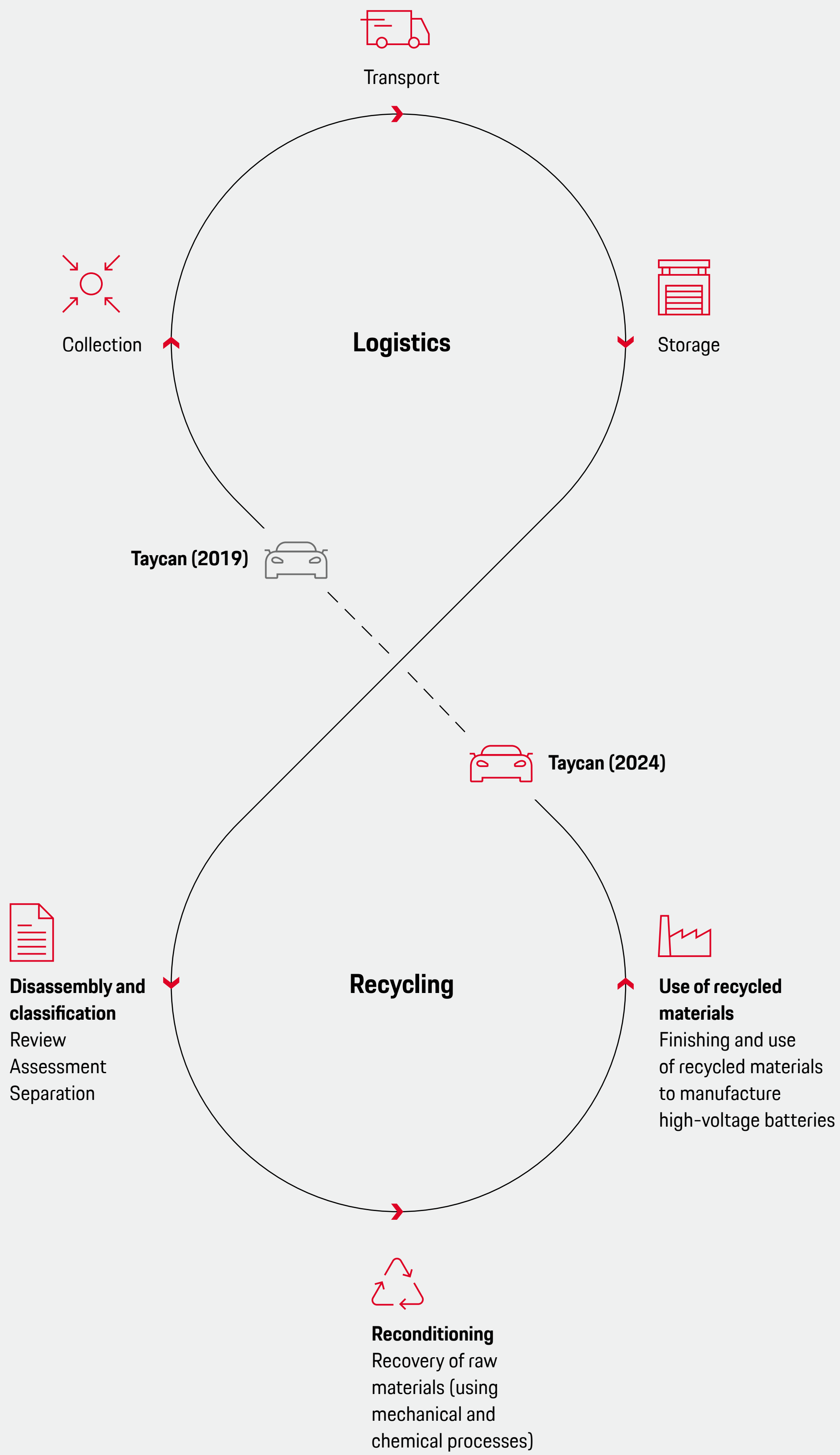
DUE DILIGENCE PROCESS
Porsche AG has paved the way organizationally, on a strategic level and within the individual divisions and series, for the goals to be pursued in a systematic manner. In doing so, it has integrated the vehicle and project goals for circular materials into the target system and related processes of selected model series. Selected business divisions are involved in the implementation process. The Circular Economy working group coordinates projects and monitors progress at least quarterly. This is made up of representatives from the Sustainability department and the relevant departments from the areas of development, production, procurement, sales and quality. The working group discusses the status of the targets set and the associated projects and, if necessary, derives new measures and further projects. The results are regularly reported to the Executive Board.

To meet the targets for using circular materials, Porsche AG has developed and implemented an internal control system that is constantly being improved upon. It is used by the relevant departments, e.g., procurement, development and finance, making it possible to analyze and prioritize the measures to increase the use of secondary materials in future vehicle projects.

[1] The Sustainability Report was not subject to an independent audit by an external public auditor.

[2] Excluding product upgrades.

Recycling process for high-voltage batteries
of the Porsche AG Group



MEASURES
As a strategy field, circular economy plays a particularly important role in product development. Porsche AG and selected subsidiaries promote the use of ecologically sustainable materials in their vehicles by communicating clearly defined criteria and requirements to the supply chain. In the reporting year, projects to use more ecologically sustainable raw materials and recycled materials were carried out for several specific vehicle components.

The Porsche AG Group is also working together with the Volkswagen Group and other development partners to optimize the recycling process for high-voltage batteries, which contain large amounts of valuable raw materials that can be conditioned and reused. Together with specialized partner companies, Porsche AG is also evaluating options for the time after the actual use phase of high-voltage batteries: second-life concepts.
→ Climate change mitigation, → Pollution and substances of concern, → Water and marine resources, → Waste[1]

RESULTS
In the reporting year, Porsche AG continued with a pilot recycling project for high-voltage batteries and launched three others. Together with the Volkswagen Group and other partners, insights were obtained into product design and recycling processes, for example. In addition, the logistics and recycling processes for traction batteries were optimized in individual Porsche markets by dismantling the high-voltage batteries directly on site and then transporting the discharged modules to regional recycling partners.

In the reporting year, Porsche AG conducted a feasibility study on the combined use of photovoltaic systems, charging infrastructure for electric vehicles and used high-voltage batteries. The use of high-voltage batteries as second-life battery storage was tested in selected Porsche AG parking garages at Stuttgart-Zuffenhausen.

To ensure and increase the longevity of Porsche sports cars, it reissued replacement parts and accessories for repairing Porsche Classic vehicles. This can improve the function and everyday usability of older vehicles. It also promotes the long-term use of the materials used in the vehicle. To ensure that Porsche Classic vehicles can be maintained over the long term, technicians and service advisors in the dealer organization have been specially trained in classic vehicles and their repair and maintenance.

In addition, more and more aspects of the circular economy are gradually being considered at vehicle production sites. For example, for the Taycan and Cayenne models, the material used to protect door panels and hoods during transport has been replaced with a mono-material that is more than 99% recyclable.

A project was carried out at Porsche AG and selected subsidiaries to categorize disposable packaging materials used for vehicle components and classify them according to sustainability criteria. Based on this, a guideline on single-use materials in parts protection was drawn up together with other Volkswagen Group brands and communicated to direct suppliers of components. In addition, materials that cannot be recycled were defined and internal Porsche AG targets were set to further reduce the use of these materials.

[1] The Sustainability Report was not subject to an independent audit by an external public auditor.

SOCIAL

Sustainability, work-related rights and equal treatment and opportunities in the value chain

The significance of the supply chain is growing constantly in the context of sustainability management. More and more new vehicle components and technologies are being added to procurement volumes, and the number of suppliers is rising. At the same time, as vehicles are increasingly electrified, the level of demand for certain raw materials — especially to produce high-voltage batteries — is also growing. Overall, the importance of responsible, environmentally friendly raw material procurement methods that respect human rights is growing as a result.

Porsche AG's entire supply chain encompasses more than 1,700 direct suppliers of production materials and more than 5,700 direct suppliers of non-production materials. Responsibility for supply chain management and sustainability in the supply chain lies with the Member of the Executive Board responsible for Procurement at Porsche AG.

TARGETS

Porsche AG wants to ensure that its direct suppliers practice ecologically sustainable procurement, adhere to human rights standards, implement social employment practices, and achieve responsible resource management.

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. The S-rating covers environmental and social aspects, including respect for human rights. It also rates compliance with ethical conduct.

Safeguarding work-related rights in the supply chain

In 2022, Porsche AG issued a declaration of its intent to observe and promote human rights. This is Porsche AG's commitment to respecting human rights worldwide and promoting good working conditions and fair trade. This declaration contains Porsche AG's human rights strategy. The Porsche AG Group rejects child labor, forced and compulsory labor as well as any form of modern slavery and human trafficking.

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 people have a disability.
→ Equal treatment and opportunities within the own workforce

Accordingly, the Porsche AG Group also expects its direct suppliers to refrain from any form of discrimination, intimidation, harassment or unjustified disadvantageous treatment of employees in the working environment. Unequal treatment because of ethnic or social origin, skin color, gender, nationality, language, religion, physical or mental limitations, gender identity, sexual orientation, state of health, age, marital status, pregnancy/parenthood or trade union membership is prohibited. This same applies to political convictions, if they are based on democratic principles and tolerance towards those with different opinions, provided they do not conflict with the requirements of the job. Unequal treatment also includes the payment of unequal remuneration for work of equal value.

Porsche AG encourages its direct business partners to develop and promote an inclusive culture. Diversity should be promoted among all employees and at all hierarchical levels — in particular, but not exclusively, cultural, ethnic and religious diversity.

Decarbonization in the supply chain

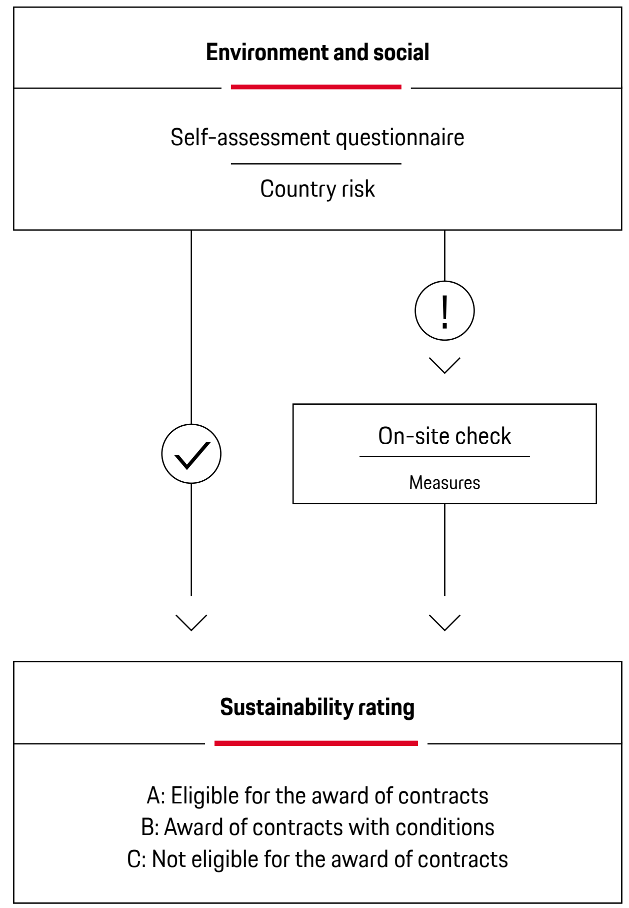
The Porsche AG Group has set itself an ambitious target: to be net carbon neutral along the entire value chain of its newly produced vehicles in 2030. The supply chains are currently responsible for around 20% of the greenhouse gas emissions that are relevant to the Decarbonization Index (DCI), for example in the extraction of raw materials and the production of vehicle components.

Of all the parts, high-voltage battery cells are a key factor for greenhouse gas emissions in the supply chain for electric vehicles. Therefore, to reduce these emissions, measures have been defined which direct suppliers have had to implement as requirements for all-electric series production car projects since 2022. In this context, the process of awarding contracts encompasses specific requirements relating to the use of green electricity, CO_2-optimized primary materials, and recycled materials. → Climate change mitigation

DUE DILIGENCE PROCESS

The S-rating is based on self-disclosures by direct suppliers on defined sustainability criteria. If the results of the self-disclosure are not satisfactory because the sustainability standards needed for the S-rating are not met at the direct suppliers or the required evidence is not provided, an on-site inspection may be carried out by an independent sustainability auditor. If any concerns are raised, the direct supplier is given a negative rating. If target achievement falls below a defined threshold, Porsche AG initiates a corrective action plan in collaboration with the supplier concerned. The direct supplier must remedy the identified concerns without delay, which the independent sustainability auditor then verifies directly. As a matter of principle, the suppliers concerned are not considered for contracts by Porsche AG until they meet the sustainability requirements.

Sustainability rating



The environmental criteria of the S-rating for direct suppliers of production materials were adjusted in 2022: If a direct supplier employs more than 100 staff at its production sites, Porsche AG expects it to have an environmental management system ISO 14001 or the European Union's EMAS Regulation.

Direct suppliers that deliver products to Porsche AG must provide Porsche AG with information on total energy consumption in MWh and CO_2 emissions in metric tons (Scope 1, 2 and 3) at product level upon request.

The minimum standards for the S-rating of direct suppliers also include respect for human rights at the individual stages of the value chain.

To implement the requirements of Germany's Supply Chain Due Diligence Act (LkSG), which has applied in Germany since January 1, 2023, Porsche AG already published the Group Business and Human Rights Guidelines in 2022. These group guidelines establish an overarching framework for controlling the duties of care relating to human rights and the environment under the LkSG. In addition, the manual sustainability management in supplier relationships and the Code of Conduct for Business Partners were updated in the reporting year.

In the reporting year, Porsche AG's Executive Board appointed the Business and Human Rights Council (BHR Council) to monitor the duty of care in terms of human rights and environmental matters. This Council is made up of members from multiple disciplines, is directly linked to the Executive Board and supported by its own office. It met seven times in the reporting year.

The majority of the BHR Council's meetings are about events relating to human rights or the environment from the risk assessment, results from following up on complaints received as well as information about the effectiveness of LkSG measures.

Established procedures and processes of the Porsche AG Group's responsible supply chain system (ReSC system), which are defined in the handbook on sustainability management in supplier relationships, are used to achieve the overarching sustainability targets. If there is suspicion that a direct supplier does not comply with sustainability requirements during an ongoing business relationship, the supply chain grievance mechanism (SCGM) comes into play. This processes potential indications of violations of Porsche AG's sustainability requirements.

To respond appropriately to particularly serious human rights and environmental risks, the human rights focus system (HRFS) is implemented together with the Volkswagen Group into the supply chain.

The LkSG also places a particular focus on external service providers that provide security services on behalf of the Porsche AG Group. To reduce risks in this context, security staff are instructed regularly and before their first assignment, at least once a year. The training conveys that the prohibition of torture and cruel, inhuman or degrading treatment must not be disregarded, that life and limb must not be harmed, and that freedom of association and trade union rights must not be restricted. Any suspected cases or violations despite the measures taken can be reported to ↗ **humanrights@porsche.de**.

MEASURES

Sustainability requirements for direct suppliers

The Code of Conduct (CoC) for Business Partners requires and checks that all direct suppliers implement environmental and social standards. This forms the basis for legally binding contractual agreements. It 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 CoC for Business Partners, the Porsche AG Group 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. In the reporting year, the Porsche AG Group's CoC for Business Partners was updated based on the new LkSG, among others.

The sustainability requirements from the CoC are firmly enshrined in the supplier contracts. If these are not complied with, Porsche AG will take the contractually agreed steps up to and including termination of the business relationship. Furthermore, business partners are obliged to pass on the sustainability requirements of the CoC to their own suppliers in the upstream supply chain and to set up appropriate control measures to monitor them.

In addition to environmental requirements, e.g., the use of electricity from renewable energies or recycled materials, the CoC for Business Partners includes minimum standards for remuneration, occupational health and safety and fire protection requirements. Suppliers are required to ensure that working hours comply with the applicable national legal requirements and/or the national requirements applicable in the respective economic sector and that the working conditions meet applicable minimum standards — also in terms of hygiene.

To prevent integrity risks and negative social or environmental impacts along the supply chain, direct suppliers are informed about the content of Porsche AG's CoC for Business Partners as part of education measures, for instance, e-learnings, and made aware of current challenges in the supply chain. Central training and awareness-raising measures are also offered in different languages. The Volkswagen Group offers CoC training courses to all direct suppliers.

Examination of the sustainability requirements

One of the foundations of Porsche AG's examination of the sustainability requirements at direct suppliers is the abstract risk analysis created based on a risk matrix. Within this risk matrix, the procurement volumes are categorized into risk groups (high, medium and low) according to the abstract human rights and environmental sector risks and using appropriateness criteria. They are then made more specific by including the country's risks. Based on the abstract risk analysis, appropriate measures are rolled out for the respective supplier risk groups. Within the ReSC system, a distinction is made between Standard measures and Deep Dive measures.

In addition, Porsche AG relies on new technologies such as artificial intelligence (AI) to further increase transparency in the supply chain and recognize potential risks, for example, in raw material supply chains. The permanent screening of freely available internet sources including social media provides timely indications of possible breaches. The scope was expanded in the reporting year. → **Information-related impacts for consumers and/or end users**

To check compliance with the sustainability criteria, all employees involved with procurement at Porsche AG are mandated to take part in training on the S-rating. Furthermore, a digital learning module also aims to give employees from other company departments the opportunity to learn about the concept and control opportunities of the S-rating.

Complaints process

Porsche AG operates a multistage complaints management system that provides internal and external complainants with a confidential communication channel for reporting potential breaches of human rights and violations of environmental duties. Porsche AG publishes the freely available reporting channels on its website ↗ **www.newsroom.porsche.de**.

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.

Dialog activities

Porsche AG is an active participant in the automotive industry dialog 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. Porsche AG also enters strategic sustainability dialog with selected direct suppliers to continuously exchange information on relevant topics. The participants reflect together on opportunities and challenges and determine approaches for sustainable actions.

Responsible procurement of raw materials

As Porsche AG's product portfolio becomes increasingly more electrified, the company must purchase significantly more raw materials, the extraction of which must be more strictly monitored in accordance with human and environmental rights in complex global supply chains. Porsche AG is therefore continuously refining its approaches and objective to be able to procure raw materials in a responsible way. In the reporting year, Porsche AG conducted several projects together with the Volkswagen Group in which selected raw materials were analyzed in turn and thus increased transparency in the raw materials supply chains.

In addition to close cooperation with direct and indirect suppliers, Porsche AG is also involved in various initiatives that promote transparency and better working conditions during the extraction of raw materials:

- The Volkswagen Group has a material-specific specification for the mica pigment, which is mandatory for all contracts newly awarded to suppliers of paint and mica sheets (battery). This requires that the origin of the raw materials, including the identity of the processor, are disclosed. It also calls for a mandatory audit in line with the Global Workplace Standard for Mica Processors for all processors in the supply chain. Porsche AG is a member of the Responsible Mica Initiative which aims to promote safety and fair labor conditions and wages at the processing companies.
- At the Volkswagen Group, there are also material-specific specifications for leather, which is mandatory for all contracts newly awarded to direct leather suppliers. This requires disclosure of the country of origin and a sustainability certificate which is specific to leather. Since the reporting year, Porsche AG has also been active in the Leather Working Group (LWG), a global multi-stakeholder community committed to responsible leather. The non-profit organization drives best practices and positive social and environmental change for responsible leather production.
- Porsche AG and Michelin entered a partnership back in 2020 with the aim of promoting the sustainable farming of natural rubber. Porsche AG and Michelin are jointly involved in the CASCADE (Committed Actions for Smallholders Capacity Development) project, which aims to create more transparency and better working conditions for small plantation farmers in the extraction of raw materials.
- Through the Volkswagen Group, Porsche AG is also a member of the Global Platform for Sustainable Natural Rubber (GPSNR), which has set itself the goal of improving the social and environmental impact of natural rubber production.
- 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 battery raw materials. The Volkswagen Group also has a material-specific specification for the battery raw materials cobalt, lithium, nickel and graphite which is mandatory for all new contracts for high-voltage battery cells. It requires mandatory disclosure of the origin of the raw materials for all four battery raw materials.
- Porsche AG is also represented in the Initiative for Responsible Mining Assurance (IRMA) via the Volkswagen Group. This promotes 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.

In order to counter the specific environmental and human rights risks in the supply chains of raw materials, particularly the risk of child labor, the Volkswagen Group has implemented the raw material due diligence management system (RMDDMS) in cooperation with Porsche AG. This describes the process for identifying, assessing and reducing sustainability risks in raw material supply chains.

Furthermore, the Volkswagen Group publishes an annual Responsible Raw Materials Report in line with global normative frameworks, including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Minerals Guidance), the OECD Due Diligence Guidance for Responsible Business Conduct, the OECD-FAO Guidance for Responsible Agricultural Supply Chains, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The report was published for the first time in 2021 and covers Porsche AG's Stuttgart-Zuffenhausen site, among others.

Porsche AG does not see any significant risk of child, forced or compulsory labor in its operations at its own sites or at its selected direct suppliers of production materials. In mining, there are certain raw materials where there is, however, a higher risk of child labor. This is especially true in countries where legislation and monitoring are weak or where armed conflicts are taking place. Porsche AG is therefore working with risk analysis and the measures such as the SCGM or the raw materials management system to avoid potential child labor violations and reduce the risks as far as possible.

RESULTS

In the course of 2023, the S-rating was extended to other supplier sectors according to risk priority to ensure compliance with human rights standards, social employment practices and responsible resource management at Porsche AG's direct suppliers. In addition, the underlying survey was expanded to include specific requirements relating to human rights, the environment and the LkSG.

By the end of the reporting period, a total of 1,884 direct suppliers had submitted a self-assessment as part of the S-rating.

Based on sales revenue, roughly 88% of direct suppliers of production materials with more than 100 employees on site have documented that they have an environmental management system certified in accordance with ISO 14001, validation in accordance with the Eco-Management and Audit Scheme (EMAS) or a commitment letter.

Following an initial analysis of the direct supplier data, detailed on-site inspections are carried out on a risk basis. Five on-site inspections took place worldwide in 2023. No violations of the sustainability requirements were identified.

By the end of the reporting year, 1,396 S-ratings were available for direct suppliers of production materials, whose order volume corresponds to around 81% of the total procurement volume. Of these direct suppliers of production materials, 1,099 have an A rating and therefore meet the highest internal quality standards.

Porsche AG has set itself the target of meeting the strictest internal quality standards relating to sustainability (S-rating "A") for 90% of the production material it purchases from direct suppliers by 2030. This was 88.3% in the reporting year.

S-rating for direct suppliers of production material to Porsche AG

%	2023	2022	2021
Share with S-rating "A"	88.3	88.6	67.9

In 2023, nine complaints were processed via the complaints process at Porsche AG, and a further 52 cases were processed under the SCGM. Complaints and SCGM cases received in the reporting year were investigated, any evidence needed was requested and — if necessary — appropriate measures for continuous improvement were developed. In the reporting year, no direct suppliers were temporarily blocked for new contracts due to violations.

The human rights focus system (HRFS) for particularly serious risks, such as forced labor, unequal pay or intransparency in the supply chain, was developed further in the reporting year. The audit strategy was also expanded to place a greater focus on transparency surrounding subcontracting from direct suppliers and the passing on of sustainability requirements to subcontractors. The transparency of the supply chain is also a focus for raw materials, which are analyzed for risks as part of the RMDDMS.

In the reporting year, no relationships with direct suppliers were terminated due to negative environmental or social impacts in the supply chain.

Equal treatment and opportunities within the own workforce

The Porsche AG Group actively champions diversity, equal opportunities and equal treatment, and firmly believes that this is in its best interest as a company. Diversity leads to new ideas and drives innovation, which makes it a key success factor. The Porsche AG Group strives to create a working environment where employees of all ages and genders, regardless of origin and cultural background, can contribute their different skills and perspectives in the best possible way.

Equal treatment and opportunities for the Porsche AG Group's own workforce also include the development of employees' skills. The Porsche AG Group sees it as its responsibility to develop both technical and interdisciplinary skills in employees for changing tasks and roles in various future fields.

Diversity

TARGETS

Porsche AG has defined strategic dimensions for diversity that are based on the legally protected dimensions of diversity — ethnic origin, gender, religion and ideology, disability, age and sexual identity. The aim is to ensure even more diversity at Porsche AG, to promote compliance with the German General Equal Treatment Act and to create an environment that fosters the individuality of each person and values all perspectives.

Diversity fields of action

1. Conscious formation of mixed teams
2. Increase the proportion of women
3. Promote ethnic diversity and international experience
4. Facilitate the inclusion of employees with disabilities
5. Support the LGBT*IQ community
6. Improve cooperation between the generations within the workforce
7. Establish an inclusive culture and an understanding of diversity in all Porsche companies

Porsche AG has formulated strategic goals and measures to implement these fields of action. The targets are translated annually into an action plan for the following year. The status quo of each measure is documented on an ongoing basis, recorded in a corresponding management system and regularly discussed with top management.

In view of 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.

DUE DILIGENCE PROCESS

The Porsche AG Group rejects any form of discrimination. Equal opportunities and promoting diversity are firmly anchored 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 Porsche corporate culture by signing the German Diversity Charter, a voluntary commitment for German businesses, in 2019.

The Culture, Diversity and HR Communications department is responsible for ensuring the long-term implementation of equal opportunities and diversity. It acts as a driver and competent partner and is assigned to Employee Development and Corporate Culture within the Human Resources portfolio of the Executive Board. The targets and measures are regularly coordinated in committees such as the Equal Opportunities working group and reported to the Executive Board via the Environment and Sustainability Steering Committee and Environment and Sustainability Steering Group on a regular basis.

The topics of equal treatment and opportunities within the own workforce are included in the Porsche AG Group's guidelines on labor and social law and HR compliance, among others. The group guidelines apply to employees of the Porsche AG Group and are freely accessible to them. The subsidiaries are responsible for reviewing and implementing the group guidelines in similar documents.

Porsche's independent and externally operated whistleblower system is available 24/7 to report any indications of potential breaches of equal treatment and equal opportunities.
→ **Corporate governance, corruption and bribery**

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.

A diversity cockpit presents measurable diversity criteria for all Porsche AG. Key figures on gender diversity, personal skills (serious disability), internationality and generations are evaluated annually by the main departments of the portfolios. The cockpit also provides an overview of training qualifications and the use of offers for flexible working hours.

MEASURES

To ensure a more balanced gender ratio in Porsche AG's overall workforce, the targets for increasing the proportion of women at the first and second management levels by 2025 were broken down into annual sub-targets in accordance with a target path. The impact on this objective is considered for all new hires. To secure the selection of female candidates for the longer term, corresponding portfolio-specific targets have also been defined within Porsche AG for the lower management and collectively agreed pay scale groups. The entire Executive Board approves hires to both the first and second management levels.

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 based on described work tasks, with consideration for knowledge and abilities, problem-solving skills, potential influence, and fields of responsibility. The variable remuneration is generally performance-based.

The amount of variable remuneration is calculated based on 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 conditions and benchmarks are considered to offer competitive compensation. The goal is to provide employees with attractive, competitive, and non-discriminatory remuneration while identifying and eliminating potential injustices.

The Culture, Diversity and HR Communication department offers employee training activities to raise awareness and increase knowledge about diversity and equal opportunities across all hierarchical levels: Alongside training for employees, these also include mandatory training for newly appointed line managers and for employees who have recently joined management.

In a themed week around German Diversity Day in 2023, Porsche AG called on its workforce to understand the importance of a diversity of views for shared success and to commit to diversity, respect and tolerance. There were also presentations, workshops, hacks and opportunities for dialog. In the reporting year, event-related communication relating to diversity focused increasingly on visual communication with an independent logo to anchor the topic more firmly in the minds of the workforce.

In 2023, a diversity toolbox also helped managers at Porsche AG stand up for diversity and equal opportunities in their day-to-day work and management routines. The toolbox provides a range of measures, tools and ideas to enable users to experience the diversity of views in all dimensions and to question traditional ways of thinking and behaving.

Porsche AG also expanded its National and International Diversity Community further in the reporting year. This forum is run by selected subsidiaries of the Porsche AG Group and their diversity managers around the world and provides tools and ideas for putting diversity of views into practice.

To promote diversity and equal opportunities, the Porsche AG Group also relies on its internal networks and supports their expansion. Diversity networks are key building blocks for giving visibility to underrepresented views and thus promoting equal opportunities. The diversity networks handbook, which provides support from 2021, allows for the creation of employee networks across protected diversity characteristics and defines corresponding framework conditions.

The Porsche women's network She@Porsche is an established platform for exchanging experiences across departments. It offers several dialog formats and varied methods of support, e.g., peer counseling, impetus for self-empowerment and insights into the day-to-day working life. This enables better visibility for women at Porsche AG, their closer networking as well as taking female perspectives into account.

The Proud@Porsche network for representatives, supporters and interested parties of the "sexual orientation and identity" diversity dimension is an integral part of the Porsche AG culture too. It stands up for the concerns of people of all sexual orientations within and outside Porsche AG. For the second time in the reporting year, Proud@Porsche together with the Member of the Executive Board responsible for Human Resources and other representatives of Porsche AG and selected subsidiaries 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. Generation tandems were launched in the reporting year: a platform that matches employees with less professional experience with those with more professional experience; this aims to promote exchanges of intergenerational experiences and create a greater level of mutual understanding.

The diversity networks and the mentoring program are open to employees of Porsche AG and selected subsidiaries around the world.

To promote inclusion, Porsche AG cooperates with workshops for the disabled in compliance with all legal requirements and is strongly committed to further expanding these cooperations. Porsche AG launched a project on accessibility in the reporting year. The first step here is to analyze structural and digital accessibility to then derive measures that should be implemented and integrated into processes and standards.

RESULTS

In the reporting year, the statutory gender quota increased to 20% at the first management level and 17.3% at the second management level, thus meeting the targets for 2023. Porsche AG still considers itself on track to meet the target by 2025. To further increase the proportion of women in management beyond the targets set, Porsche AG implemented a project on the proportion of women in management in the reporting year. The aim is to analyze the challenges involved in increasing the proportion of women in management in more detail and develop measures accordingly.

Women in management positions–actual values for statutory gender quota[1]

%	2023	2022	2021
First management level	20.0	16.1	16.9
Second management level	17.3	15.7	15.1

[1] Information relates to Porsche AG.

Numerous managers took part in the extensive project; the Executive Board members were also actively involved. Internal communication to raise awareness further started in 2023 and most of the measures will be implemented from 2024.

At Porsche AG in fiscal year 2023, a comparison of the average remuneration of all women with the average remuneration of all men reveals a 5.7% difference in basic annual remuneration and a 0.4% difference in direct remuneration in the favor of women. This difference is due to the distribution of men and women across the various hierarchical levels, with 51% of all employed men being in the lower collectively agreed pay scales (including incentive wage earners), compared to just 23% for women. Consequently, the average remuneration for all men is lower than the average for all women. → **Non-financial key figures**

The Porsche women's network She@Porsche recorded significant growth in the reporting year. Two new networks were launched in 2023:
Cultures@Porsche and Väter@Porsche (Fathers@Porsche). The aim of the fathers' network is to promote an understanding of the modern father's role, make the needs of fathers in the company visible and provide a contact point and platform to exchange experiences. The cultures network aims to promote the exchange of international experiences and bring different perspectives together.

Now in its fifth year, the mentoring program is still very popular. More than 200 mentor tandems were actively involved in the mentoring format in the reporting year.

In 2023, Porsche AG identified eleven cases of discrimination (including sexual harassment), each of which was punished accordingly. No structural background was evident. For confidentiality reasons, no further information can be provided.

The statistics on disciplinary measures in instances of discrimination relating to the diversity dimensions are evaluated for potential structural fields of action and appropriate measures are taken as needed. This includes, for example, targeted training courses.

Employee development

TARGETS

Electromobility, digitalization, new business models: The transformation of the automotive industry is well underway, and these changes also influence Porsche AG. "Transformation" is therefore one of the six cross-cutting strategies in the Porsche Strategy 2030, aiming to support employees in times of change and develop a future-proof workforce, among other things. With the Porsche Workforce Transformation project launched in 2021, Porsche AG is coordinating retraining and further training and providing new ways and methods of working. The crux of the matter here is to identify existing and required skills and then to use and enhance these as best possible in a targeted way.

Cross-departmental collaboration and the establishment of multipliers in the entire organization are decisive factors in this endeavor. Overall, there are three targets for employee development and the structure of the transformation:

Employee development and shaping the transformation

1. Identify strategic needs for skills and proactively shape the transformation
2. Qualify and develop employees as needed
3. Help managers shape the transformation

specialists with the required skills by offering a wide range of training opportunities. At Stuttgart-Zuffenhausen, around 150 trainees and students on dual study programs are recruited each year and trained specifically for various areas of Porsche AG.

The aim of the training courses and degree programs is to equip young professionals with the specialist skills they need to start their careers at Porsche AG. At the same time, the training courses aim to impart the relevant future skills to help both the trainees and the students be prepared to learn and adapt to social and technological change as well as the transformation in the automotive industry. In principle, all trainees and students are offered permanent employment at Porsche AG upon completion of their courses or programs.

In addition, Porsche AG is also involved in educational policy beyond its own training formats by supporting schools with career guidance and STEM subjects. This includes, for example, projects with cooperation schools on topics such as design thinking, coding experience, etc.

DUE DILIGENCE PROCESS

The Human Resources portfolio of the Executive Board acts as a driver, initiator and governance function for the content, processes and tools within training/employee development and for shaping the transformation. The specific design and implementation are carried out in the various application areas. In addition to the centralized qualification opportunities available for developing interdisciplinary skills and development programs for the management, there are also offerings for individual target groups, such as the “Finance Academy” or the “Porsche Academy” for the global dealer organization.

To assess how effective the measures for employee development are, Porsche AG uses an assessment system made up of feedback surveys and key indicators. This is how the participants’ satisfaction with the interdisciplinary qualification measures is assessed. Evaluating and optimizing the qualification measures is a continuous process to meet the changing requirements of the target group and Porsche AG. This also includes regular meetings between employees and managers to discuss their individual needs. Various key indicators are also evaluated at regular intervals to ensure the quality of the measures.

At the same time, Porsche AG regularly reviews the further development of the corporate culture and the management culture. For example, there is the annual employee survey “Porsche Puls” with questions about the working environment, which aims to sustainably improve employee satisfaction in areas such as cooperation, leadership and further development.

The training apprenticeships and dual study programs offered are developed in a structured process involving all stakeholders based on strategic personnel planning and are geared towards Porsche AG’s long-term skills requirements. The focus and content of the training are based equally on the training framework/curricula and the future requirements of Porsche AG. Relevant future skills complement the current specialist and interdisciplinary training focuses: digital skills, creativity, critical thinking, collaboration, communication, learnability and growth mindset. Learning takes place via an optimized mix of proven and new (digital) training formats. A structure with different modules enables both standardization and individualization and lays the foundation for self-guided learning.

The key indicator for the quality of training at Porsche AG is the average final grade, broken down into dual vocational training and dual study program.

MEASURES

In the reporting year, the targets for employee development and the structure of the transformation mentioned above were pursued through a variety of measures, particularly at Porsche AG and Porsche Leipzig GmbH. Other subsidiaries of the Porsche AG Group may adjust the measures as needed and use them as well.

Identify strategic needs for skills and proactively shape the transformation

As part of the strategic skills management system initiated in 2019, the specific and generic development needs from Porsche AG’s specialist departments are collected annually by representatives from the respective departments and consolidated in a roadmap that covers the entire range of strategic skills at Porsche AG in the short, medium and long term.

In the reporting year, the cross-departmental qualification measures jointly developed the skills required for the transformation and aligned the current qualification portfolio in a holistic way. Reskilling and upskilling programs can thus be targeted towards strategically relevant fields of activity.

Qualify and develop employees as needed

In the reporting period, Porsche AG again expanded its range of individual training and further personal development offerings for its employees. For example, a program for upskilling in system-based social media monitoring was developed, learning formats to raise awareness of data handling and quality were offered, and existing qualification modules on mechatronics were expanded. In addition, Porsche AG has developed its own job-specific offerings that are tailored to certain fields of activity. These aim to ensure that vacancies in much-needed areas of activity can be filled internally. Here, the participants develop the necessary skills and knowledge within a defined period as part of the program. The programs offer a close integration of theory (state university and research) and practice (Porsche content). They also specifically promote interdisciplinary skills such as self-leadership and a growth mindset. This is funded by a corresponding central budget, which can be used for extensive qualification requirements of employee groups and for individual transformation training.

Alongside qualification and development meetings for all employees covered by a collective agreement, Porsche AG’s key tools and offerings in the reporting year also included work shadowing in other company departments, the digital “Praxis Transfer Trainer” (Practice Transfer Trainer) for personal development through self-study, the Porsche Digital Academy for developing and expanding digital skills, language training as well as physical and virtual learning spaces such as the Porsche Learning Lab at Stuttgart-Zuffenhausen. With the Podcast@Porsche project, Porsche AG offers employees the opportunity to share their knowledge about the company and personal experiences in an internal Porsche podcast app.

Help managers shape the transformation

Managers play a decisive role as shapers of the transformation in the Porsche AG Group. They must not only initiate and manage change, but also communicate the vision of the transformation, inspire the team and provide the necessary resources. In 2023, the measures to promote individual leadership skills were expanded further and backed up with various qualification opportunities. A special focus was given to dealing with change in an increasingly complex environment.

Trainees and students

The range of trainees at Stuttgart-Zuffenhausen in the reporting year included eleven technical and three commercial apprenticeships as well as eight-degree courses at the Baden-Württemberg Cooperative State University (DHBW) with numerous specializations.

The apprenticeships and degree courses provide the ideal theoretical and practical preparation for starting a career. At Porsche AG, project-based, hands-on learning is a high priority. This is made possible during project phases in the project workshop at the Porsche training center in Stuttgart-Zuffenhausen. Porsche AG also encourages and challenges its trainees and students with a wide range of opportunities to gain practical experience in over 200 different areas, from processing company orders to the transfer of knowledge with the specialist departments of Porsche AG.

RESULTS

Following a successful pilot in 2022, the Learning Experience Platform (LXP) was rolled out for the Porsche AG workforce in the reporting year. The LXP bundles various new learning formats, learning spaces and tools. It guides employees and managers through the range of offers with an AI-supported search engine. It searches internal and external learning platforms and bundles any measures for an employee’s individual training and development. Specialists can also prepare and individually adjust their learner journeys.

To ensure the quality of the training courses, five indicators have been defined that are captured while preparing the Annual and Sustainability Report. Reported are (1) the number of participants and (2) the number of participations in qualification measures. The number of participants rose by 6% in comparison to the prior year and stands at 22,935. The number of participations is 217,289. In addition, information is collected about (3) the training costs per employee.

In the reporting year, these came to €938. The average time that a Porsche AG employee spends on education measures is reported in (4) the qualification time. In the reporting year, this indicator was 15.4 hours, an increase of 26% on the prior year. Finally, (5) the qualification time among leadership is recorded. This shows the average number of hours spent by management on training and amounts to 23.2 hours.

In the reporting year, 113 trained specialists and 29 graduates were hired by Porsche AG's specialist departments.

Information-related impacts for consumers and/or end users

A central goal of the Porsche AG Group is to excite its customers. It does not just want to meet expectations, it wants to exceed them. The safety and security of customers is paramount, which means they must be provided with relevant, high-quality and accurate information. It is equally important for the Porsche AG Group to protect consumer data as effectively and reliably as possible and to ensure that the data it collects is handled responsibly.

Data protection and Corporate Digital Responsibility

TARGETS

The future of mobility is characterized, among other things, by digital networking — from digital production and digital processes to data-based offerings for customer care and customers' driving experience.

Handling data, especially personal data of consumers, requires particular care. The Porsche AG Group takes this responsibility very seriously. The topics of data protection and Corporate Digital Responsibility (CDR) are therefore closely interconnected with the strategy and core processes of the Porsche AG Group. The aim is to put digital transformation at the service of employees, customers and society and to develop all products with data protection in mind and design them from the outset in a way that customers can be sure that their data is safe.

The Porsche AG Group understands Corporate Digital Responsibility as corporate responsibility in the digital age. The key areas of focus set by the Porsche AG Group are geared towards the major questions associated with advancing digitalization. In addition to dedicated projects in the field of digital ethics — Data Ethics and AI Ethics — there are various initiatives in the areas of Digital Competence & Literacy, Digital Inclusion, Green IT and Tech for Good under the umbrella of the joint CDR.

By adopting its data protection strategy as part of the Porsche Strategy 2030, the Porsche AG Group has set itself ambitious targets. These focus on customer-oriented data protection in compliance with the relevant legal requirements. The ethical handling of data should be further strengthened to enable data-driven innovations.

Privacy — particularly the right to digital self-determination — is a core component of Porsche customers' driver experience. Protection of personal data is therefore an utmost priority at the Porsche AG Group.

DUE DILIGENCE PROCESS

The implementation of the data protection strategy provides for data protection to be strategically managed, reported and implemented worldwide with a uniform data protection management system. This system is to be aligned with the data protection strategy to effectively reduce liability and data protection risks.

The Porsche AG Group aims to avoid any data protection breaches and to respect the rights of potentially affected persons. Its own control system ensures adherence with recognized national and international data protection standards in internal processes. Porsche AG aims to ensure that this approach is continuously enhanced by performing a regular review of the data protection management system. The objective here is to enable the quick integration of new data protection requirements into processes and products and adherence to regulatory data protection requirements.

The Porsche AG Group conducts customer surveys in selected regions to ensure that data protection efforts are not only legally compliant, but that data protection is designed in the interests of customers. The criteria evaluated include fairness, control and transparency.

Criteria for customer survey

- Fairness: To what extent are the customer's needs taken into account when processing data?
- Control: To what extent can the customer influence the intended use of the data?
- Transparency: To what extent is the customer sufficiently and clearly informed about their data processing?

Customer feedback is statistically analyzed to derive relevant and needs-based measures to improve customer satisfaction about data protection in the future.

MEASURES

The Porsche AG Group is driving digitalization in its departments and offerings — from vehicles and the associated services to numerous digital interactions with customers.

With its information security management system (ISMS), the Porsche AG Group has an established way of handling internal and external data and information. The task of the ISMS is to adequately protect company-relevant information in accordance with its protection requirements and thus prevent damage to the Porsche AG Group. The protection of information extends to all business processes and business fields, regardless of company structures and national borders, and focuses on the fundamental protection objectives: confidentiality, integrity, availability and authenticity.
Porsche AG's ISMS has been certified in accordance with the international standard DIN EN ISO/IEC 27001:2017 since 2021. As part of this certification, annual surveillance audits are carried out by independent external auditors.

In a world of increasing cyber threats, targeted security measures are of central importance. The digital unit of the Porsche AG Group, Porsche Digital GmbH, continued to drive forward its cyber security activities and expand its internal capacities in the reporting year. In October 2023, a bug bounty program was launched together with external cyber security researchers to proactively identify security vulnerabilities to further improve the security of products and digital services.

Porsche AG has also set up a working group to discuss the responsible use of artificial intelligence (AI) with representatives from the main company departments, the Works Council and the departments of data protection, information security and AI ethics. The working group has drawn up a guideline formulating the ethical requirements for AI development and use. For Porsche AG, digital ethics means consciously using the potential of AI for the benefit of society and the environment. It is strategically important to address the risks and opportunities associated with the use of AI at an early stage.

The Porsche AG Group has established internal strategies and guidelines to effectively and sustainably protect personal data, particularly that of consumers and end users. To this end, processing requirements (e.g., a specific purpose being required, pseudonymization, data separation and privacy by design and default) and the protection of personal data were integrated into business processes and the IT development process.

In the reporting period, a new privacy center was also set up in the My Porsche customer portal to further strengthen transparency and control when dealing with personal data. Here, customers can manage their consents and influence the purposes for which the Porsche AG Group may use their data: for product improvement, to support existing and prospective customers, and for the transfer of data to third-party providers.

By consenting to the use of data for the individual support of existing and prospective customers, customers may receive, for example, information on vehicles, new products and offers or on participation in events or customer surveys of Porsche AG and selected subsidiaries. Customers decide whether and how they wish to be contacted. The customer also controls data releases to third-party providers in the Porsche privacy center. These are data-based services such as insurance rates based on usage, a digital logbook or smart charging applications.

Customers support the Porsche AG Group with the data they provide voluntarily. The Porsche AG Group uses the data to develop and optimize functions and services and to improve vehicle models. The Porsche AG Group uses the data from Porsche Communication Management (PCM) to continuously improve it, for example, its menu navigation. The improved usability benefits Porsche drivers. Another example: Usable charging data from electric-powered vehicles not only flows into the further development of charging management and battery control, but it is also an important basis for future product decisions and developments.

In current Porsche models, customers also have the option of controlling the data processing of their vehicle by selecting options in a privacy menu. For example, the vehicle can be set to private mode, which only permits legal data transmissions or data transmissions required for the operation of the vehicle, such as the "eCall" emergency call system.

A project on Corporate Digital Responsibility was initiated across all specialist departments as early as 2022. The duration of the project as well as the findings derived from it go beyond the reporting year. Initiatives on various dimensions have been launched as part of the project.

Even before the EU AI Act came into force, the Porsche AG Group had already defined self-imposed guidelines for dealing with AI and data. Considering the principles of fairness, transparency, reliability, accountability and security, it formulated specific requirements that should be part of the IT development process.

Digital Competence & Literacy encompasses the skills and knowledge required to effectively use and understand digital technologies. They are a key component of the digital transformation and affect all stakeholders — both within the Porsche AG Group and in society. The Porsche AG Group has launched numerous initiatives in this area on topics such as Digital Competence, Digital Wellbeing, Digital Literacy and Digital Culture. Further activities to promote Corporate Digital Citizenship are being developed.

RESULTS
The Porsche AG Group again made significant progress in 2023 with the measures listed. In the area of data protection, the data protection management system was also rolled out to selected subsidiaries outside the EU in the reporting year.

With the help of the data protection management system, the Porsche AG Group aims to achieve a minimum level of data protection within all its group companies and a uniform focus on common data protection values, while at the same time taking different local data protection laws into account. Measures that complete the data protection management system are to be implemented in 2024.

Training and information offerings were also expanded for all Porsche AG employees in the reporting year.

In the reporting year, 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 prior years once again, due to factors including continuous awareness measures and employee training. In all 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.

Access to high-quality information

TARGETS
The Porsche AG Group aims to be able to reach its customers around the clock, whatever their location, and vice versa. The Porsche AG Group wants to expand customer relationships and customer satisfaction in the long term and rank high in selected customer studies.

For this purpose, it is enhancing digital offerings with a clear customer focus and providing information across numerous channels on a wide range of topics, products and services. The Porsche AG Group endeavors to provide consumers with transparent information about products. Technical data, consumption figures, product descriptions and standard and optional equipment are listed and visualized in the best possible way using pictures and videos, thus allowing informed purchasing decisions.

DUE DILIGENCE PROCESS
The Executive Board established the product quality and customer satisfaction forum at Porsche AG many years ago. This is made up of the entire Executive Board and selected heads of specialist departments. The forum makes customer-oriented decisions in the areas of product quality and customer satisfaction. Measures to consistently improve customer satisfaction are worked on across all relevant company levels and in a multistep process.

The development of a global guideline on advertising and communication principles in the reporting year has created a uniform basis for carrying out responsible marketing activities.

During their first two years of employment, sales consultants working at the Porsche AG Group around the world undergo the Porsche Global Certification System (PGCS) program, which also focuses on the correct conduct of sales consultants in their dealings with customers. In addition, the sales consultants predominantly act according to the RACE principle: RACE stands for Respect, Align, Compare and Elevate — with the aim of further strengthening customer centricity in employees' mindset and actions. Since 2019, there has also been the role of the Porsche Pros, who act as brand ambassadors and support customers and interested parties with their in-depth knowledge of Porsche products and services. This lays the foundation for ensuring that the concept of fairness is always at the heart of the sales employees' activities.

The customer relationship is measured at several points: The success of providing information to consumers and end users is measured by the number of clicks and open rates of mailings, posts and videos. In addition, Porsche AG receives relevant information regarding product quality and customer satisfaction as well as qualitative feedback from Porsche customers via retail and other — also digital — contact points (customer touchpoints). These are also collected from customer ratings and statements in market research studies on customer satisfaction.

Since the reporting year, the Porsche AG Group has been using a customer excitement index (CEI) to measure how enthusiastic customers are along their journey — from initial contact to the purchase and ownership of a product through to potential repurchase. The index is used as a management tool in the product quality and customer satisfaction forum. It is also relevant for the remuneration of Porsche AG's Executive Board and management.

Aspects of customer excitement

- Purchase
- Product quality
- User experience with displays and control elements
- Porsche Connect services, charging of electric and hybrid vehicles
- Service

MEASURES
The Porsche AG Group provides consumers and end users with information in numerous places: The most important sources of information for customers include the Porsche magazine Christophorus, the online Newsroom with its social media channels, the web-based TV channel 9:11 Magazine, the 9:11 Porsche podcasts and the Porsche website. These provide detailed information on the vehicle models as well as on the digital services of Porsche Connect.

The Porsche Newsroom has been the central point of contact for media professionals, bloggers and the online community since 2014. The website functions as a corporate blog, social media hub and download center all in one. Users will find a comprehensive range of texts, images and videos.

Educational video tutorials are regularly published on YouTube in the Spot On format, bringing Porsche customers closer to their vehicles and explaining complex functions and product features in an understandable way. The guides contain information and practical tips on the latest technologies in the vehicle models and provide the end user with answers to frequently asked questions so that they can get the most out of their vehicles. The relevant Spot On topics are selected based on customer feedback, e.g., as part of the study by J.D. Power. The success is reflected, among other things, in an improvement in the J.D. Power Taycan Scoring and in the form of a small number of customer complaints under "Difficult to use". In the current reporting year, the initiative also supported Taycan customers along their customer journey by sending out Taycan Quicktipp (quick tip) e-mails with relevant content.

With the Porsche Advisors Club, an online community in the four markets of Germany, China, the USA and the UK, the Porsche AG Group has created a direct channel to its own customers. It not only provides information on the Porsche AG Group's products and services, but it also serves the purpose of bringing ideas and feedback from customers back into the company quickly and in a targeted manner. In addition to traditional tools such as online questionnaires, the Porsche AG Group uses a range of digital communication options, e.g., discussion forums, short surveys and online communication between Porsche employees and customers to strengthen customer relationships.

Following a pilot project in 2022, Porsche AG broadened the CEI in the reporting year and now measures customer enthusiasm worldwide in the aspects of purchase, product quality, user experience with displays and control elements, Porsche Connect services, charging of electric and hybrid vehicles and service. The CEI 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 index. The performance indicator is based on a survey of more than 300,000 customers worldwide each year.

RESULTS
The My Porsche customer portal is a central digital point of contact with customers. The reach of both the portal and the My Porsche app was expanded further in the reporting year. Evidence of the successful provision of information can be seen in the fact that there were fewer calls with questions to the Porsche centers and the Porsche Hotline in the reporting year, among other things.

In a pilot project in 2022, the CEI (average proportion of "excited" customers) across the six customer touchpoints described above was calculated for the first time. The CEI reached 46.7% in the reporting year.

Customer Excitement Index

%	2023	2022	2021
CEI	46.7	n.a.	n.a.

GOVERNANCE

Corporate governance, corruption and bribery
The Porsche AG Group sees acting and doing business with integrity as an essential foundation for all business activities. Corporate governance is critical to the success of a sustainable and economically efficient transformation. Compliance with laws and internal guidelines, the consistent rejection of corruption and bribery, and transparency about the measures taken play a key role in Porsche AG's sustainability efforts.

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 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. Both codes of conduct are available on the intranet and on the Porsche website and explicitly draw attention to Porsche AG's whistleblower system which is available to all business partners.
→ Code of Conduct for Business Partners

The Avoidance of conflicts of interest and corruption guideline provides recommendations for dealing with conflicts of interest and avoiding corruption. It regulates the admissibility criteria for the granting and acceptance of benefits such as gifts and invitations within the scope of business and specifies the permissible scope here for decision-making and action for managers and employees. It defines anti-corruption-specific requirements for implementing the compliance management system at Porsche AG, including regarding the careful selection and screening of (potential) business partners.

Porsche AG published the Group Business and Human Rights Guidelines in 2022. These group guidelines establish an overarching framework for controlling the duties of care relating to human rights and the environment under the LkSG.
→ Sustainability, work-related rights and equal treatment and opportunities in the value chain

There are also guidelines on other compliance issues, including anti-corruption and prevention of money laundering. Employees can find information about the guidelines on the intranet.

According to the group guidelines, there are strict criteria for special vehicle conditions that apply to the granting of discounts or other benefits in connection with vehicle transactions to certain stakeholder groups. The adopted processes create transparency regarding (planned) special vehicle conditions and compliance with special conditions that have already been approved.

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.

DUE DILIGENCE PROCESS
To prevent violations of the rules and support employees in complying with the law, Porsche AG has set up a compliance organization made up of the Chief Compliance Officer and those responsible for specific compliance topics at Porsche AG.

The Chief Compliance Officer provides the Executive Board and the Supervisory Board's Audit Committee with a quarterly report on the progress of implementing the compliance management system (CMS) as well as on significant measures and activities. According to the company compliance management guidelines, 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.

Since 2012, Porsche AG's CMS has formed the preventive framework for all principles, measures and processes not related to a specific person, which serves to ensure and implement compliance in six compliance areas. This aims to prevent breaches of the law and/or policy violations in these areas or to at least make them significantly more difficult.

The central Compliance department has been conducting compliance monitoring since 2021. Besides interviews with managers, it involves risk-oriented activities such as spot checks 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 risk analyses, which are carried out in the main departments of Porsche AG, form the basis for risk assessment in the compliance areas. In the reporting year, these were also performed for eight of Porsche AG's other main departments, so that by the end of 2023 risk analyses were available for 67 of the 70 relevant main departments of Porsche AG.

The Executive Board receives regular reports on the progress of implementing the compliance organization and the preventive and reactive measures at Porsche AG.

MEASURES
Porsche AG's compliance program includes various preventive and reactive measures. Any need for action and preventive measures are continuously defined based on a systematic risk analysis that takes the business model, relevant environmental conditions and the type of business relationships into account.

The main preventive measures are the existence of clear guidelines, regular training sessions and information for managers and employees on relevant compliance topics. There is also confidential compliance advice: Employees can direct all compliance-related questions to Porsche AG's central compliance help desk.

The main reactive measures are internal and external reporting channels and a whistleblower system to receive information on potential violations of regulations relating to Porsche. This whistleblower system is regulated in the group guideline of the same name.

Employees, customers and business partners of Porsche AG, as well as other third parties, can report suspicions of a breach of regulations by employees of Porsche AG both to an internal whistleblower system set up for this purpose and to two ombudsmen, who are subject to legal confidentiality under German law. The internal and external contact persons of the whistleblower system can be reached free of charge and at any time via various reporting channels and they also accept anonymous and confidential reports. The Porsche AG whistleblower system is available in various languages.

Any information received is investigated and any violations identified are responded to appropriately, for example in compliance with the applicable data protection, labor and co-determination laws. The whistleblowers are protected from any employment related consequences, harassment in the workplace or other disadvantages from Porsche AG. Appropriate countermeasures are initiated on a case-by-case basis depending on the results of the investigation, and individual misconduct is sanctioned on a case-by-case basis depending on the results of the investigation.

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 overarching findings for the CMS, which are to be considered in Porsche AG's compliance program for 2024.

In the reporting year 2023, those responsible for compliance topics conducted numerous communication measures at

Porsche AG. There were also in-person and virtual employee training sessions as well as digital learning modules at Porsche AG and selected German subsidiaries. In cooperation with the HR department, the compliance officers provide compliance training at Porsche AG. 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 organize training for specific departments and target groups, e.g., on legally required or current topics, or on request.

In the reporting year, around 3,000 employees at Porsche AG received compliance training at in-person and virtual events, and 24,416 participants received compliance training through digital training modules. The digital Code of Conduct training module was completed by 16,636 employees from Porsche AG. 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 was 84% on average for the defined areas of compliance.

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.

RESULTS

Most of the employee inquiries to the compliance help desk again related to the handling of invitations and gifts. The number of reports of potential violations was up on the prior-year level.

Overall, Porsche AG's whistleblower system was responsible for following up on 83 of 257 submitted reports. The plausibility check rated 44 of these 83 reports as plausible. Of the 44 plausible reports, 26 were categorized as potentially severe breaches of the rules and investigated through Porsche AG'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). 16 cases concluded with the identification of a serious breach of the rules and resulted in sanctions. Eleven investigations ended without identifying a breach of the rules. Sanctions following identified rule breaches can range from raising awareness to termination.

In accordance with the group guideline on the prevention of money laundering, Porsche AG submitted four suspicious activity reports to the responsible anti-money laundering authorities in the reporting year.

Integrity

TARGETS

Long-term success requires behavior to go beyond correct conduct in line with the laws, regulations and requirements. 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 enshrining integrity in the corporate culture for the long term. Managers and employees should be able to act in accordance with ethical principles, with responsibility, conviction and steadfastness. Porsche AG wants to strengthen the confidence of its employees, customers, shareholders and partners. 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.

The Porsche AG Code of Conduct not only emphasizes the importance of honest and ethical conduct and acting with integrity on the part of everyone, but also explicitly highlights the role model function of members of the Executive Board and managers. Integrity is a core value in the Porsche Code — the company's leadership model — and provides a solid basis for the organization.

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 Porsche AG by the Volkswagen Group as part of its Together4Integrity (T4I) program in 2018. The program has developed long-term measures aimed at strengthening the culture of integrity. The management of all subsidiaries in the T4I program, including Porsche AG, are responsible for the local implementation in accordance with the timeline and milestone plan. The package of measures and the implementation time may vary depending on the local circumstances. The central T4I program management was completed in July 2023, upon which the T4I content was transferred to the line responsibility of the respective group function. Since then, new companies have been considered for Porsche Group specifications via its integration management system.

In addition, Porsche AG also uses results from the employee survey to derive measures for managing integrity. For example, a poll about acting with integrity and compliant conduct in the company organization is part of the “Porsche Puls” employee survey. Among other things, the survey gives insights into the integrity culture. The results are then discussed in the organizational units. This mandatory discussion aims to develop measures to improve cooperation, management and further development for the long term. If the integrity-related question falls below a defined threshold, this triggers subsequent follow-up processes. Training formats on the topic of integrity or with content on integrity are also available.

MEASURES

Integrity issues are already addressed 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. 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 targeting specific groups. In addition, ongoing internal communication measures are designed to raise awareness among employees on the topic.

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. Employees can find bundled information on integrity on the intranet. Managers have access to a toolbox in their own special integrity section and apply this in day-to-day operations. It features self-reflection tools, dialog 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.

RESULTS

At the time of transferring the T4I content to the line responsibility of the respective group function in July 2023, the T4I measures relating to culture and integrity were virtually completed. The Internal Audit department also conducted a final review of the measures completed by Porsche AG and found their implementation to be plausible.

A voluntary digital learning module on the topics of brand, culture and integrity was introduced in the reporting year to convey the content and relevance of the topics for employees' day-to-day work and to raise awareness of them.

Since 2022, the competence model, focusing on the skills needed to make decisions with integrity, has been used in training for newly appointed managers and newly hired employees of Porsche AG and the selected national subsidiaries, as well as in training sessions on integrity for managers at Porsche AG covered by collectively bargained wage agreements. It was extended to other target groups in 2023.

In the “Porsche Puls” employee survey for 2023, the question about integrity was given an index score of 74 out of 100. Around 19,000 employees at Porsche AG took part in the survey in the reporting year.

GENERAL PRINCIPLES OF RISK AND OPPORTUNITY MANAGEMENT

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 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). This system is designed to identify and appropriately manage risks with respect to the achievement of strategic and operational goals as well as complying with legal and internal requirements. This is intended to avert the threat of loss for the Porsche AG Group and to identify at an early stage any threat of any risks that might jeopardize its continued existence.

As part of its opportunity management, the Porsche AG Group identifies and implements short, medium and long-term opportunities by systematically determining, assessing and operationalizing them and ultimately converting them into measurable revenue, cost and liquidity potential.

Identified risks and opportunities are already 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 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.

Regular reporting on risk management aims to support Porsche AG's Executive Board in identifying developments jeopardizing the company's ability to continue as a going concern in a timely manner.

The RMS and the implementation of and adherence to the defined baseline standards in the operational areas is monitored on an ongoing basis by the Porsche AG Group's Internal Audit department.

Below, the report first describes the methodological changes to the risk management system in the fiscal year 2023 as well as 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, 2023.

Methodological changes to the risk management system

In the fiscal year 2023, significant changes were made to the RMS of the Porsche AG Group.

→ Methodological changes to the risk management system in the fiscal year 2023 compared to the prior year

Compared to the prior year, there were no adjustments to opportunity management methodology in the current reporting year 2023.

Methodological changes to the risk management system in the fiscal year 2023 compared to the prior year

Topic	Methodology fiscal year 2022	Methodology fiscal year 2023
Risk inventory	Separate inventory: systemic risks, acute risks, operational risks	Holistic risk inventory
Risk assessment criteria	Estimated risk scores for "Financial loss", "Reputational damage", "Consequences under criminal law" and a range for "Likelihood of occurrence"	Quantitative risk assessment for significant risks using stochastic risk modeling, taking into account the qualitative assessment criteria "Reputational damage", "Consequences under criminal law" and "Likelihood of occurrence"
Risk assessment	Subjective risk assessment by risk owner	Holistic risk assessment for significant risks involving all relevant specialist departments (central risk management, risk owners, other key functions)
Categorization of the risk inventory	Structuring based on clustering: Supply risks and opportunities, risks and opportunities from the Russia-Ukraine conflict, risks and opportunities from the gas shortage, BCM risks, risks from regulatory requirements, cost risks and opportunities from vehicle projects, tax risks and opportunities, customs risks and opportunities, data privacy risks	Structuring based on risk categories: Strategic risks and opportunities, sales risks and opportunities, supply risks and opportunities, financial risks and opportunities, personnel risks and opportunities, operational risks and opportunities
Significant risks in relation to reporting to the Executive Board and Supervisory Board of the Porsche AG Group	Acute risks measured at a financial loss of at least €5 million; or that may have a negative impact on reputation in the affected market or region; or that may have consequences under criminal law for at least one employee of the local company of the Porsche AG Group	All significant risks with a financial net potential in a worst-case scenario of > €100 million The net financial potential also includes possible financial losses from reputational risks and consequences under criminal law.
Organization of the reporting to the Executive Board and the Supervisory Board of the Porsche AG Group	Reporting of estimated scores at fiscal year level: current fiscal year and the three subsequent fiscal years	Reporting of the simulated expected values of the quantitative risk assessments at fiscal year level: current fiscal year and the three subsequent fiscal years. Stochastic risk modeling is carried out for the significant risks.
Overall risk analysis	Risk-bearing capacity concept includes consolidated equity	Risk-bearing capacity concept includes equity and gross liquidity

Structures and procedures

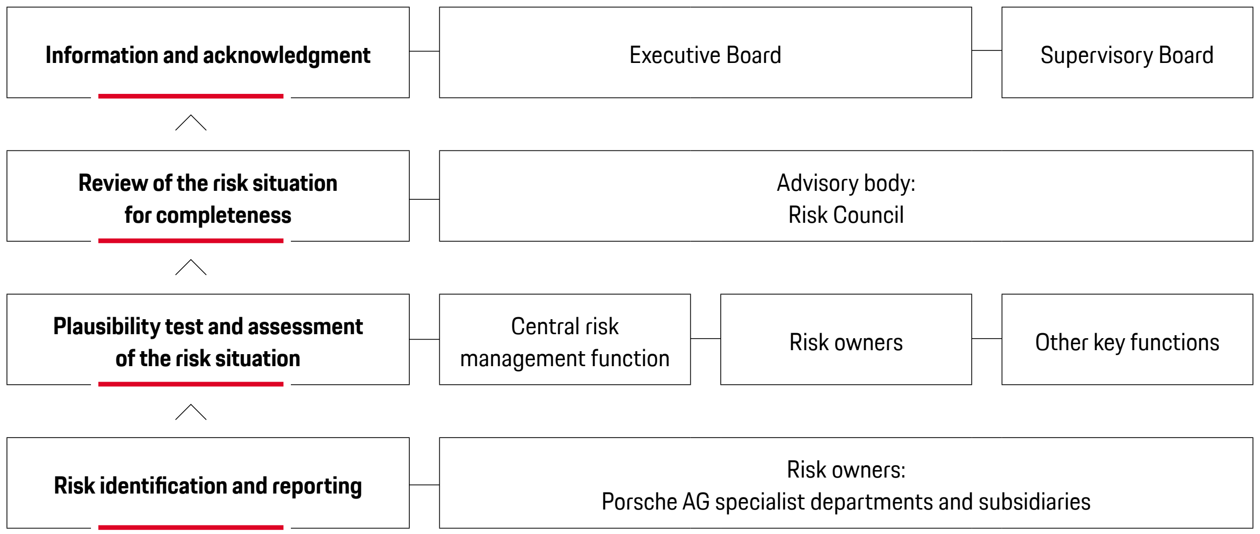
RISK MANAGEMENT SYSTEM

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 linked to risk management is represented by risk managers who are responsible for managing 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 basis of consolidation of the RMS matches that of the Porsche AG Group. If it makes sense from a risk perspective, the basis of consolidation can be expanded for risk management purposes to include other subsidiaries.

In line with the decentralized organizational structure, risks are identified, recorded in the risk management IT tool, assessed and managed by the main departments of Porsche AG and those subsidiaries linked to risk management as the risk owners. The reported risks are generally tested for their plausibility by central risk management and other key functions.

Structures and procedures of risk management



The risks are categorized into different risk classes based on their financial net potential. The net potential indicates the greatest possible financial impact of the risk for the Porsche AG Group, taking into account financial losses from reputational risks and consequences under criminal law. All risk management elements already in place are taken into account.

The significant risks, i.e., risks with a possible financial net potential of more than €100 million, i.e., risks in risk classes 3 and 4, are quantified in the next step by central risk management, the risk owners and with the involvement of other key functions. Central risk management coordinates with the risk owner and other key functions in order to take the necessary information into account in the stochastic risk modeling. The reporting period for the stochastic risk simulation covers the current fiscal year and the subsequent three fiscal years.

Risk classes of the Porsche AG Group

Risk classes	Financial net potential
Level 0	Risk class E ≤ €5 million
Level 1	Risk class D > €5 million–€10 million
Level 2	Risk class C > €10 million–€100 million
Level 3	Risk class B > €100 million–€1 billion
Level 4	Risk class A > €1 billion

Stochastic risk modeling uses appropriate probability distributions (e.g., equal distribution, triangular distribution, etc.) and IT-supported simulation methods (Monte Carlo simulation). As part of the risk simulation, the expected value of the financial loss and the value at risk are determined at a confidence level of 99%.

On a quarterly basis the significant risks are reviewed by the Risk Council for completeness. The Risk Council is an advisory body tasked with reviewing baseline standards for instruments and methods of the RMS and the associated reporting system. The risk situation for the respective quarter and the overall risk are reported to the Executive Board and Supervisory Board. Risks from the sustainability environment (ESG) are also integrated into these processes.

A core element of risk management of the Porsche AG Group is that risks can be reported and updated without delay via the group-wide reporting channels that have been set up. Outside of the standard process, there is an ad hoc reporting process for risks of at least risk class 3. The risk managers and main departments of Porsche AG and the subsidiaries integrated in the risk management are supported by central risk management. Alongside defining group-wide baseline 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.

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 trainings are also offered alongside compulsory trainings. 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.

INTERNAL CONTROL SYSTEM

The Porsche AG Group's internal control system (ICS), which is a key element of the RMS, serves to duly manage operational risks. Operational risks form part of the risk inventory (these and other risk categories are explained in the section → **Risk strategy**). The risk inventory of the Porsche AG Group includes all risks recorded in the IT tool. Where operational risks are process-related, they are generally managed by internal controls and mapped in the ICS. This also includes risks relating to sustainability.

The ICS is based on various process steps. The first step is for the risk owners to identify and record operational risks and controls. This is followed by the financial evaluation of the net potential and assessing the relevance to risk relating to the compliance, anti-fraud, reporting and operational criteria. In a final step, the risk owner gives their approval. Operational risks are updated at least once a year.

In addition, annual risk-based tests of operating effectiveness are carried out on the controls set up to manage the operational risks. The scope of the test of effectiveness is based on the determined risk relevance. The results of the tests of effectiveness are reported to the Executive Board and Supervisory Board of Porsche AG.

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 external requirements are taken into consideration equally. This also applies to Porsche AG's compliance management system in accordance with the Porsche Group's compliance management guideline, 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 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 compliance management system 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 compliance management system not having been appropriate or effective as a whole in the fiscal year 2023.

Irrespective of this, there are inherent limitations of the effectiveness of every risk management and control system or compliance management system. 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 group level include analyzing and, if necessary, adjusting the data reported in the financial statements presented by the subsidiaries, also taking into account the auditors' reports 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 significant 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, in a dynamic market environment arising opportunities also have to be identified in the best possible manner and persistently realized.

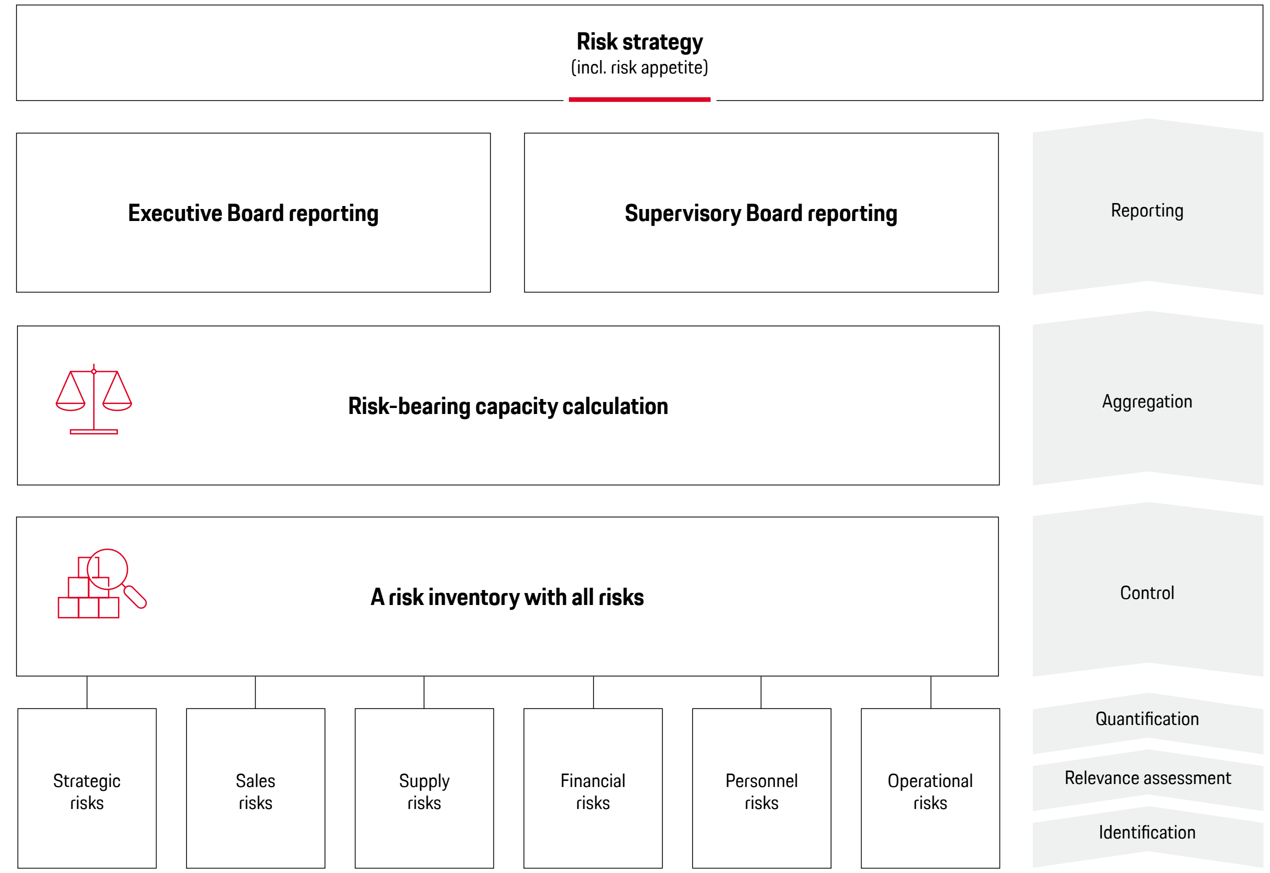
Opportunities management is closely based on strategic targets and is an integral component of the operational structures and procedures in conjunction with the general planning and management processes in the Porsche AG Group. This includes, among other things, revenue and cost optimization as well as product enhancement and the improvement of 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 short, medium- and long-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

Risk strategy of the Porsche AG Group



The term risk is defined as the possibility of a negative deviation from a budgeted figure or target. A net view is generally taken here. This means that risks are assessed taking risk management measures into account. The Porsche AG Group's RMS is made up of several integrated and interrelated elements and comprises risk categories relevant to the Porsche AG Group, which are explained in more detail below. → **Risk strategy of the Porsche AG Group**

RISK CATEGORIES OF THE PORSCHE AG GROUP

Strategic risks result from possible deviations from the plan, e.g., in strategic premises or threats to critical success factors. This risk category therefore includes risks resulting from supply chain dependencies or geopolitical tensions, the stability of the economic and financial markets and the regulatory environment. However, risks in connection with the successful implementation of our luxury brand business strategy and the electrification strategy, competitive risks and reputational risks also fall into this category. These are analyzed over the long-term and are therefore primarily evaluated on a qualitative basis. Strategic risks must be updated at least annually by the risk owner.

Sales risks arise from possible deviations from plan in the sale of vehicles. Risks resulting from changes in customer needs and requirements for products and in brand perception are also contained in this category. Increasingly intense competition in the industry also represents a challenge for the Porsche AG Group and can have a noticeable impact on the price and product mix. Constantly changing customer preferences and government regulations also represent significant risk factors. Sales risks are updated on a quarterly basis.

Supply risks arise from possible deviations from the plan, for example In the supply volume, supply quality and supply costs. The Porsche AG Group is dependent on the performance of its international supplier network. Risks arise, among other things, as a result of the single sourcing strategy pursued, supply risks for necessary commodity and supplier parts, extreme weather events, geopolitical conflicts and risks regarding the financial stability of its suppliers. Potential risks from new collaboration models such as joint ventures, non-controlling interests or cooperations are also considered in this risk category. Supply risks are updated by the risk owner on a quarterly basis.

Financial risks result from possible deviations from plan on currency, interest rate and other financial markets as well as from refinancing risks and liquidity risks. Financial risks are updated by the risk owner on a quarterly basis.
→ **Financial risk management and methods as well as opportunities**

Personnel risks arise from possible deviations from the plan with regard to the availability, adjustment, management and motivation of personnel. The demand for highly qualified employees is increasing worldwide. Risks in this category relate to the issue of finding, developing, retaining and replacing sufficiently qualified employees in management and at all levels. Risks from cooperation with trade unions, implementation and compliance with laws also belong in this risk category. These risks are updated at least every six months.

Operational risks result from the unsuitability or failure of internal processes, people or systems or from external events. Likewise, compliance risks, risks from legal disputes, taxes or customs duties as well as non-financial risks are included in the category of operational risks. The increasing digitalization of business processes and products entails risks such as cyber attacks and data protection risks, which are classified as operational risks. Operational risks are updated at least once a year.

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 categories suitable for the Porsche AG Group.

In addition, the risk strategy also includes four overarching pillars of managing risks.

- Risk acceptance: The risk is accepted as identified.
- Risk avoidance: The underlying situation is not entered into in order to eliminate the risk.
- Risk reduction: The probability and/or impact of the risk is reduced.
- Risk transfer: Transferring a risk onto the balance sheet of another company.

Risks 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 significant individual risks into an overarching overall risk. Risk aggregation is carried out using IT-supported simulations (Monte Carlo simulation).

RISK-BEARING CAPACITY

The overall risk is aggregated from the significant individual risks and compared with the available risk capital 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 significant risks with a cumulative financial net potential greater than €100 million over the period under review. Risks with a possible financial net potential of up to €100 million are included in the overall risk situation as a lump sum.

The RMS's risk-bearing capacity concept is based on the over-indebtedness perspective and the insolvency perspective. The overall risk is evaluated in relation to its potential negative impact on the operating result (EBIT) and cash flow. This is then compared with the available risk capital: The potential losses in the operating result are compared with equity and the potential negative cash flows with gross liquidity. In this way, the company's risk-bearing capacity is determined.

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 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).

For the documentation of the group-wide RMS and exercising the monitoring function, there is an IT system that reflects all of the risk management processes. It supports the main departments of Porsche AG as well as the subsidiaries integrated in the risk management system when executing risk management processes and compliance with baseline standards defined in risk management.

The risk-bearing capacity calculation showed that the occurrence of a development jeopardizing the continued existence of the group was sufficiently improbable in the fiscal year 2023.

RISK AND OPPORTUNITY SITUATION AS OF DECEMBER 31, 2023

The following section presents the risk and opportunity situation as of December 31, 2023. It is presented by risk category, with financial risks being presented in a separate section → Financial risk management and methods as well as opportunities.

In principle, the risk categories that have already been presented and which will be examined in more detail below also hold opportunities. Such opportunities may arise for the Porsche AG Group if the actual effects are better than the underlying planning assumptions or anticipated forecasts, or if additional positive effects can or do arise in the aforementioned categories—in relation to the value chain.

The macroeconomic environment represents the framework conditions for the risks and opportunities listed in the following categories and is included as an assumption in the assessment of these risks and opportunities.

The macroeconomic conditions are characterized by extraordinary uncertainties and influence the business development of the Porsche AG Group. Uncertainties result in particular from commercial and geopolitical events worldwide. In addition, there are increasing environmental challenges that affect individual countries and regions to varying degrees. High private- and public-sector debt is clouding the outlook for growth and may likewise cause markets to respond with uncertainty. Demographic change may also inhibit growth. Turbulence on the financial, energy and commodities markets, a more restrictive monetary policy with persistently high inflation and the associated decline in purchasing power, sharply rising interest rates and waning economic performance also have an impact on the business activities of the Porsche AG Group.

In addition, advancing climate change is putting the automotive industry under pressure worldwide. In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks are considered in the Porsche AG Group from two perspectives: firstly, the effects of physical climate change (such as extreme weather events) and secondly, the transitory risks arising from the climate-friendly restructuring of the economy (such as the regulation of CO_2 fleet emissions).

One aspect of transitory climate risks that may affect the business activities of the Porsche AG Group is the short-term tightening of climate laws and regulations in response to climate change. On the one hand, stricter regulations may give rise to risks on the supplier side, which may be reflected as cost risks in the Porsche AG Group. Risks may also arise for the Porsche AG Group on the sales side as a result of strict CO_2 regulations, among other things.

In addition to transitory climate risks, the consequences of climate change are also significant for the Porsche AG Group. Extreme weather events such as heavy rain or heat stress are significant for the Porsche AG Group and can result in financial losses as well as interruptions to operations.

In addition, the entire automotive industry is undergoing a transformation process towards electromobility. For the Porsche AG Group, the electrification strategy not only offers opportunities and learning effects, but also poses potential risks. For the Porsche AG Group, transformation risks may arise in particular from a delayed transformation of the sales markets towards electromobility. These risks are countered by a flexible product policy which, in addition to the strategy focused on BEV vehicles, also includes PHEV and ICE models.

In the area of production, but also in the supply chain, risks arise from the conversion of the processes and systems required for electromobility and the availability of certain raw materials. In addition, the Porsche AG Group is faced with deadline risks that may arise from delays in the deployment of new electromobility technologies. There are also challenges in the area of the fast-charging infrastructure required for electromobility.

Automotive markets around the world are exposed to risks from government intervention such as tax increases, which curb private consumption, and from restrictions on trade and protectionist tendencies such as tariffs and sanctions. Furthermore, there are future risks from the sale of electrified vehicles if the minimum requirements for local content under free trade agreements cannot be achieved. Sales incentives may lead to shifts in the timing of demand.

Furthermore, government regulations for the protection of human rights are constantly increasing the demands on companies to create greater transparency in their international supply chains, including bans on importing products that are suspected of being linked to human rights violations, either themselves or with regard to the parts they contain. Despite every effort by companies, there is still a risk that complete transparency cannot be achieved and that the import of products from or into individual markets may be restricted in individual cases. This poses a general risk to stable distribution chains worldwide.

The key risks by risk category for the Porsche AG Group as of December 31, 2023 are presented below. The risk categories are sorted by their significance for the Porsche AG Group. Within each risk category, the main risks are listed in descending order of financial relevance.

Overview of risks in the Porsche AG Group

Risk categories	Classification of the level of risk	Change on prior year
Strategic risks	High	Unchanged
Supply risks	High	Unchanged
Financial risks	High	Unchanged
Sales risks	High	Increased
Operational risks	Medium	Decreased
Personnel risks	Low	Unchanged

The classification of the level of risk in the risk categories is based on the following value limits:

Classification	Risk level
Low	≤ €500 million
Medium	> €500 million–€1,000 million
High	> €1 billion

Strategic risks and opportunities

In the context of strategic risks and opportunities, the Porsche AG Group considers issues that could have a long-term impact on the orientation of the company. The four main strategic risks of the Porsche AG Group are explained below.

SUPPLY CHAIN DEPENDENCY

The Porsche AG Group is dependent on a complex supply chain. Disruptions to the supply chain have in the past shown that it is heavily dependent on global and geopolitical stability. Possible consequences of disruptions to the supply chain include losses in profit or a reduction in customer satisfaction.

The risk is closely monitored and managed through various monitoring activities and projects, such as AI-supported supply chain monitoring, projects to increase supply chain transparency and preventive supplier risk management.

Possible potential and therefore opportunities in the supply chain can arise through strategic value chain management and the further expansion or creation of new strategic partnerships.

GEOPOLITICAL THREATS

The future success of the Porsche AG Group will be influenced by the geopolitical environment, among other factors. Tensions in the context of international relations and conflicts can lead to various forms of trade barriers for the Porsche AG Group. These can be specific security policy conflicts or country-specific regulatory requirements or various trade agreements. As a result of these tensions, the Porsche AG Group is facing, among other things, sales losses in the affected markets, disruptions to the supply chain or stricter regulations and customs duties.

Geopolitical threats are identified and monitored at an early stage as part of established projects, regular monitoring and preventive crisis management.

GLOBAL ECONOMIC AND FINANCIAL CRISES

Our global economic and financial environment is becoming increasingly tense. In addition, potential recessions are leading to lower expectations for the economic outlook. This may lead to an increasing number of supplier insolvencies, rising capital costs or a negative impact on share prices as well as negative effects on revenue for the Porsche AG Group. Where sufficiently foreseeable, these framework conditions are taken into account in the corporate planning, including scenario analyses.

INCREASING REGULATORY ENVIRONMENT

An increasingly volatile global regulatory environment confronts the Porsche AG Group. In particular, the Porsche AG Group faces strict emissions and safety standards, ever more stringent environmental and sustainability requirements, such as substance and material bans/restrictions, taxonomy requirements, recycling quotas or data governance laws. Laws relating to export and import controls also affect the company in this context.

The tensions within this environment can lead to significantly higher costs in the Porsche AG Group for compliance within the supply chain, procurement, product development, the production and sale of vehicles and their spare parts or to rising direct material costs. The necessary global legal monitoring is also becoming more complex and harbors the risk of non-compliance, fines and even possible loss of sales.

The ban on the authorization of per- and polyfluoroalkyl substances (PFAS) is currently highly relevant. As part of the EU Green Deal in the area of Chemicals Strategy for Sustainability, the EU Commission has drafted legislation to ban the PFAS substance group. This includes a complete ban on the placement of PFAS in the EU from 2026. The potential ban affects various areas within the Porsche AG Group and entails cost and sales risks.

The Porsche AG Group meets the challenges of the increasing regulatory environment by continuously carrying out comprehensive regulatory monitoring, implementing projects and measures to monitor international and country-specific standards and regulations and constantly reviewing their progress.

In the latter areas, opportunities that could have a lasting positive impact on the Porsche AG Group's results of operations may arise if the assumptions made develop more positively than assumed.

Supply risks and opportunities

In the Porsche AG Group, the supply risks and opportunities category includes commodity shortages, quality and deadline problems with purchased parts and software as well as disruptions in the supply chain due to geopolitical conflicts, major damage events at suppliers and additional cost claims from suppliers, among other things.

SUPPLY CHAIN PROBLEMS

Porsche AG Group is exposed to the risk of the start of production of vehicles being scaled-back, delayed or postponed due to quality or scheduling problems in the supply chain. Significant risks may also arise from the provision of software for products and connectivity services for the Porsche AG Group. Risk factors here are the timely provision of the software in the required quality. As a result, project milestones are missed or delayed, impacting deadlines and/or flattening the ramp-up curve. Additional cost claims from suppliers and competitive disadvantages are also conceivable if demand requirements are not met as a result of quality problems.

Within the Porsche AG Group, this risk is managed through early and systematic identification of weak points in the start of production of a vehicle and close monitoring of the supplier relationship.

The supply of semiconductors is continuously subject to high risks, which is why the supply situation remained tense in 2023. Potential risks for the Porsche AG Group could manifest themselves in the form of production interruptions and thus also lost sales. However, by arranging long-term contracts at an early stage, the supply situation has been increasingly stabilized.

In addition, as in the past, additional cost demands from suppliers for various reasons led to cost risks 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 supply risks.

The Porsche AG Group is also exposed to significant risks in the area of battery cell production in connection with the supply of parts. Risk factors include in particular the increasing demand for battery cells, the dynamic technology environment and the service life of battery cells. In this context, it is particularly important for the Porsche AG Group that risks may arise with regard to the supply of parts as a result of unstable production processes at battery cell suppliers. Generally speaking, this can result in the start of production of vehicles being scaled-back, delayed or postponed. There is also a risk that technical specifications for the battery cell will be met late or not at all. As a result, the Porsche AG Group is faced with deadline, quality and cost risks.

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.

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. Furthermore, opportunities from product cost and process optimization program can contribute to the realization of earnings potential in this context.

GEOPOLITICS

The conflicts in the Middle East may have a direct and indirect negative impact on the business activities of the Porsche AG Group. This can include temporary disruptions to important sea routes, which can have an impact on supply chains, for example. Rising energy prices may also lead to rising inflation rates. Demand shocks resulting from a possible global recession could also affect the business activities of the Porsche AG Group if the conflict were to escalate.

Possible risks may also arise from the trade conflict between China and the USA and tensions in Asia. As a result, the Porsche AG Group is faced with possible sales losses and a dependence on Asian suppliers or sub-suppliers, primarily due to the high proportion of revenue in the affected regions. In addition, conflicting sanction laws may exacerbate the risk situation.

If, contrary to previous planning assumptions and forecasts, the current geopolitical tensions in the aforementioned regions weaken or dissipate, this could lead to a reduction in the negative effects on the global economy—including higher inflation rates, increased interest rates, but also the sales situation in general and the challenges in the relevant markets—and possibly even result in opportunities on the sales and cost side for the Porsche AG Group.

Sales risks and opportunities

The sales markets of the USA, China, Europe and the rest of the world play a key role for the Porsche AG Group. There is currently a risk of a further decline in demand within the sales risks and opportunities category due to the dynamic market and competitive situation in China. A deterioration in the overall economic situation in China, e.g., as a result of a real estate crisis and the associated loss of purchasing power, increasing competition in the Chinese market or localization efforts, as well as structural changes in the automotive sector are evident and are having an impact on sales expectations in the market. The market situation in China is constantly monitored and taken into account in sales planning.

If, contrary to expectations, the sales situation develops more positively, this may also create opportunities for additional sales potential. This should be seen in particular against the backdrop of a balanced regional distribution, with an increased focus on new markets such as the ASEAN region.

In addition, the expansion of market shares due to a broad and rejuvenated 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.

Operational risks and opportunities

In the "Operational risks and opportunities" risk category, IT risks play a significant role for the Porsche AG Group in the area of business continuity management. The company's business processes are heavily dependent on information technology, which represents a significant risk factor. There is a risk of default especially in production due to unforeseen events such as a cyber attack. There is a significant risk that the Porsche AG Group may be exposed to data encryption or data protection risks. Critical IT resources and applications are safeguarded via the business continuity management system.

In addition, the Porsche AG Group faces operating risks in the area of research and development costs. In particular, there are cost risks resulting from the possible non-compliance with research and development budgets. For the Porsche AG Group, this risk can manifest itself in a reprioritization or change in the development and product portfolio.

In addition to the significant risks, the Porsche AG Group is exposed to various risks from legal disputes, taxes and customs duties as well as non-financial risks due to its global business activities.

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.

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 dialog with regulatory agencies, including the Kraftfahrt-Bundesamt (KBA–German Federal Motor Transport Authority) as type approval and market surveillance authorities. 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 also 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.

Further information can be found in the comments on litigation in the notes to the consolidated financial statements.

→ Notes to the consolidated financial statements–40. Litigation

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.

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 the fiscal year 2023.

Personnel risks and opportunities

No significant risks were identified in the “Personnel risks and opportunities” risk category in the current fiscal year 2023.

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. 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, interest rate and commodity price risks. The counterparties for the 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.

→ Notes to the consolidated financial statements–36. Financial risk management and financial instruments

Market price risks and opportunities

In 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 shares, bonds, commodity prices and residual value. It is company policy to exclude or limit these risks where possible by entering into hedging transactions.

Should, contrary to current planning and forecast assumptions, market prices develop positively, this may also result in 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 partly 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 2023, 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), Indian rupee (INR), Japanese yen (JPY), Mexican peso (MXN), Norwegian krone (NOK), Polish zloty (PLN), Singapore dollar (SGD), South Korean won (KRW), Swedish krona (SEK), Swiss franc (CHF), Taiwan dollar (TWD), and US dollar (USD).

There is no material currency risk in the financial services division, as refinancing is carried out in the currency of the respective assets.

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, liabilities and provisions. 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. Interest rate hedges are used to limit these risks.

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 systems in place are 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 development of prices, among other things. Possible risks from the development of prices of raw materials are analyzed on an ongoing basis in order to be able to act swiftly to any changes on the market. Commodity price risks are partly hedged through the use of hedging instruments for a period of several years. Averaging swaps are used as hedging instruments. The volume of hedges is determined on the basis of the planned commodity exposure in the respective procurement contracts. As part of the management of commodity price risks, price hedges were concluded in 2023 for the commodities aluminum, copper, nickel, cobalt and lithium hydroxide.

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.

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 and entering into derivatives contracts 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. A revolving credit facility of €2.5 billion has been agreed with a syndicate of 21 banks to further secure the liquidity position. 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 expenditure 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 the Volkswagen Group. 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. 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 the fiscal year 2024.

REPORT ON EXPECTED DEVELOPMENTS

Below this report describes 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 information 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 → **Report on risks and opportunities**. The report on expected developments 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.

DEVELOPMENT OF THE GLOBAL ECONOMY AND PASSENGER CAR MARKETS

Development of global economy

The Porsche AG Group expects growth in global economic output to lose some of its momentum in 2024. The persistently high rate of inflation in many regions and the resulting restrictive monetary policies of the central banks are expected to have a negative impact on private demand. Growth prospects will also be negatively impacted by ongoing geopolitical tensions and conflicts, largely related to the Russia-Ukraine conflict, but also to the conflicts in the Middle East. Other risks are seen in turbulence in the financial markets, in protectionist tendencies and structural deficits in individual countries.

The Porsche AG Group expects that both the advanced economies and emerging markets will record positive growth on average in 2024, albeit with below-average GDP growth rates.

For Germany, the Porsche AG Group anticipates that GDP growth will be weak in 2024. Relatively low economic growth is also expected for Western and Central Europe as a whole. For consumers and companies in Europe, the biggest challenge will be the relatively high inflation rate, although this will continue to fall over the year, and the comparably high interest rate. The European Central Bank could therefore make its first key interest rate cuts as early as 2024. The economic performance of Eastern Europe should continue to increase slightly following the sharp downturn as a result of the Russia-Ukraine conflict.

According to estimates by the Porsche AG Group, economic growth in the USA and Canada will be subdued by comparison in 2024. Here too, the US Federal Reserve could initiate the first key interest rate cuts.

For China, the Porsche AG Group expects the economy to grow at a relatively high level in 2024, albeit at a slightly lower rate than in the reporting year. The continuing challenging economic situation in China in particular could continue to have an impact here.

The Porsche AG Group continues to assume that economic momentum in other markets in the rest of the world will develop unevenly, but at a mostly positive rate.

Development in the passenger car markets

The forecast for 2024 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. The overall global sales volume of new vehicles is expected to be slightly higher than in the reporting year. However, the Porsche AG Group expects competition on the international automotive markets to become increasingly intense. These assessments are made on the basis of the situation involving the availability of essential parts, in particular semiconductors and commodities, not escalating further on account of crises as well as energy supplies being secured and the respective prices remaining stable at a high level.

In the German passenger car market, the volume of new registrations in 2024 is expected to be up slightly on the level of the reporting year 2023. For the markets in Western Europe, a slightly higher volume of new passenger car registrations is expected for 2024 compared to the reporting year. Sales of passenger cars in 2024 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.

For the US American market and also for the region North America incl. Mexico as a whole, the volume of new passenger car registrations in 2024 is expected to slightly exceed the reporting year figure. It is to be expected that in particular models from the SUV segments will again be in great demand.

For the passenger market in China incl. Hong Kong, the Porsche AG Group anticipates that the new registrations will be slightly above the level of the prior year. However, challenging market conditions and increasingly intense competition are expected to continue. This trend could also be adversely affected if geopolitical tensions intensify. The trade dispute between China and the USA could continue to weigh on business and consumer confidence.

For other markets in the rest of the world, the Porsche AG Group assumes that the passenger car markets will develop unevenly, but mostly positively.

FORECAST ASSUMPTIONS

Geopolitical conflicts and tensions

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 of commodities including energy as well as parts and components and their prices have also been hit by the consequences of the conflict.

The sale of Porsche vehicles and spare parts to Russia and Belarus was discontinued shortly after the outbreak of the conflict. The intention remains to sell the business divisions located in Russia. The sale project is expected to be completed before the end of the fiscal year 2024 due to the changes in external conditions.

The renewed escalation with conflicts in the Middle East will also continue to have an impact on the global economy and the business activities of the Porsche AG Group in 2024. These could also be negatively impacted by the development of the ongoing trade conflict between China and the USA as well as tensions in Asia.

For the forecast for 2024, it is assumed that the conflict between Russia and Ukraine and the conflicts in the Middle East will continue. The forecast for further global conflicts and tensions is also based on the current framework conditions, as a result of which the global sales figures of the Porsche AG Group will not be additionally affected.

Development of energy supply and commodity prices

The security of supply with energy and other raw materials, as well as their price level, is significantly influenced by the development of the global economy and is generally subject to the risk of ongoing geopolitical conflicts and tensions. The supply of energy and other raw materials and parts for production may be affected by supply bottlenecks and price increases. Part of the risk from price fluctuations is hedged directly and indirectly.

For 2024, the Porsche AG Group assumes 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. The 2024 forecast also assumes that energy prices will remain high. The forecast for 2024 continues to assume 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 significant price increases.

Availability and price development of essential parts

The availability and price development of raw materials, parts and components influences the entire automotive industry and therefore also the suppliers of the Porsche AG Group. In the reporting year, there were supplier cost increases, which were influenced not only by the pricing of intermediates and parts but also by delivery problems, financial difficulties and the insolvency of individual suppliers.

The 2024 forecast assumes that the supply chain situation will pose a similar challenge compared to the reporting year. While most of the price increases already took effect in the reporting year, individual delivery delays, delivery failures and possible insolvencies in the supplier sector must also be expected for the fiscal year 2024 for the products currently in series production as well as for planned production starts.

Foreign currency rates

On account of the global nature of its 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 compared to the Chinese renminbi, US dollar and the pound sterling 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 results of operations, financial position and net assets.

The net exposure in the major currencies for 2024 has been largely hedged. The 2024 forecast is based on the assumption that exchange rates will remain within a range comparable to that of the reporting year.

Product launches

The Porsche AG Group will update and add several attractive models to its product portfolio in 2024. The product launches of the Panamera, the all-electric Macan, the new Taycan and the 911 model series bring with them increased complexity.

The 2024 forecast assumes that product launches can be carried out as planned or that possible delays can be compensated for accordingly.

Further forecast assumptions for significant items

To meet the challenges of the mobility business in the future, the Porsche AG Group is continuously expanding its range of products and services in the sale of vehicles in the luxury segment as well as in mobility services. The transformation in the context of digitalization, sustainability and electromobility is the biggest change process in the history of the automotive industry. This involves the Porsche AG Group developing the products of tomorrow and investing in the digital, sustainable and electrified future for the company. This involves investments in research and development, property, plant and equipment and financial assets, that will be reflected in future expenses.

For these same reasons, the forecast for 2024 expects that total research and development expenses as well as amortization of intangible assets and depreciation of property, plant and equipment will remain at a very high level.

OVERALL STATEMENT ON ANTICIPATED DEVELOPMENT

The Porsche AG Group's planning for 2024 assumes that average global economic output will continue to grow, albeit at a lower level compared to the reporting year. This is provided that geopolitical conflicts and tensions with global repercussions do not intensify any further. It is expected that global demand for passenger cars will develop differently from one region to another but, with the intensity of competition increasing, growth will be slightly higher overall than the prior-year level. In China, however, the Porsche AG Group continues to expect challenging market conditions, which the Porsche AG Group will counter by balancing market distribution across all sales regions and harmonizing supply and demand.

Furthermore, risks can be seen in protectionist tendencies, turbulence in financial markets, structural deficits in some countries, the real economic impact of high inflation rates and interest rates around the world. Furthermore, the forecast for 2024 assumes difficulties and continued high prices for intermediates and raw materials, including energy. At the same time, the Porsche AG Group believes that its attractive product portfolio, which bridges the gap between performance, luxury and sustainability, puts it in a good position to face the current transformation of the automotive industry and the associated future challenges in the mobility business. The associated high level of investment in the digital, sustainable and electrified future of the company and the planned product launches mean that the Porsche AG Group faces a challenging year in 2024.

Automotive-related financial services are also expected to be of great importance for global automotive sales in 2024. The Porsche AG Group expects that the higher interest rate level will be reflected in a lower portfolio margin due to the delay in passing on the increased refinancing costs.

For 2024 as a whole, based on the aforementioned assumptions, the Porsche AG Group expects the operating return on sales to be between 15% and 17%. This forecast is based on assumed sales revenue in a range of €40 billion to €42 billion. In particular, reduced vehicle sales, regional and model-related shifts in sales, the continuing high cost level for the supply of parts as well as rising depreciation and amortization due to the extensive investments and higher personnel costs and non-personnel costs caused by inflation make it necessary to reduce the forecast for the operating return on sales compared to the reporting year.

Automotive net cash flow margin is also expected to be lower compared to the reporting year at between 8.5% and 10.5%.

The Porsche AG Group plans to achieve an EBITDA margin comparable to the reporting year of between 24% and 26%.

For our sales forecast for 2024, the company expects fully electric vehicles (automotive BEV share) to account for 13% and 15% of the total number of new vehicles delivered to customers, marking an increase compared to the reporting year.

Forecast of the Porsche AG Group

		2023	2024 Outlook
Porsche AG Group			
Sales revenue	€ million	40,530	€40 to €42 billion
Return on sales	%	18.0	Between 15% and 17%
Automotive segment			
Automotive net cash flow margin	%	10.6	Between 8.5% and 10.5%
Automotive EBITDA margin	%	25.7	Between 24% and 26%
Automotive BEV share	%	12.8	Between 13% and 15%

Stuttgart, February 19, 2024

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

20 04

Carrera GT

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2023

€ million	Note	2023	2022[1]
Sales revenue	1	**40,530**	**37,637**
Cost of sales	2	–28,924	–27,089
Gross profit		**11,606**	**10,549**
Distribution expenses	3	–2,869	–2,353
Administrative expenses	4	–1,787	–1,655
Other operating income	5	1,496	1,894
Other operating expenses	6	–1,162	–1,662
Operating profit		**7,284**	**6,772**
Share of profit or loss of equity-accounted investments	7	–9	–7
Interest income[1]	8	264	461
Interest expenses[1]	8	–184	–105
Other financial result	9	19	–40
Financial result		**91**	**308**
Profit before tax		**7,375**	**7,081**
Income tax income/expense	10	–2,218	–2,114
Current		–1,987	–1,929
Deferred		–231	–185
Profit after tax		**5,157**	**4,967**
thereof profit attributable to shareholders	25	5,157	4,960
thereof profit attributable to non-controlling interests	11	0	7
Profit transferred to Porsche Holding Stuttgart GmbH	25	–	–3,979
Basic/diluted earnings per ordinary share in €	12	**5.66**	**5.44**
Basic/diluted earnings per preferred share in €	12	**5.67**	**5.45**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2023

€ million	2023	2022[1]
Profit after tax	**5,157**	**4,967**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	–396	2,227
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	119	–668
Pension plan remeasurements recognized in other comprehensive income, net of tax	–277	1,559
Fair value valuation of equity instruments that will not be reclassified to profit or loss		
Fair value valuation of equity instruments that will not be reclassified to profit or loss, before tax[2]	–3	22
Deferred taxes relating to fair value valuation of equity instruments that will not be reclassified to profit or loss[2]	1	–
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	–2	22
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	0	1
Items that will not be reclassified to profit or loss	**–279**	**1,582**
Foreign exchange differences		
Unrealized currency translation gains/losses	–217	231
Transferred to profit or loss	–	0
Exchange differences on translating foreign operations, before tax	–217	231
Deferred taxes relating to exchange differences on translating foreign operations	–	–
Exchange differences on translating foreign operations, net of tax	–217	231
Hedging		
Fair value changes recognized in other comprehensive income (OCI I)	1,299	–40
Transferred to profit or loss or inventories (OCI I)	–291	892
Cash flow hedges (OCI I), before tax	1,008	852
Deferred taxes relating to cash flow hedges (OCI I)	–308	–253
Cash flow hedges (OCI I), net of tax	700	599
Fair value changes recognized in other comprehensive income (OCI II)	–181	–982
Transferred to profit or loss or inventories (OCI II)	564	315
Cash flow hedges (OCI II), before tax	383	–667
Deferred taxes relating to cash flow hedges (OCI II)	–116	202
Cash flow hedges (OCI II), before tax	267	–464
Fair value valuation of debt instruments that may be reclassified to profit or loss		
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	0	0
Items that may be reclassified subsequently to profit or loss	**750**	**366**
Other comprehensive income, before tax	775	2,665
Deferred taxes relating to other comprehensive income	–305	–719
Other comprehensive income, net of tax	**471**	**1,947**
Total comprehensive income	**5,627**	**6,914**
thereof profit attributable to shareholders	5,628	6,908
thereof profit attributable to non-controlling interests	0	6

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

2 As from the first quarter of 2023, deferred taxes are reported separately. The prior-year figures have been adjusted to reflect this change.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT AS OF DECEMBER 31, 2023

€ million	Note	Dec. 31, 2023	Dec. 31, 2022[1]
Assets			
Non-current assets		**30,407**	**27,488**
Intangible assets	13	8,554	7,473
Property, plant and equipment	14, 35	9,394	8,924
Leased assets	15, 35	4,190	3,854
Equity-accounted investments	16	651	623
Other equity investments	16	814	636
Financial services receivables	19	4,676	4,382
Other financial assets	20	1,422	753
Other receivables	21	78	100
Deferred tax assets	22	627	742
Current assets		**20,040**	**20,154**
Inventories	17	5,947	5,504
Trade receivables	18	1,449	1,268
Financial services receivables	19	1,669	1,538
Other financial assets	20	2,010	5,484
Other receivables	21	1,079	728
Tax receivables	22	235	87
Securities and time deposits[1]	23	1,826	1,795
Cash and cash equivalents[1]	24	5,820	3,719
Assets held for sale		6	31
Total assets		**50,447**	**47,642**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

€ million	Note	Dec. 31, 2023	Dec. 31, 2022[1]
Equity and liabilities			
Equity	25	**21,668**	**17,035**
Subscribed capital		911	911
Capital reserves		3,822	3,822
Retained earnings		16,305	12,395
Other reserves		629	–101
Equity attributable to Porsche AG shareholders		21,667	17,027
Non-controlling interests		1	8
Non-current liabilities		**15,211**	**14,027**
Provisions for pensions and similar obligations	26	4,315	3,668
Other provisions	27	1,249	1,131
Deferred tax liabilities	32	2,010	1,607
Financial liabilities	28	6,537	6,016
Other financial liabilities	30	364	872
Other liabilities	31	737	734
Current liabilities		**13,567**	**16,579**
Provisions for taxes	32	128	167
Other provisions	27	3,007	2,778
Financial liabilities	28	3,880	3,464
Trade payables	29	3,490	2,899
Other financial liabilities	30	1,231	5,287
Other liabilities	31	1,795	1,908
Tax payables	32	31	64
Liabilities associated with assets held for sale		5	12
Total equity and liabilities		**50,447**	**47,642**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2023

				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, 2022	**45**	**14,225**	**9,146**	**223**	**–361**	**–340**	**–11**	**0**	**22,927**	**8**	22,935
Changes in accounting policy to reflect IFRS 17	–	–	–2	–	–	–	–	–	–2	–	–2
Balance after adjustment at Jan. 1, 2022	**45**	**14,225**	**9,144**	**223**	**–361**	**–340**	**–11**	**0**	**22,925**	**8**	22,933
Profit after tax[1]	–	–	4,960	–	–	–	–	–	4,960	7	4,967
Other comprehensive income, net of tax[1]	–	–	1,559	231	599	–464	22	1	1,948	0	1,947
Total comprehensive income[1]	**–**	**–**	**6,519**	**231**	**599**	**–464**	**22**	**1**	**6,908**	**6**	6,914
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	866	–1,781	916	–	–	–	–	–	–	–	–
Balance at Dec. 31, 2022[1]	**911**	**3,822**	**12,395**	**454**	**238**	**–804**	**11**	**0**	**17,027**	**8**	17,035
Balance at Jan. 1, 2023	**911**	**3,822**	**12,387**	**454**	**238**	**–804**	**11**	**0**	**17,019**	**8**	**17,027**
Changes in accounting policy to reflect IFRS 17	–	–	8	–	–	–	–	–	8	–	8
Balance after adjustment at Jan. 1, 2023	**911**	**3,822**	**12,395**	**454**	**238**	**–804**	**11**	**0**	**17,027**	**8**	**17,035**
Profit after tax	–	–	5,157	–	–	–	–	–	5,157	0	**5,157**
Other comprehensive income, net of tax	–	–	–277	–217	700	267	–2	0	471	0	**471**
Total comprehensive income	**–**	**–**	**4,880**	**–217**	**700**	**267**	**–2**	**0**	**5,628**	**0**	**5,627**
Disposal of equity instruments	–	–	17	–	–	–	–17	–	–	–	**–**
Capital contribution	–	–	–	–	–	–	–	–	–	–	**–**
Dividends payment[2]	–	–	–916	–	–	–	–	–	–916	–	**–916**
Capital transactions involving a change in ownership interest[2]	–	–	–72	0	–	–	–	–	–72	–8	**–80**
Other changes	–	–	–	–	–	–	–	–	–	–	**–**
Balance at Dec. 31, 2023	**911**	**3,822**	**16,305**	**237**	**938**	**–537**	**–9**	**1**	**21,667**	**1**	**21,668**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).
2 For dividend distributions and capital transactions involving a change in ownership interest see → **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, 2023

€ million	2023	2022[1]
Cash and cash equivalents at beginning of period	**3,745**	**4,327**
Profit before tax	7,375	7,081
Income taxes paid	–2,190	–2,370
Depreciation, amortization and impairment losses[2]	3,528	3,189
Gain/loss on disposal of non-current assets	14	5
Share of profit or loss of equity-accounted investments	34	52
Other non-cash expense/income	–122	–40
Change in inventories	–694	–1,010
Change in receivables (excluding financial services)	–190	–247
Change in liabilities (excluding financial liabilities)	618	1,052
Change in pension provisions	251	366
Change in other provisions	366	556
Change in leased assets	–1,322	–536
Change in financial services receivables	–645	–983
Cash flows from operating activities	**7,023**	**7,114**
Investments in intangible assets (excluding capitalized development costs) and property, plant and equipment	–2,016	–1,710
Additions to capitalized development costs	–2,081	–1,951
Acquisition of subsidiaries	–152	–257
Acquisition of other equity investments	–90	–278
Disposal of subsidiaries	1	66
Disposal of other equity investments	6	18
Cash received from disposal of intangible assets and property, plant and equipment	11	8
Change in investments in securities and time deposits	44	–481
Change in loans	3,075	–2,021
Cash flows from investing activities	**–1,203**	**–6,606**
Capital contributions	–	3,057
Profit transfer and dividends	–4,895	–3,361
Capital transactions with non-controlling interests	–8	–
Proceeds from issuance of bonds	5,633	4,319
Repayments of bonds	–4,304	–4,745
Changes in other financial liabilities	–21	–245
Repayments of lease liabilities	–113	–115
Cash flows from financing activities	**–3,708**	**–1,089**
Effect of exchange rate changes on cash and cash equivalents	–31	–2
Net change in cash and cash equivalents	**2,081**	**–583**
Cash and cash equivalents at end of period	**5,826**	**3,745**
Cash and cash equivalents at end of period	5,826	3,745
Securities and time deposits and loans	3,308	6,483
Gross liquidity	**9,134**	**10,228**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).
2 Offset against reversals of impairment losses.

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, 2023

BASIS OF PRESENTATION

Dr. Ing. h.c. F. Porsche Aktiengesellschaft ("Porsche AG") has its headquarters 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 the fiscal year 2023 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 only changes required resulted from new and amended standards.

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, 2023.

The consolidated financial statements were issued for publication by the Executive Board on February 19, 2024. The period subsequent to the reporting date in which adjusting events can be recognized ends on that date.

SIGNIFICANT EVENTS

Russia-Ukraine conflict/Russian business (IFRS 5)

As in the prior year, the Russia-Ukraine conflict resulted in increased uncertainty with regard to the development of the global economy. In the reporting year, despite the resulting supply shortages, the energy and commodity markets started to steady, although some energy and commodity prices are still at a relatively high level.

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 discontinued vehicle exports. 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.

Porsche AG still intends to sell three subsidiaries in Russia which have therefore been classified as a disposal group held for sale in accordance with IFRS 5 since September 2022. In connection with this and with the measurement of the disposal group held for sale, please see the explanation in section → IFRS 5 - Assets held for sale.

IFRS 5–ASSETS HELD FOR SALE

Also since September 2022, Porsche AG still intends to sell 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. The sale project is expected to be completed before the end of the fiscal year 2024 due to the changes in external conditions.

In accordance with IFRS 5, the assets and liabilities held for sale were recognized at the lower of their carrying amount and fair value less expected costs of disposal. The main groups of assets and liabilities classified as held for sale as of December 31, 2023 are presented below.

€ million	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents	6	26
Assets held for sale	**6**	**31**
Other provisions	3	7
Other liabilities	2	4
Liabilities associated with assets held for sale	**5**	**12**

The cumulative negative currency translation differences of €52 million in connection with the disposal group are contained in other reserves.

An impairment loss of €25 million was recognized for the disposal group as of December 31, 2022. A further impairment and offsetting currency translation effects were identified as of December 31, 2023 and are included in the other operating result.

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 accounting judgments and estimates 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. 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 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:

	2023	2022
Parent company and consolidated subsidiaries including special security funds		
Germany	27	28
Abroad	90	86
Subsidiaries carried at cost		
Germany	13	12
Abroad	42	38
Associates, joint ventures and other equity investments		
Germany	33	31
Abroad	49	43
	254	**238**

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
Foundation	–	3
Others	–	1
	–	**5**
Deconsolidated		
Mergers	–	1
Others	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, 2023, the quoted price of the shares in Bertrandt amounted to €150 million (2022: €118 million).

In the fiscal year 2023, a reversal of impairment of €27 million (2022: impairment loss of €45 million) on the recoverable amount of €148 million (2022: €122 million) was recognized in other income and expenses from equity investments in the item other financial result. The recoverable amount is the quoted price (2022: value in use).

The calculation of the value in use for the purposes of the impairment test is based on a cost of capital of 10.4% (2022: 9.9%).

RIMAC GROUP D.O.O.

In the course of a financing round in the prior year, the Porsche AG Group 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. The Porsche AG Group holds more than 20% of Rimac Group and continues to account for it using the equity method due to its significant influence. Rimac Group, headquartered in Sveta Nedelja, Croatia, develops and produces high-performance components for electric vehicles. Rimac Group also holds shares in Bugatti Rimac.

BUGATTI RIMAC D.O.O.

The Porsche AG Group holds 45% of the shares in Bugatti Rimac d.o.o. and exercises significant influence over the company. The investment in Bugatti Rimac d.o.o. is accounted for in Porsche AG's consolidated financial statements using the equity method. Bugatti Rimac is headquartered in Sveta Nedelja, Croatia. Bugatti Rimac develops, produces and sells Bugatti and Rimac sports cars.

Summarized financial information on material associates on a 100% basis

€ million	Bertrandt[1]	Rimac Group[2]	Bugatti Rimac[3]
2023			
Equity interest (in %)	29	21	45
Non-current assets	527	525	498
Current assets	534	353	423
Non-current liabilities	347	33	48
Current liabilities	189	92	578
Net assets	524	753	294
Sales revenue	1,157	86	336
Profit/loss from continuing operations after tax	8	–86	–17
Profit/loss from discontinued operations after tax	–	–	–
Other comprehensive income	1	–	–
Total comprehensive income	8	–86	–17
Dividends received	2	–	–
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	–	–

1 Bertrandt AG has a deviating fiscal year. The disclosures for Bertrandt's statement of financial position therefore relate to the September 30, 2023 reporting date; the income statement disclosures for the fiscal year 2023 relate to the period from October 1, 2022 to September 30, 2023, and those for the fiscal year 2022 to the period from October 1, 2021 to September 30, 2022.
2 Measurement using the equity method is based on the provisional consolidated results of Rimac Group d.o.o..
3 Measurement using the equity method is based on the provisional consolidated results of Bugatti Rimac d.o.o. Adjustments on the basis of new insights gained were taken into account in the current fiscal year in the line item changes.

Reconciliation of the financial information to the carrying amount of the investment

€ million	Bertrandt	Rimac Group	Bugatti Rimac
2023			
Net assets at Jan. 1	524	830	270
Profit/loss	8	–86	–17
Other comprehensive income	1	–	–
Changes in reserves	–	8	41
Dividends	–9	–	–
Net assets at Dec. 31	524	753	294
Attributable share of net assets	152	155	132
Consolidation/goodwill/others	–4	61	67
Carrying amount of equity-accounted investments	148	216	199
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

Summarized financial information on individually immaterial associates

€ million	2023	2022
Earnings after tax from continuing operations	–54	–53
Earnings after tax from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	**–54**	**–53**
Carrying amount of equity-accounted investments	87	62

There are contingent liabilities due to associates of €206 million (2022: €124 million).

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 2023.

Amendments to IAS 12, resulting in almost 140 countries agreeing on global minimum taxation, have been mandatory since January 1, 2023 (Pillar 2). IAS 12 provides a temporary exemption from the requirement to account for deferred taxes provided that they arise from Pillar 2 being implemented by the respective countries. For further information on Pillar 2, see note "Composition of tax income and expenses".

Application of the amendments to IAS 12 relating to deferred taxes on leases and decommissioning/restoration liabilities has also been mandatory since January 1, 2023. According to this amendment, when initially recognizing such assets and liabilities, any deferred taxes also have to be recognized accordingly.

Amendments were also made to IAS 1 that have likewise been applicable since January 1, 2023. At the core of these amendments is the aim to make disclosures on accounting policies more company-specific and therefore more useful for decision-making by tightening the definition of materiality. In light of this, the disclosures made by the Volkswagen Group on accounting policies were revised. In particular, generally formulated disclosures derived from the IFRS standards were reduced to the bare essentials.

Amendments to IAS 8 specifying the difference between the change in an accounting method and the change in an accounting estimate have also been mandatory since January 1, 2023.

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 was affected by the Interest Rate Benchmark Reform regarding its IBOR-related variable transactions. Risk management strategies and processes have been implemented to avoid significant risks resulting from the replacement of existing benchmark 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 benchmark interest rates. This included announcements made by the responsible regulatory authorities.

As of December 31, 2023, the Porsche AG Group converted existing derivative transactions to the new benchmark interest rates. From the Porsche AG Group's point of view, the EURIBOR is not affected by a replacement.

The above amendments do not materially affect the Porsche AG Group's results of operations, financial position and net assets.

IFRS 17–Insurance Contracts

IFRS 17 provides new guidance on accounting for insurance contracts. The Porsche AG Group applied IFRS 17 for the first time as of January 1, 2023 using the full retrospective method.

The Porsche AG Group conducts reinsurance business in the repair cost insurance segment. All provisions from insurance contracts are measured using the general measurement model. The required data is determined using standard actuarial methods. The Porsche AG Group uses the bottom-up approach to calculate the discount rate. For the insurance business, the risk-free yield curve is generally derived from overnight index swaps of the currency in which the underlying insurance contracts are concluded.

For contracts whose primary purpose is to provide services in return for a fixed fee (fixed-price service contracts), the Porsche AG Group uses the option to recognize these service contracts as services in accordance with IFRS 15.

First-time application resulted in a slight change in equity both as of January 1, 2023 of €8 million and January 1, 2022 of €2 million. In addition, the first-time application as of January 1, 2023 resulted in a reduction in total assets of €31 million. This is due primarily to the changed system for calculating provisions relating to the insurance business. The change in the system for recognizing income and expenses does not have any material effect on the income statement. Prior-year figures have been adjusted accordingly.

NEW AND AMENDED IFRSS NOT APPLIED

In its 2023 consolidated financial statements, Porsche AG did not apply the following accounting standards that have been adopted by the IASB as of December 31, 2023 but whose 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	Yes	No material impact
IAS 1	Classification of liabilities as current or non-current	January 23, 2020	January 1, 2024	Yes	No material impact
IAS 1	Long-term liabilities with specific credit terms	October 31, 2022	January 1, 2024	Yes	No material impact
IAS 7 / IFRS 7	Supplier finance arrangement	May 25, 2023	January 1, 2024	No	Additional notes
IAS 21	Lack of exchangeability	August 15, 2023	January 1, 2025	No	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.

CURRENCY TRANSLATION

The Porsche AG Group uses the rates of an external market data provider. All rates are based on the respective euro exchange rates. All non-euro exchange rate combinations are derived from these rates.

		Closing rate		Average rate	
	€1 =	Dec. 31, 2023	Dec. 31, 2022	2023	2022
Australia	AUD	1.6292	1.5706	1.6286	1.5175
Brazil	BRL	5.3750	5.6444	5.4031	5.4444
China	CNY	7.8700	7.3661	7.6598	7.0814
United Kingdom	GBP	0.8691	0.8868	0.8700	0.8526
Hong Kong	HKG	8.6529	8.3210	8.4685	8.2530
Japan	JPY	156.7900	140.6650	151.9382	138.0236
Canada	CAD	1.4681	1.4440	1.4596	1.3705
Republic of Korea	KRW	1,440.7150	1,338.2950	1,413.5047	1,358.1973
Russia	RUB	99.9661	76.2868	92.2994	73.2742
Switzerland	CHF	0.9264	0.9852	0.9718	1.0054
USA	USD	1.1077	1.0677	1.0817	1.0541

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 financial statements of the respective company.

The comparative information is based in principle on the same accounting policies applied for the reporting period for the fiscal year 2023. 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 (cost model). 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 useful life from indefinite to finite is made on a prospective basis.

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. 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.

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. The depreciation of property, plant and equipment is allocated to the corresponding functional areas.

Right-of-use assets/lease liabilities
The right-of-use assets for leases 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. As of the reporting date, right-of-use assets are therefore recognized under non-current assets, mainly in the item “Property, plant and equipment”.

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.

Leased assets
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. 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.

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 shares in associates is accounted for using the equity method. When reviewing the recoverability of the net investment, the recoverable amount is determined using the principles described for indefinite-lived intangible assets.

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 2024 will grow overall, albeit at a slower pace. The persistently high inflation in many regions and the resulting restrictive monetary policies taken by central banks is expected to have an increasingly negative impact on private demand. Other risks are seen in turbulence in the financial markets, in protectionist tendencies and structural deficits in individual countries. Growth prospects will also be negatively impacted by ongoing geopolitical tensions and conflicts, largely related to the Russia-Ukraine conflict, but also to the conflicts in the Middle East. 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 2025 and continue on a path of stable growth until 2028. The volume planning of the Porsche AG Group reflects the aforementioned regional differences and takes into account the effects of currently known regional conflicts. The Porsche AG Group aims to increase the share of all-electric vehicles as a proportion of total deliveries from around 13% in 2023 to more than 80% in 2030, depending on demand and the development of electromobility in the individual regions of the world. The negative impact on earnings expected from 2024 onwards due to continuously rising material costs as well as more stringent emission and fuel consumption regulations will be offset now and in the future by price and product mix improvements as well as corresponding efficiency programs. In addition, the planning is based on the assumption that the supply situation for intermediates and commodities will normalize from the fiscal year 2024 onwards. Furthermore, the Porsche AG Group anticipates an increase in the operating return on sales for the medium term with the long-term target of more than 20%.

With regard to the assumptions in the detailed planning period, we refer to the explanations on the judgment and estimates of management. More detailed information can also be found in the report on expected developments, which forms part of the management report. The planning premises are adjusted to reflect the current information available.

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. 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). 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

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.

The Porsche AG Group allocates financial assets and liabilities to the "at amortized cost" and "at fair value" classes.

Financial assets and liabilities measured at amortized cost

Financial assets measured at amortized cost using the effective interest method are

- receivables from the financial services business,
- trade receivables,
- other receivables and financial assets,
- time deposits, and
- cash and cash equivalents.

The financial liabilities measured at amortized cost using the effective interest method arise from

- trade payables,
- other financial liabilities,
- liabilities to banks,
- bonds, commercial papers and notes,
- loans.

For reasons of materiality, discounting or unwinding of discounts is not applied to current receivables and liabilities (due within one year).

Financial assets and liabilities measured at fair value

Financial assets that are equity instruments are measured at fair value. For the most part, the Porsche AG Group exercises the option to recognize subsequent fair value changes through other comprehensive income. 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. Such interests are therefore measured at amortized cost.

Within the Porsche AG Group, the category "Financial assets at fair value through profit or loss" mainly comprises

- hedging relationships not within hedge accounting and
- investment fund units.

All financial liabilities at fair value through profit or loss relate to derivatives not within hedge accounting.

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.

Shares in subsidiaries, associates and joint ventures that are neither consolidated nor accounted for using the equity method 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.

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 and the non-designated effective portion of the hedging instruments is recognized in OCI II. They are only recognized in profit or loss or in the inventories 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, commodity price, 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 (also referred to below as derivatives not within hedge accounting). 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 within hedge accounting. These relate, for example, to non-designated forward exchange transactions and interest rate hedges.

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 measured taking into account estimates regarding the future availability of taxable income. This includes the amount and nature of this taxable income, the periods in which it is expected as well as available tax planning measures. 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. Loss allowances are recognized on deferred tax assets when it is unlikely that sufficient future taxable income will be available within a reasonable period of time against which the deductible temporary differences, tax loss carryforwards and tax credits can be offset.

The tax consequences of profit distributions are taken into consideration as soon as the profit distributions are planned.

Current taxes

Current income taxes are measured as income tax assets and liabilities for current and prior periods at the amount expected to be refunded by or paid to the taxation authorities. Therefore, current taxes recognized in the fiscal year also include adjustments for uncertain tax payments or refunds for periods that have not yet been finally assessed, excluding interest and penalties on back taxes. Provisions are recognized for potential obligations in respect of such tax assessments that have not yet been finally reviewed by the tax authorities. Any such identified tax risk is measured on the basis of the most likely value to be recognized to reflect the risk, should it materialize.

Share-based payment

Share-based payment comprises performance share plans, i.e., payment plans that are settled in cash and accounted for in accordance with IFRS 2.

Other provisions

Provisions not resulting in an outflow of resources within one year are recognized at their settlement value discounted to the reporting date. The discount factor is based on market interest rates. In the eurozone, an average interest rate of 2.87% (2022: 3.16%) was used. The settlement amount also includes the expected cost increases.

Other liabilities (not included within the scope of a specific IFRS)

Other non-current liabilities not included within the scope of a specific IFRS 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.

Current liabilities not included within the scope of a specific IFRS 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 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.

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.

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. 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, 2023: €960 million (2022: €995 million); carrying amount of capitalized development costs for products in use as of December 31, 2023: €3,025 million (2022: €2,309 million), carrying amount of property, plant and equipment subject to wear and tear excluding factory and office buildings on December 31, 2023: €3,132 million (2022: €2,846 million)) are based on past experience and are reviewed regularly. 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 to positively affect the operating result by around €92 million in 2023 and by around €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, 2023: €982 million (2022: €997 million)) and the lease liabilities (carrying amount of lease liabilities on December 31, 2023: €1,047 million (2022: €1,046 million)).

Determining the timing for the capitalization of development costs (carrying amount of the capitalized development costs as of December 31, 2023: €7,575 million (2022: €6,459 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) as well as investments accounted for at equity or at cost and the measurement of 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, 2023: €1,465 million (2022: €1,259 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 the impairment testing of property, plant and equipment (carrying amount of property, plant and equipment as of December 31, 2023: €9,394 million (2022: €8,924 million)) and leased assets (carrying amount of leased assets as of December 31, 2023: €4,190 million (2022: €3,854 million)) judgments are made, in particular, with regard to the determination of indicators 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.

Since September 2022, Porsche AG still intends to sell the Russian subsidiaries of Porsche AG. The sale project is expected to be completed before the end of the fiscal year 2024 due to the changes in external conditions. 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, 2023: €8,698 million (2022: €7,744 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, 2023: €4,315 million (2022: €3,668 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, 2023: €4,256 million (2022: €3,909 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.

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 were recognized for potential future payments of tax arrears. Other provisions were recognized for ancillary tax payments arising in this connection. These 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.

Tax provisions are measured on the basis of the most likely value at which the risk will materialize. If there are multiple tax risks, the Porsche AG Group decides based on the merits of the individual case whether to account for them individually or in groups, depending on which type of presentation is appropriate for assessing the extent to which the tax risk will materialize. Impairment tests were performed when determining the deferred tax assets.

Transfer prices for intragroup business relationships are subject to tax law requirements in Germany and many other countries. The provisions are based on the arm's length principle, which requires that business conditions agreed between related parties must be the same as those that would have been agreed between third parties. To ensure that this requirement is met and the associated transfer pricing risks are minimized, the Porsche Group tax guidelines and the Volkswagen AG Group transfer pricing guideline apply to transfer pricing in the Porsche AG Group. Where possible and appropriate, advance pricing arrangements (APAs) are also used to provide additional legal certainty with regard to cross-border transfer pricing.

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, 2023: €627 million (2022: €742 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 and the continued normalization of economic activity in 2022 despite the Russia-Ukraine conflict, the global economy showed positive growth of 2.7% overall in the fiscal year 2023 (prior year: growth of 3.0%). The decline in momentum compared to the prior year was mainly due to weaker growth in the advanced economies, while the rate of change in the group of emerging economies increased slightly overall.

The Porsche AG Group's planning is based on the assumption that global economic output in 2024 will grow overall, albeit at a slower pace. The persistently high inflation in many regions and the resulting restrictive monetary policies taken by central banks is expected 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. Risks are posed in particular by the Russia-Ukraine conflict as well as tensions in the Middle East. Furthermore, it is expected 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 2025 and continue on a stable growth path until 2028.

Significant accounting judgments and estimates 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 report on expected developments, 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 2023

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Sales revenue from external customers	37,213	3,316	**40,530**	–	**40,530**
Intersegment sales revenue	136	128	**264**	–264	**–**
Total sales revenue	37,349	3,444	**40,793**	–264	**40,530**
Segment profit (operating profit)	6,938	302	**7,241**	44	**7,284**
Depreciation and amortization	2,654	883	**3,537**	–34	**3,504**
Impairment losses	2	160	**162**	–	**162**
Reversal of impairment losses	–	137	**137**	–	**137**
Investments in intangible assets and property, plant and equipment	4,045	33	**4,078**	19	**4,097**

Reporting segments 2022[1]

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Sales revenue from external customers	34,446	3,191	**37,637**	–	**37,637**
Intersegment sales revenue	152	101	**253**	–253	**–**
Total sales revenue	34,599	3,292	**37,891**	–253	**37,637**
Segment profit (operating profit)	6,425	341	**6,766**	7	**6,772**
Depreciation and amortization	2,296	895	**3,191**	–32	**3,159**
Impairment losses	5	140	**145**	–	**145**
Reversal of impairment losses	–	162	**162**	–	**162**
Investments in intangible assets and property, plant and equipment	3,593	53	**3,645**	15	**3,661**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

Reconciliation

€ million	2023	2022[1]
Segment sales revenue	**40,793**	**37,891**
Consolidation	–264	–253
Group sales revenue	**40,530**	**37,637**
Segment profit (operating profit)	**7,241**	**6,766**
Consolidation	44	7
Operating profit	**7,284**	**6,772**
Financial result	**91**	**308**
Consolidated profit before tax	**7,375**	**7,081**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

By region 2023

€ 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	4,877	8,779	11,969	9,547	5,781	–424	**40,530**
Intangible assets, property, plant and equipment and lease assets	17,115	339	4,398	135	151	–	**22,138**

1 excl. Mexico
2 incl. Hong Kong

By region 2022[1]

€ million	Germany	Europe without Germany	North America[2]	China[3]	Rest of the world	Hedges sales revenue	Porsche AG Group
Sales revenue from external customers	4,643	7,379	10,576	11,764	4,566	–1,290	**37,637**
Intangible assets, property, plant and equipment and lease assets	15,580	304	4,070	161	136	–	**20,251**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).
2 excl. Mexico
3 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 2023

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Vehicles	31,733	–	**31,733**	–87	**31,646**
Genuine parts	1,950	–	**1,950**	0	**1,949**
Used vehicles and third-party products	1,415	1,577	**2,992**	–90	**2,903**
Rental and leasing business	1	1,401	**1,401**	–57	**1,345**
Interest and similar income from financial services business	0	450	**450**	–11	**439**
Hedges sales revenue	–424	–	**–424**	–	**–424**
Other revenue	2,674	16	**2,690**	–19	**2,671**
	37,349	**3,444**	**40,793**	**–264**	**40,530**

Structure of the group's sales revenue 2022[1]

€ 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	2,875	35	**2,911**	–17	**2,892**
	34,599	**3,292**	**37,891**	**–253**	**37,637**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

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 €121 million (2022: €117 million).

Of the sales revenue recognized in the reporting period, an amount of €733 million (2022: €789 million) was included in contract liabilities as of January 1, 2023. 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, 2024.

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 €28,924 million (2022: €27,089 million and mainly comprises 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 €147 million (2022: €90 million), impairment losses on leased assets amounting to €160 million (2022: €140 million) and expenses for indemnification payments from warranty insurance for used vehicles amounting to €107 million (2022: €77 million).

Profit-related government grants in the fiscal year amounted to €9 million (2022: €41 million) and were generally allocated to the corresponding function.

3. DISTRIBUTION EXPENSES

Distribution expenses of €2,869 million (2022: €2,353 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 €1,787 million (2022: €1,655 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	2023	2022
Income from reversal of valuation allowances on receivables and other assets	30	34
Income from reversal of provisions and accruals	111	93
Income from derivatives within hedge accounting	157	306
Income from derivatives not within hedge accounting financial services segment	7	47
Income from other hedges	231	233
Income from foreign exchange gains	216	310
Income from cost allocations	280	300
Gains on asset disposals and the reversal of impairment losses	139	165
Other rental income	60	54
Miscellaneous other operating income	265	352
	1,496	**1,894**

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 other recourse income.

6. OTHER OPERATING EXPENSES

€ million	2023	2022
Valuation allowances on trade receivables	11	7
Valuation allowances on other receivables and other assets	54	70
Expenses from derivatives within hedge accounting	94	291
Expenses from derivatives not within hedge accounting financial services segment	15	3
Expenses from other hedges	148	178
Foreign exchange losses	373	380
Losses on disposal of non-current assets	38	59
Financial share of company pension scheme	70	243
Miscellaneous other operating expenses	359	431
	1,162	**1,662**

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 PROFIT OR LOSS OF EQUITY-ACCOUNTED INVESTMENTS

€ million	2023	2022
Share of profits of equity-accounted investments	**14**	**10**
of which from joint ventures	–	–
of which from associates	14	10
Share of losses of equity-accounted investments	**23**	**17**
of which from joint ventures	–	2
of which from associates	23	15
	–9	**–7**

8. INTEREST RESULT

€ million	2023	2022[1]
Interest income	**264**	**461**
Other interest and similar income	264	310
Interest result from discounting other non-current liabilities	–	151
Interest expense	**–184**	**–105**
Other interest and similar expenses	–17	–2
Interest expenses included in lease payments	–34	–26
Interest result from discounting other non-current liabilities	–2	–
Net interest on the net defined benefit liability	–130	–77
Interest result	**80**	**356**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

The decrease in the result of unwinding the discount on/discounting other non-current liabilities is mainly attributable to interest rate developments.

9. OTHER FINANCIAL RESULT

€ million	2023	2022
Other income from equity investments	37	25
Other expenses from equity investments	–47	–62
Income and expenses from securities and loans	83	–99
Realized income of loan receivables and payables in foreign currency	78	–
Realized expenses of loan receivables and payables in foreign currency	–32	–
Gains and losses from remeasurement and impairment of financial instruments	–61	64
Gains and losses from fair value changes of hedging instruments/derivatives not within in hedge accounting	–39	31
Other financial result	**19**	**–40**

Other income from equity investments contains a reversal of impairment on the investment in Bertrandt AG accounted for using the equity method of €27 million as well as changes in value of other equity investments measured at fair value of €3 million (2022: €18 million). In the prior year, the 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 were included in other expenses from equity investments.

10. INCOME TAX

Income tax includes the tax income and expense determined for Porsche AG including the tax allocations of the tax group subsidiaries of Porsche AG as well as the tax income and expense of the consolidated subsidiaries, which themselves owe taxes, as well as deferred taxes.

Composition of tax income and expense

€ million	2023	2022[1]
Current tax expense, Germany	1,612	1,428
Current tax expense, other countries	375	501
Current income tax expense	**1,987**	**1,929**
of which prior-period income (–)/expense (+)	–17	–10
Deferred tax income (–)/expense (+), Germany	283	409
Deferred tax income (–)/expense (+), other countries	–51	–224
Deferred tax income (–)/expense (+)	**231**	**185**
Income tax income/expense	**2,218**	**2,114**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

The current tax expense was reduced by €2 million (2022: €1 million) as a result of the utilization of previously unrecognized tax losses and tax credits and previously unrecognized temporary differences from prior periods.

The decrease in taxes in other countries and at the same time the addition to the tax expense in Germany is caused by a change in earnings and taxes from lower-taxed countries and higher-taxed countries, primarily Germany.

As in the prior year, income relating to other periods largely relates to the USA in the current fiscal year.

Reconciliation of estimated to recognized income tax

€ million	2023	2022[1]
Profit before tax	7,375	7,081
Group tax rate in %[2]	30.2	30.0
Expected income tax expense	**2,227**	**2,124**
Effects of different tax rates	–90	–20
Effects of loss carryforwards and tax credits	7	–2
Tax-exempt income and non-deductible business expenses	89	74
Taxes relating to other periods	–10	–8
Effect of tax rate changes[3]	–5	1
Other differences	–	0
Effects of spin-off	–	–55
Reported income tax expense	**2,218**	**2,114**
Effective tax rate in %	30.1	29.9

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).
2 On account of the tax group in place with VW, VW's group tax rate was relevant in the fiscal year 2022. Following the termination of the income tax group in place with VW, the group tax rate will be determined at the level of the Porsche AG Group from 2023 onwards.
3 The effect of the tax rate change in Germany in 2022 amounts to €2 million.

Until December 31, 2022, tan income tax group was in place with Porsche Holding Stuttgart GmbH and, through this company, with Volkswagen AG. This meant that, until 2022, the group tax rate of Volkswagen AG and thus of the Volkswagen AG Group was also relevant for the Porsche AG Group, Porsche AG and its tax group subsidiaries. Following the termination of the income tax group in place with Volkswagen AG, the group tax rate is determined at the level of the Porsche AG Group.

The statutory corporate income tax rate for the 2023 assessment period in Germany was 15% (2022: 15%). Including trade tax and the solidarity surcharge, the nominal tax rate comes to 30.2% (2022: 30.0%). A tax rate of 30.2% (2022: 30.2%) was applied to measure the deferred taxes in the German consolidated tax group. This group tax rate is therefore used for the reconciliation.

The local tax rates applied for foreign entities range between 0% and 34% (2022: 0% and 34%). These local tax rates, together with the investments in securities subject to a lower tax rate in Germany, lead to a different tax burden compared to the group tax rate. The change in the deviating tax burden primarily stems from the investments in securities and the increase in the group tax rate. Tax rate changes led to a measurement effect in the reporting period of €–5 million (2022: €1 million).

The reconciliation item to tax-free income and non-deductible operating expenses contains tax effects on tax-free income of €11 million (2022: €9 million) and non-deductible expenses of €100 million (2022: €65 million).

There were no effects from spin-offs in the current fiscal year. In the prior year, this effect resulted from structural measures in the group prior to the IPO.

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, 2023	Dec. 31, 2022[1]	Dec. 31, 2023	Dec. 31, 2022[1]
Non-expiring tax loss carryforwards	45	69	43	68
Expiry within 10 years	17	15	17	13
Expiry over 10 years	39	4	34	–
Total	**101**	**88**	**94**	**81**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

The tax loss carryforwards largely stem from Germany (€38 million), the USA (€14 million) and Luxembourg (€33 million). Of these total tax loss carryforwards, total deferred taxes of €2 million (2022: €2 million) were recognized for tax loss carryforwards and tax credits.

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, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022[1]
Intangible assets, property, plant and equipment and leased assets	10	6	3,394	3,063
Other equity investments	15	3	1	–
Inventories	30	30	31	33
Receivables and other assets (including financial services)	26	48	385	145
Securities	0	1	0	3
Unused tax loss carryforwards and tax credits	2	2	–	–
Provisions for pensions and similar obligations	642	496	19	23
Liabilities and other provisions	1,512	1,535	67	32
Gross value	**2,237**	**2,120**	**3,896**	**3,298**
Offsetting	–1,990	–1,763	–1,990	–1,763
Consolidation	380	384	104	71
Amount recognized in the consolidated statement of financial position	**627**	**742**	**2,010**	**1,607**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

In the reporting year, reversals of impairments and impairments were recognized on deferred tax assets for temporary differences of €1 million and €0 million, respectively (2022: reversals of impairments and impairments of €2 million and €1 million, respectively).

As of the reporting date, deferred taxes totaling €305 million (2022: €719 million as a decrease 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 tax assets of €3 million (2022: €3 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 undistributed profits at subsidiaries of Porsche AG in the amount of €242 million (2022: €298 million) because control is given.

Global minimum taxation

The model rules published by the OECD on global minimum taxation (Pillar 2) were enacted or largely enacted in certain countries in which the Porsche AG Group operates. In Germany, the legislation comes into force for the Porsche AG Group for the fiscal year beginning on January 1, 2024. The Porsche AG Group falls within the scope of the enacted or largely enacted legislation and has assessed the potential risk of the Porsche Group with regard to global minimum taxation.

The assessment of the potential risk arising from minimum taxation is based on the most recently available country-by-country report and financial statements for the business divisions of the Porsche AG Group. The assessment shows that the effective tax rates of Pillar 2 in most of the countries in which the Porsche AG Group operates are over 15%. However, there are a low number of countries in which the temporary safe harbor exemption does not apply and the effective tax rate of Pillar 2 is under 15%. The Porsche AG Group does not expect any significant income tax risk to arise from Pillar 2 in these countries.

The exemption introduced in May 2023 with the amendments to IAS 12 means that deferred taxes in connection with income tax arising from applicable or announced tax regulations on implementing the model rules of Pillar 2 will not be recorded or disclosed within the Porsche AG Group.

11. PROFIT/LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The profit/loss attributable to non-controlling interests amounts to €0 million (2022: €7 million) and relates to 25% of the shares in Porsche Singapore Pte. Ltd, Singapore. The 25% of the shares in Porsche Taiwan Motors Ltd., Taipei, recognized in the prior year were acquired in the fiscal year 2023.

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 in the prior year that took effect on August 15, 2022 upon entry in the commercial register, the number of shares issued changed to 455,500,000 ordinary shares and 455,500,000 preferred shares. Since there were no transactions in the years 2023 and 2022 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:

		2023	2022[1]
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	5,157	4,967
Non-controlling interests	€ million	0	7
Earnings attributable to Porsche AG shareholders	€ million	5,157	4,960
thereof basic/diluted earnings attributable to ordinary shares	€ million	2,576	2,478
thereof basic/diluted earnings attributable to preferred shares	€ million	2,581	2,482
Earnings per ordinary share–basic/diluted	€	5.66	5.44
Earnings per preferred share–basic/diluted	€	5.67	5.45

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

13. INTANGIBLE ASSETS

Research and development costs in the reporting period developed as follows:

€ million	2023	2022	%
Total research and development costs	2,834	2,651	6.9
thereof capitalized development costs	2,081	1,951	6.7
Capitalization ratio in %	73.5	73.6	
Amortization of capitalized development costs	960	784	22.4
Research and development costs recognized in the income statement	**1,712**	**1,484**	**15.3**

The carrying amount of goodwill in the Porsche AG Group as of December 31, 2023 amounts to €19 million (2022: €19 million).

Development of intangible assets from January 1 to December 31, 2023

€ 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, 2023	**2,556**	**7,040**	**4,150**	**20**	**13,766**
Foreign exchange differences	–1	0	–	–1	**–2**
Changes in consolidated group	0	–	–	–	**0**
Additions	373	341	1,740	–	**2,454**
Transfers	5	1,338	–1,338	–	**5**
Classified as held for sale	–	–	–	–	**–**
Disposals	21	241	2	–	**264**
Balance at Dec. 31, 2023	**2,911**	**8,477**	**4,551**	**19**	**15,959**
Amortization and impairment					
Balance at Jan. 1, 2023	**1,560**	**4,732**	**–**	**1**	**6,293**
Foreign exchange differences	–1	0	–	–	**–1**
Changes in consolidated group	0	–	–	–	**0**
Additions to cumulative amortization	396	959	–	–	**1,355**
Additions to cumulative impairment losses	1	0	0	–	**1**
Transfers	–2	–	–	–	**–2**
Classified as held for sale	–	–	–	–	**–**
Disposals	2	239	–	–	**240**
Balance at Dec. 31, 2023	**1,952**	**5,452**	**0**	**1**	**7,405**
Carrying amount at Dec. 31, 2023	**960**	**3,025**	**4,550**	**19**	**8,554**

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**

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, 2023

€ 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, 2023	**6,544**	**2,903**	**9,039**	**1,230**	**19,717**
Foreign exchange differences	–39	–1	–6	–1	**–47**
Changes in consolidated group	0	–	0	–	**0**
Additions	243	193	802	558	**1,796**
Transfers	125	121	332	–401	**178**
Classified as held for sale	–	–	–	–	**–**
Disposals	70	30	217	5	**322**
Balance at Dec. 31, 2023	**6,803**	**3,186**	**9,951**	**1,381**	**21,322**
Depreciation and impairment					
Balance at Jan. 1, 2023	**1,696**	**1,782**	**7,315**	**–**	**10,793**
Foreign exchange differences	–13	0	–3	–	**–17**
Changes in consolidated group	0	–	0	–	**0**
Additions	286	248	780	–	**1,315**
Additions to cumulative impairment losses	–	0	–	–	**0**
Transfers	1	1	112	–	**113**
Classified as held for sale	–	–	–	–	**–**
Disposals	49	23	205	–	**277**
Balance at Dec. 31, 2023	**1,922**	**2,008**	**7,998**	**–**	**11,927**
Carrying amount at Dec. 31, 2023	**4,881**	**1,179**	**1,953**	**1,381**	**9,394**

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**

Government grants of €25 million (2022: €20 million) were deducted from the cost of property, plant and equipment.

15. LEASED ASSETS

Development of leased assets from January 1 to December 31, 2023

€ million	Leased assets
Cost	
Balance at Jan. 1, 2023	**5,781**
Foreign exchange differences	–194
Changes in consolidated group	0
Additions	2,900
Transfers	2
Disposals	2,367
Balance at Dec. 31, 2023	**6,121**
Depreciation and impairment	
Balance at Jan. 1, 2023	**1,926**
Foreign exchange differences	–63
Changes in consolidated group	0
Additions	833
Additions to cumulative impairment losses	160
Disposals	789
Reversal of impairment losses	137
Balance at Dec. 31, 2023	**1,931**
Carrying amount at Dec. 31, 2023	**4,190**

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**

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 (2023: €160 million (2022: €140 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, 2023

€ million	Equity-accounted investments	Other equity investments	Total
Cost			
Balance at Jan. 1, 2023	**815**	**662**	**1,477**
Foreign exchange differences	–	–2	**–2**
Changes in consolidated group	–	–4	**–4**
Additions	13	232	**245**
Disposals	–	7	**7**
Changes recognized directly in equity	0	–3	**–2**
Changes recognized in profit or loss	–9	–13	**–22**
Dividends	–2	–	**–2**
Balance at Dec. 31, 2023	**817**	**866**	**1,683**
Impairment losses			
Balance at Jan. 1, 2023	**192**	**26**	**218**
Additions	–	31	**31**
Reversal of impairment losses	27	5	**31**
Balance at Dec. 31, 2022	**165**	**52**	**217**
Carrying amount at Dec. 31, 2023	**651**	**814**	**1,465**

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**
Impairment losses			
Balance at Jan. 1, 2022	**147**	**25**	**172**
Additions	45	3	**47**
Reversal of impairment losses	–	0	**0**
Balance at Dec. 31, 2022	**192**	**26**	**218**
Carrying amount at Dec. 31, 2022	**623**	**636**	**1,259**

The equity-accounted investments include associates amounting to €651 million (2022: €623 million) and joint ventures amounting to €0 million (2022: €0 million).

Additions to equity-accounted investments amounted to €13 million in fiscal year 2023 (2022: €101 million). Further details can be found under “Consolidated group”.

Other investments primarily comprise shares in affiliated companies measured at cost of €391 million (2022: €274 million), shares in associates measured at cost of €193 million (2022: €139 million) and other equity investments measured at fair value of €193 million (2022: €193 million).

17. INVENTORIES

€ million	Dec. 31, 2023	Dec. 31, 2022
Raw materials, consumables and supplies	400	481
Work in progress	325	387
Finished goods and merchandise	4,839	4,362
Current rental and leasing assets	49	29
Advance payments made	333	244
Hedges on inventories	1	–
	5,947	**5,504**

Of the total inventories reported as of the reporting date of €5,947 million (2022: €5,504 million), an amount of €54 million (2022: €37 million) is recognized at net realizable value. Inventories of €24,959 million (2022: €23,476 million) were expensed at the time revenue was recognized. The write-downs recognized in profit or loss in the reporting period amounted to €21 million (2022: €113 million) and resulted from the remeasurement of used vehicles. Reversals of impairment of €2 million (2022: €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 €24 million (2022: €6 million) are pledged as security under asset-backed securities transactions.

18. TRADE RECEIVABLES

€ million	Dec. 31, 2023	Dec. 31, 2022[1]
Trade receivables from		
third parties	1,008	750
related parties	440	519
	1,449	**1,268**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

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, 2023	Dec. 31, 2023	Current	Non-current	Dec. 31, 2022	Dec. 31, 2022
Receivables from financing business								
Customer financing	895	3,039	**3,934**	4,057	816	2,876	**3,692**	3,620
Dealer financing	49	107	**156**	169	35	13	**48**	51
	944	**3,146**	**4,089**	**4,226**	**851**	**2,889**	**3,740**	**3,671**
Receivables from operating leases	5	–	**5**	5	26	–	**26**	26
Receivables from finance leases	720	1,531	**2,251**	2,349	661	1,494	**2,154**	2,119
	1,669	**4,676**	**6,345**	**6,580**	**1,538**	**4,382**	**5,920**	**5,816**

20. NON-CURRENT AND CURRENT OTHER FINANCIAL ASSETS

€ million	Carrying amount Current	Non-current	Dec. 31, 2023	Carrying amount[1] Current	Non-current	Dec. 31, 2022
Positive fair value of derivative financial instruments	631	813	**1,445**	281	511	**791**
Miscellaneous financial assets	1,379	609	**1,988**	5,203	243	**5,446**
	2,010	**1,422**	**3,432**	**5,484**	**753**	**6,237**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

The reduction in miscellaneous financial assets mainly related to the reversal of investments of surplus liquidity in the form of loan receivables in the amount of €2,800 million as of December 31, 2022 from Volkswagen AG and in the amount of €798 million from Volkswagen International Belgium S.A.

In addition, the miscellaneous financial assets include restricted cash in the amount of €331 million (2022: €285 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, 2023	Dec. 31, 2022
Transactions for hedging:		
foreign currency and interest rate risk from future cash flows (cash flow hedges)	1,215	606
Hedging transactions (interest and currency)	**1,215**	**606**
Assets related to derivatives not included in hedging relationships	230	186
	1,445	**791**

Further details on derivative financial instruments as a whole are provided 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:

€ million	Carrying amount Current	Non-current	Dec. 31, 2023	Carrying amount Current	Non-current	Dec. 31, 2022
Other recoverable income taxes	603	0	**603**	397	0	**397**
Miscellaneous receivables	457	78	**534**	312	100	**412**
Conditional receivables from long-term construction contracts	19	–	**19**	20	–	**20**
	1,079	**78**	**1,157**	**728**	**100**	**829**

Miscellaneous receivables include prepaid expenses of €204 million (2022: €199 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	2023	2022
Contingent construction contract receivables at Jan. 1	**20**	**13**
Additions and disposals	0	6
Change in valuation allowances	0	0
Contingent construction contract receivables at Dec. 31	**19**	**20**

The contingent receivables from long-term construction contracts break down as follows:

€ million	2023	2022
Contract costs including outcome of the long-term construction contracts	99	67
thereof services billed to customers	–33	–27
Future receivables from long-term construction contracts	66	41
Advance payments received	–47	–21
	19	**20**

Revenue from long-term construction contracts totals €298 million (2022: €177 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

€ million	Carrying amount Current	Non-current	Dec. 31, 2023	Carrying amount Current	Non-current	Dec. 31, 2022
Deferred tax assets	–	627	**627**	–	742	**742**
Tax receivables	235	–	**235**	87	–	**87**
Total	**235**	**627**	**862**	**87**	**742**	**829**

Of the deferred tax assets, an amount of €602 million (2022: €719 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 €0 million (2022: €1 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.

24. CASH AND CASH EQUIVALENTS

€ million	Dec. 31, 2023	Dec. 31, 2022
Bank balances	1,647	1,316
Checks, cash-in-hand, bills and call deposits	4,173	2,403
	5,820	**3,719**

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.

25. EQUITY

The composition and development of equity and of non-controlling interests is presented in the statement of changes in equity. Capital transactions involving a change in ownership interest relate to the acquisition of the non-controlling interests in Porsche Taiwan Motors Ltd., Taipei.

The change from the distribution in kind in the form of a spin-off of assets presented as of December 31, 2022 and the other changes relate to the structural measures prior to the IPO presented in the prior year.

Subscribed capital

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, 75% is held by Porsche Holding Stuttgart GmbH less one ordinary share and 25% by Porsche Automobil Holding SE, Stuttgart ("Porsche SE"), plus one ordinary share. Of the preferred shares, 75.8% is indirectly held by Volkswagen AG via Porsche Holding Stuttgart GmbH and 24.2% is in free float.

The domination and profit and loss transfer agreement that was in place between Porsche Holding Stuttgart GmbH and Porsche AG in the prior year ended on December 31, 2022.

Capital reserves

The capital reserves contain contributions from premiums and other capital contributions. In the reporting period, they decreased by €0 million (2022: €–10,403 million) to €3,822 million (2022: €3,822 million).

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.

Changes in pension provisions recognized directly in equity are posted to the reserve for remeasurements from pension plans.

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.

It will be proposed to the Annual General Meeting of Porsche AG that, of the net retained profit of €3,420 million (2022: €916 million), a total dividend of €2,100 million be distributed, i.e., €2.30 per ordinary share and €2.31 per preferred share. Shareholders are not entitled to a dividend payment until a resolution has been taken by the Annual General Meeting.

In the fiscal year 2023, Porsche AG's Annual General Meeting on June 28, 2023 passed a resolution on the appropriation of the net retained profit for the fiscal year 2022, resulting in a distribution of €1.00 per ordinary share and €1.01 per preferred share. This brought the total amount distributed to €916 million.

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 Singapore Pte. Ltd, Singapore. The 25% of the shares in Porsche Taiwan Motors Ltd., Taipei, recognized in the prior year were acquired in the fiscal year 2023.

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 €280 million (2022: €259 million). Of that amount, contributions to the compulsory state pension system in Germany amounted to €262 million (2022: €239 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, 2023	Dec. 31, 2022
Present value of funded benefit obligations	150	128
Fair value of plan assets	–142	–113
Funded status (net)	8	14
Present value of unfunded benefit obligations	4,306	3,653
Net liability recognized in the statement of financial position	**4,314**	**3,667**
thereof pension provisions	4,315	3,668
thereof other assets	1	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 a special fund, which in turn invests partly in equity funds, partly in mixed funds.

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	
%	2023	2022	2023	2022
Discount rate at December 31	3.20	3.60	4.15	4.48
Payroll trend	4.60	3.30	2.44	2.51
Pension trend	2.20	2.20	1.65	1.76

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	2023	2022
Net liability recognized in the statement of financial position at January 1	**3,667**	**5,525**
Current service cost	167	320
Net interest expense	130	77
Actuarial gains (–)/losses (+) arising from changes in demographic assumptions	1	–22
Actuarial gains (–)/losses (+) arising from changes in financial assumptions	377	–2,323
Actuarial gains (–)/losses (+) arising from experience adjustments	18	71
Income/expenses from plan assets not included in interest income	–1	47
Employer contributions to plan assets	–27	–17
Employee contributions to plan assets	1	0
Pension payments from company assets	–63	–58
Past service cost (including plan curtailments)	–1	–4
Gains (–) / losses (+) from plan settlements	–	–
Changes in consolidated group	–	1
Other changes	–6	–3
Foreign exchange differences from foreign plans	–1	2
Employee contributions and deferred compensation	50	51
Net liability recognized in the statement of financial position at December 31	**4,314**	**3,667**

The development of the present value of the defined benefit pension obligations is attributable to the following factors:

€ million	2023	2022
Present value of obligations at January 1	**3,781**	**5,669**
Current service cost	167	320
Interest expense	136	80
Actuarial gains(–)/losses (+) arising from changes in demographic assumptions	1	–22
Actuarial gains(–)/losses (+) arising from changes in financial assumptions	377	–2,323
Actuarial gains(–)/losses (+) arising from experience adjustments	18	71
Employee contributions to plan assets	2	1
Pension payments from company assets	–63	–58
Pension payments from plan assets	–5	–4
Past service cost (including plan curtailments)	–1	–4
Gains (–) or losses (+) arising from plan settlements	–	–
Changes in consolidated group	–	1
Other changes	–6	–3
Foreign exchange differences from foreign plans	0	2
Employee contributions and deferred compensation	50	51
Present value of obligations at December 31	**4,456**	**3,781**

The actuarial losses from changes in financial assumptions primarily result from the change in the discount rate in Germany. In the prior year, the increase in the discount rate from 1.4% to 3.6% resulted in actuarial gains of €2,426 million, while 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, 2023		Dec. 31, 2022	
Present value of defined benefit obligation if		€ million	change in percent	€ million	change in percent
Discount trend	is 0.5 percentage points higher	3,998	–10.28	3,406	–18.78
	is 0.5 percentage points lower	4,997	12.15	4,221	8.57
Pension trend	is 0.5 percentage points higher	4,687	5.19	3,968	–0.51
	is 0.5 percentage points lower	4,248	–4.68	3,612	–11.69
Payroll trend	is 0.5 percentage points higher	4,494	0.85	3,813	–5.28
	is 0.5 percentage points lower	4,426	–0.68	3,755	–7.29
Longevity	increases by one year	4,560	2.33	3,927	–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 23 years (2022: 22 years).

The present value of the defined benefit obligation is attributable as follows to the members of the plan:

€ million	2023	2022
Active members with pension entitlements	3,377	2,836
Members with vested entitlements who have left the company	247	203
Pensioners	832	741
	4,456	**3,781**

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	2023	2022
Payments due within the next fiscal year	82	81
Payments due between two and five years	379	328
Payments due in more than five years	3,995	3,372
	4,456	**3,781**

The table below shows the development of plan assets:

€ million	2023	2022
Fair value of plan assets at January 1	**113**	**144**
Interest income on plan assets determined using the discount rate	6	3
Income/expenses from plan assets not included in interest income	1	–47
Employer contributions to plan assets	27	17
Employee contributions to plan assets	1	1
Pension payments from plan assets	–5	–4
Other changes	0	0
Foreign exchange differences from foreign plans	0	–1
Fair value of plan assets at December 31	**142**	**113**

The investment of plan assets to cover future pension obligations resulted in income of €6 million (2022: expenses of €44 million).

In the next fiscal year, employer contributions to plan assets are expected to amount to €22 million (2022: €32 million).

Plan assets are invested in the following asset categories:

	Dec. 31, 2023			Dec. 31, 2022		
€ 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	8	–	**8**	14	–	**14**
Equity instruments	19	–	**19**	20	–	**20**
Debt instruments	5	–	**5**	4	–	**4**
Equity funds	35	–	**35**	20	–	**20**
Pension funds	34	–	**34**	29	–	**29**
Real estate funds	4	–	**4**	4	–	**4**
Other funds	38	–	**38**	22	–	**22**
Other	1	0	**1**	0	0	**1**
Fair value of plan assets	**142**	**0**	**142**	**113**	**0**	**113**

38% of plan assets are invested in assets in the United Kingdom (2022: 43%), 34% are invested in assets in the USA (2022: 38%), 18% are invested in assets in Germany (2022: 8%) and 10% are invested in assets in Switzerland (2022: 11%).

The following amounts were recognized in the income statement:

€ million	2023	2022
Current service cost	167	320
Net interest on the net defined benefit liability	130	77
Past service cost (including plan curtailments)	–1	–4
Gains (–) or losses (+) arising from plan settlements	–	–
Net income (–) and expenses (+) recognized in profit or loss	**297**	**393**

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[1]	Total[1]
Balance at Jan. 1, 2023	**1,725**	**893**	**79**	**1,213**	3,909
Foreign exchange differences	–16	–2	–1	–4	**–24**
Changes in consolidated group	–	–	–	1	**1**
Classified as held for sale	–	–	–	–	**–**
Utilization	1,011	613	21	585	**2,229**
Additions/New provisions	1,356	732	15	695	**2,799**
Transfers	41	–	–	–41	**–**
Unwinding of discount/effect of change in discount rate	–17	17	–	–3	**–3**
Reversals	58	16	23	100	**197**
Balance at Dec. 31, 2023	**2,020**	**1,010**	**49**	**1,176**	**4,256**
of which current	1,066	746	49	1,146	**3,007**
of which non-current	954	264	–	31	**1,249**
Balance at Jan. 1, 2022	**1,665**	**850**	**173**	**660**	**3,348**
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	219	**1,805**
Additions/New provisions	1,098	674	33	825	**2,630**
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**	**1,213**	**3,909**
of which current	886	672	79	1,141	**2,778**
of which non-current	839	220	–	72	**1,131**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

Provisions for obligations arising from sales primarily concern warranty obligations 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**.

Miscellaneous provisions include provisions amounting to €170 million (2022: €152 million) relating to the insurance business.

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. Also included as of the reporting date are supplier receivables in connection with the development of inflation in the fiscal year, among other things.

67% of the other provisions is expected to result in cash outflows within one year, 26% in between one and five years and 7% thereafter.

28. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

Financial liabilities break down as follows:

€ million	Carrying amount			Carrying amount		
	Current	Non-current	Dec. 31, 2023	Current	Non-current	Dec. 31, 2022
ABS- refinancing	3,104	4,316	**7,420**	2,791	3,490	**6,282**
Debenture bonds	304	957	**1,260**	229	1,260	**1,488**
Liabilities to banks	299	329	**629**	337	326	**663**
Lease liabilities	113	934	**1,047**	106	940	**1,046**
Other financial liabilities	61	–	**61**	1	–	**1**
	3,880	**6,537**	**10,417**	**3,464**	**6,016**	**9,480**

ABS refinancing of €7,420 million (2022: €6,282 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 commercial papers and notes in the form of 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 €1,261 million (2022: €1,489 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 0.24% and 4.43% (2022: 0.23% and 4.93%).

29. TRADE PAYABLES

€ million	Dec. 31, 2023	Dec. 31, 2022
Trade payables	3,490	2,899
	3,490	**2,899**

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, 2023	Current	Non-current	Dec. 31, 2022
Negative fair values of derivative financial instruments	368	299	**667**	654	631	**1,285**
Interest payable	16	–	**16**	13	–	**13**
Liabilities from profit/loss transfer agreement and from tax relief with Porsche Holding Stuttgart GmbH	0	–	**0**	3,990	–	**3,990**
Miscellaneous financial liabilities	848	64	**912**	626	240	**870**
	1,231	**364**	**1,595**	**5,287**	**872**	**6,158**

Miscellaneous financial liabilities include liabilities from minority shareholders' call rights of €0 million (2022: €174 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, 2023	Dec. 31, 2022
Transactions for hedging:		
foreign currency and interest rate risk from future cash flows (cash flow hedges)	565	1,206
Hedging transactions (interest and currency)	**565**	**1,206**
Liabilities related to derivatives not included in hedging relationships	103	79
	667	**1,285**

Further details on derivative financial instruments as a whole are provided 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, 2023	Current	Non-current	Dec. 31, 2022
Payments received on account of orders	904	562	**1,466**	733	582	**1,315**
Liabilities relating to						
other taxes	407	4	**411**	627	4	**632**
social security	8	–	**8**	9	–	**9**
wages and salaries	223	2	**225**	283	5	**288**
Miscellaneous liabilities	253	169	**422**	255	143	**398**
	1,795	**737**	**2,532**	**1,908**	**734**	**2,642**

The miscellaneous liabilities include deferred income. This comprises special rent payments of €336 million (2022: €303 million) and other deferred income of €78 million (2022: €61 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	2023	2022
Liabilities from advance payments received under contracts with customers at Jan. 1	**1,315**	**1,236**
Additions and disposals	183	94
Changes in consolidated group	–	–1
Classified as held for sale	–	–2
Foreign exchange differences	–32	–12
Liabilities from advance payments received under contracts with customers at Dec. 31	**1,466**	**1,315**

This also includes liabilities from long-term construction contracts:

€ million	Dec. 31, 2023	Dec. 31, 2022
Cost of conversion including outcome of the long-term construction contracts	143	97
thereof services billed to customers	–141	–96
Future receivables from long-term construction contracts	2	1
Advance payments received	–22	–10
	21	**9**

32. TAX LIABILITIES

€ million	Carrying amount Current	Non-current	Dec. 31, 2023	Carrying amount[1] Current	Non-current	Dec. 31, 2022
Deferred tax liabilities	–	2,010	**2,010**	–	1,607	**1,607**
Income tax provisions	128	–	**128**	167	–	**167**
Tax payables	31	–	**31**	64	–	**64**
Total	**159**	**2,010**	**2,169**	**231**	**1,607**	**1,838**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

Of the deferred tax liabilities, an amount of €48 million (2022: €10 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.

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, 2023	Dec. 31, 2022
Interest paid	312	189
Interest received	592	230
Dividends received[1]	4	3

[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, 2023	Dec. 31, 2022
Cash and cash equivalents as reported in the statement of financial position	5,820	3,719
Cash and cash equivalents classified as held for sale	6	26
Cash and cash equivalents as reported in the statement of cash flows	5,826	3,745

Time deposits with contractual maturities of more than three months are not classified as cash equivalents. The maximum default risk corresponds to the carrying amount of the cash and cash equivalents. The following table shows the classification of changes in financial liabilities into cash and non-cash transactions:

€ million	Balance at Jan. 1, 2023	Cash-effective changes	Non - cash changes: Foreign exchange differences	Changes in consolidated group	Classified as held for sale	Other changes	Balance at Dec. 31, 2023
ABS-refinancing	6,282	1,329	–190	–	–	0	**7,420**
Other total third-party borrowings	2,152	–22	–91	–	0	–89	**1,950**
Lease liabilities[1]	1,046	–113	–18	–	–	132	**1,047**
Total third-party borrowings	**9,480**	**1,194**	**–299**	**–**	**0**	**42**	**10,417**
Other financial assets and liabilities	–1	1	0	–	–	–	**0**
Financial assets and liabilities in financing activities	**9,480**	**1,194**	**–299**	**–**	**0**	**42**	**10,417**

1 Other changes to lease liabilities largely include non-cash additions to lease liabilities.

€ million	Balance at Jan. 1, 2022	Cash-effective changes	Non - cash changes: Foreign exchange differences	Changes in consolidated group	Classified as held for sale	Other changes	Balance at Dec. 31, 2022
ABS-refinancing	6,418	–426	290	–	–1	0	**6,282**
Other total third-party borrowings	2,246	–240	–28	167	0	7	**2,152**
Lease liabilities[1]	1,063	–115	5	0	–	93	**1,046**
Total third-party borrowings	**9,727**	**–781**	**267**	**167**	**–1**	**100**	**9,480**
Other financial assets and liabilities	4	–5	0	–	–	–	**–1**
Financial assets and liabilities in financing activities	**9,731**	**–786**	**268**	**167**	**–1**	**100**	**9,480**

1 Other changes to lease liabilities largely include non-cash additions to lease liabilities.

34. IAS 23 (BORROWING COSTS)

Capitalized borrowing costs amounted to €113 million (2022: €58 million) in the fiscal year and related to capitalized development costs. At the Porsche AG Group, an average borrowing rate of 3.4% (2022: 2.2%) 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, 2023

€ 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, 2023	**1,264**	**15**	**61**	**1,340**
Foreign exchange differences	–23	–	0	**–23**
Additions	145	–	9	**154**
Classified as held for sale	–	–	–	**–**
Disposals	64	1	11	**76**
Balance at Dec. 31, 2023	**1,323**	**14**	**58**	**1,394**
Depreciation and impairment				
Balance at Jan. 1, 2023	**310**	**4**	**30**	**344**
Foreign exchange differences	–8	–	0	**–8**
Additions to cumulative depreciation	117	1	12	**131**
Classified as held for sale	–	–	–	**–**
Disposals	43	1	11	**55**
Balance at Dec. 31, 2023	**377**	**4**	**31**	**412**
Carrying amount at Dec. 31, 2023	**946**	**10**	**27**	**982**

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	–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**

Income of €5 million (2022: €5 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, 2023	Dec. 31, 2022
Non-current financial liabilities	934	940
Current financial liabilities	113	106
Total lease liabilities	**1,047**	**1,046**

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, 2023	150	454	866	**1,470**
Lease liabilities at Dec. 31, 2022	139	429	905	**1,473**

Interest expenses of €38 million (2022: €30 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 €38 million (2022: €40 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 €113 million in the fiscal year (2022: €92 million). Variable lease expenses, which were not included in the measurement of lease liabilities, came to €2 million in the reporting year (2022: €2 million).

In the fiscal year, cash outflows of €304 million (2022: €278 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	2023	2022
Future cash outflows to which the lessee is potentially exposed		
Variable lease payments	3	4
Extension options	277	264
Termination options	2	1
Obligations under leases not yet commenced	23	1
Total	**305**	**269**

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 €4,190 million as of the end of the fiscal year (2022: €3,854 million) and primarily include vehicles of €4,190 million (2022: €3,854 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, 2023

€ million	2024	2025	2026	2027	2028	From 2029	Total
Lease payments	205	471	928	244	53	52	**1,954**

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**

Breakdown of income from operating leases

€ million	2023	2022
Lease income	1,225	1,190
Income from variable lease payments	0	–
Total	**1,225**	**1,190**

35.2.2 FINANCE LEASES

Interest income on the net investment in the lease amounted to €119 million in the fiscal year (2022: €97 million).

The table below presents the reconciliation of outstanding lease payments from finance leases to net investment value:

€ million	Dec. 31, 2023	Dec. 31, 2022
Non-guaranteed residual value	279	271
Non-discounted lease payments	2,328	2,204
Unearned interest income	–231	–181
Loss allowance on lease receivables	–120	–113
Net investment	**2,256**	**2,180**

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, 2023

€ million	2024	2025	2026	2027	2028	From 2029	Total
Lease payments	865	663	535	231	31	5	**2,328**

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**

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, financial 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, interest rate and commodity price 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. Commodity price risks are hedged for a period of several years using hedging instruments in the form of averaging swaps. The counterparties for the exchange rate, interest rate and commodity price hedges are mainly large national and international financial institutions and Volkswagen AG. 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 €8 million (2022: €4 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 [1]

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Carrying amount at Jan. 1, 2023	**12,949**	**198**	**15**	**1,330**	**14,492**
Foreign exchange differences	–247	–9	0	–12	**–268**
Changes in consolidated group	3	–	–	0	**3**
Changes	–964	–	–26	168	**–822**
Transfers to					
Stage 1	194	–183	–11	–	–
Stage 2	–278	278	–	–	–
Stage 3	–36	–	36	–	–
Classified as held for sale	–	–	–	–	–
Carrying amount at Dec. 31, 2023	**11,620**	**284**	**14**	**1,487**	**13,405**

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Carrying amount at Jan. 1, 2022	**20,942**	**99**	**18**	**1,246**	**22,304**
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	3,961	–	–12	74	**4,023**
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	**12,949**	**198**	**15**	**1,330**	**14,492**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

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, 2023	**50**	**11**	**14**	**36**	**111**
Foreign exchange differences	–1	0	0	0	**–2**
Changes in consolidated group	0	–	–	0	**0**
Disposal due to spin-off	–	–	–	–	**–**
Newly extended/purchased financial assets (additions)	44	–	–	10	**54**
Other changes within a stage	0	–	0	–	**0**
Transfers to					
Stage 1	9	–5	–3	–	**–**
Stage 2	–6	6	–	–	**–**
Stage 3	–28	–	28	–	**–**
Financial instruments derecognized during the period (disposals)	–21	–	–1	–9	**–31**
Utilization	–	–	–27	–1	**–28**
Classified as held for sale	–	–	–	–	**–**
Carrying amount at Dec. 31, 2023	**47**	**11**	**11**	**35**	**104**

€ 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	**–17**
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	–	**–**
Stage 2	–8	8	–	–	**–**
Stage 3	–13	–	13	–	**–**
Financial instruments derecognized during the period (disposals)	–30	–	–3	–5	**–38**
Utilization	–	–	–6	–1	**–7**
Changes to models or risk parameters	–	–	–	–	–
Classified as held for sale	–	–	–	0	0
Carrying amount at Dec. 31, 2022	**50**	**11**	**14**	**36**	**111**

Change in the gross carrying amounts of lease receivables

	Simplified approach	
€ million	2023	2022
Carrying amount at Jan. 1	**2,313**	**1,841**
Foreign exchange differences	–37	–1
Changes in consolidated group	–	253
Changes	120	221
Carrying amount at Dec. 31	**2,396**	**2,313**

Change in the loss allowance for lease receivables

	Simplified approach	
€ million	2023	2022
Carrying amount at Jan. 1	**113**	**114**
Foreign exchange differences	0	0
Changes in consolidated group	–	0
Newly extended/purchased financial assets (additions)	23	25
Financial instruments derecognized during the period (disposals)	–8	–6
Utilization	–8	–18
Carrying amount at Dec. 31	**121**	**113**

The gross carrying amount of the financial guarantees and credit commitments totals €63 million (2022: €66 million). As of December 31, 2023 the loss allowance recognized for this amounts to €0 million (2022: €0 million).

36.2.2 MODIFICATIONS

There were no contractual modifications of financial assets during the reporting period that 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, 2023	Dec. 31, 2022
Financial assets measured at fair value	–	–
Financial assets measured at amortized cost[1]	13,302	14,379
Financial guarantees and credit commitments	63	66
Not allocated to a measurement category	2,276	2,200
Total	**15,640**	**16,645**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

The "not allocated to a measurement category" combines receivables under long-term construction contracts pursuant to IFRS 15 and lease receivables pursuant to IFRS 16, the maximum credit risk of which corresponds to their carrying amounts and which 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, 2023

€ million	Stage 1	Stage 2	Stage 3	Simplified approach
Credit risk rating grade 1 (receivables with no credit risk–standard loans)	11,620	–	–	3,867
Credit risk rating grade 2 (receivables with credit risk–intensified loan management)	–	284	–	10
Credit risk rating grade 3 (cancelled receivables–non-performing loans)	–	–	14	7
Total	**11,620**	**284**	**14**	**3,883**

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)[1]	12,949	–	–	3,629
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	**12,949**	**198**	**15**	**3,644**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

The credit risk for financial guarantees and credit commitments amounts to €63 million as of December 31, 2023 (2022: €66 million) and allocated to rating grade 1 and stage 1.

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. As of December 31 2023, a syndicated line of credit of €2,500 million was available (€0 million drawn).

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	2023	up to one year	within one to five years	more than five years	2022
Financial liabilities	4,325	6,238	1,075	**11,639**	3,779	5,478	1,205	**10,462**
Trade payables	3,490	–	–	**3,490**	2,899	–	–	**2,899**
Other financial liabilities	863	64	–	**928**	4,585	240	–	**4,825**
Derivatives	11,980	17,143	–	**29,122**	15,818	18,474	–	**34,292**
	20,658	**23,445**	**1,075**	**45,178**	**27,081**	**24,193**	**1,205**	**52,478**

The cash outflows for other financial liabilities include liabilities for tax allocations amounting to €4 million (2022: €15 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 primarily 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 €38 million (facilities A and B) and €25 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 International Belgium S.A. 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, interest rate, share and bond risks as well as risks relating to commodity prices. 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	2023	2022
Hedging interest rate risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	–112	113
Recognized in profit or loss	–5	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	4	–7
Hedging currency risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	882	–818
Recognized in profit or loss	–	–
Reclassification from the cash flow hedge reserve to profit or loss		
Due to early discontinuation of the hedging relationships	–61	–44
Due to realization of the hedged item	248	890
Combined interest rate and currency risk hedging		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	0	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	–1	–
Hedging commodities price risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	5	–
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	1	–

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 within 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 2023

€ million	Notional amount	Other assets	Other liabilities	Fair value changes to determine hedge ineffectiveness
Hedging interest rate risk				
Interest rate swaps	5,857	26	21	6
Hedging currency risk				
Currency forwards and cross-currency swaps	32,043	969	484	1,215
Currency options	11,445	205	53	117
Combined interest rate and currency risk hedging				
Interest rate/ currency swaps	–	–	–	–
Hedging commodities price risk				
Commodity forwards/swaps	431	15	6	9

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
Hedging commodities price risk				
Commodity forwards/swaps	–	–	–	–

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 2023

		Reserve for	
€ million	Changes in fair value to determine hedge ineffectiveness	Active cash flow hedges	Discontinued cash flow hedges
Hedging interest rate risk			
Designated components	6	15	–
Non-designated components	–	–	–
Deferred taxes	–	–5	–
Total hedging interest rate risk	6	11	–
Hedging currency risk			
Designated components	1,342	1,301	18
Non-designated components	–	–765	–5
Deferred taxes	–	–162	–4
Total hedging currency risk	1,342	374	9
Combined interest rate and currency risk hedging			
Designated components	–	0	–
Non-designated components	–	–	–
Deferred taxes	–	–	–
Total hedging combined interest rate and currency risk	–	0	–
Hedging commodity price risk			
Designated components	10	9	–
Non-designated components	–	–	–
Deferred taxes	–	–3	–
Total hedging commodity price risk	10	6	–

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	0
Non-designated components	–	–	–
Deferred taxes	–	–45	0
Total hedging interest rate risk	169	118	0
Hedging currency risk			
Designated components	252	171	–
Non-designated components	–	–1,152	–
Deferred taxes	–	296	0
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	–
Hedging commodity price risk			
Designated components	–	–	–
Non-designated components	–	–	–
Deferred taxes	–	–	0
Total hedging commodity price risk	–	–	–

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) 2023

€ million	Interest rate risk	Currency risk	Interest rate/ currency risk	Commodity price risk	Total
Balance at Jan. 1, 2023	**118**	**119**	**1**	**–**	**238**
Gains or losses from effective hedging relationships	–112	1,008	0	5	**902**
Reclassifications due to changes in whether the hedged item is expected to occur	–	–102	–	–	**–102**
Reclassifications due to realization of the hedged item	4	–104	–1	1	**–100**
Balance at Dec. 31, 2023	**11**	**921**	**0**	**6**	**938**

Development of the cash flow hedge reserve (OCI I) 2022

€ million	Interest rate risk	Currency risk	Interest rate/ currency risk	Commodity price 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	–	–	**664**
Balance at Dec. 31, 2022	**118**	**119**	**1**	**–**	**238**

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 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

€ million	Currency risk 2023	Currency risk 2022
Balance at Jan. 1	**–70**	**–85**
Gains and losses from non-designated time value of options		
Hedged item is recognized at a point in time	21	97
Reclassifications due to changes in whether the hedged item is expected to occur		
Hedged item is recognized at a point in time	1	–
Reclassification due to realization of the hedged item		
Hedged item is recognized at a point in time	35	–83
Balance at Dec. 31	**–12**	**–72**

Changes in the reserve for hedging costs–non-designated forward components and cross-currency basis spreads (CCBS)

	Currency risk	
€ million	2023	2022
Balance at Jan. 1	**–735**	**–255**
Gains and losses from non-designated forward components and CCBS		
Hedged item is recognized at a point in time	–148	–781
Reclassifications due to realization of the hedged item		
Hedged item is recognized at a point in time	317	302
Reclassification due to changes in whether the hedged item is expected to occur		
Hedged item is recognized at a point in time	40	0
Balance at Dec. 31	**–525**	**–734**

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, 2023, profit after tax would have been €31 million lower (2022: €18 million). If market interest rates had been 100 bps lower as of December 31, 2023, profit after tax would have been €25 million higher (2022: €13 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 2023, 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), Indian rupee (INR), Japanese yen (JPY), Mexican peso (MXN), Norwegian krone (NOK), Polish zloty (PLN), 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 concerned are based on different scenarios.

The table below shows the sensitivities as of December 31, 2023 with respect to the key currencies held.

	Dec. 31, 2023		Dec. 31, 2022	
€ million	+10%	–10%	+10%	–10%
Exchange rate				
EUR/USD				
Hedging reserve	787	–772	752	–785
Profit/loss after tax	–18	18	–35	35
EUR/TWD				
Hedging reserve	65	–65	70	–70
Profit/loss after tax	–8	8	–4	4
EUR/MXN				
Hedging reserve	23	–23	11	–11
Profit/loss after tax	–1	1	0	0
EUR/PLN				
Hedging reserve	64	–64	19	–19
Profit/loss after tax	0	0	–3	3
EUR/GBP				
Hedging reserve	185	–185	153	–153
Profit/loss after tax	–11	11	–13	13
EUR/CNY				
Hedging reserve	740	–630	1,013	–1,024
Profit/loss after tax	–77	77	–104	104
EUR/CHF				
Hedging reserve	121	–125	112	–118
Profit/loss after tax	–2	2	–3	3
EUR/SEK				
Hedging reserve	24	–23	24	–23
Profit/loss after tax	0	0	–1	1
EUR/HKD				
Hedging reserve	17	–18	21	–22
Profit/loss after tax	–2	2	–2	2
EUR/SGD				
Hedging reserve	8	–8	10	–10
Profit/loss after tax	0	0	0	0
EUR/KRW				
Hedging reserve	130	–125	74	–74
Profit/loss after tax	–11	11	–18	18
EUR/CAD				
Hedging reserve	109	–110	138	–137
Profit/loss after tax	–3	3	–5	5
EUR/JPY				
Hedging reserve	93	–91	84	–82
Profit/loss after tax	–11	11	–9	9
EUR/AUD				
Hedging reserve	50	–50	66	–65
Profit/loss after tax	–9	9	–5	5
EUR/BRL				
Hedging reserve	41	–41	19	–19
Profit/loss after tax	–14	14	–5	5

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, 2023, profit after tax would have been €29 million (2022: €14 million) higher. If share prices had been 10% lower as of December 31, 2023, profit after tax would have been €36 million (2022: €12 million) lower.

Commodity price risk
Commodity risks for the Porsche AG Group arise, among other things, from the price development of commodities. Commodity price risks are partly hedged through the use of hedging instruments for a period of several years. The hedging instruments used are averaging swaps which are accounted for as cash flow hedges. The volume of hedges is determined on the basis of the planned commodity exposure in the respective procurement contracts. In 2023, price hedges were entered into for aluminum, copper, nickel, cobalt and lithium hydroxide.

Commodity price risk within the meaning of IFRS 7 is presented using sensitivity analyses.

If the commodity prices of the hedging instruments accounted for using hedge accounting as of December 31, 2023 had been 10% higher (lower), equity would have been €27 million higher (lower). As of year-end 2022, no hedging instruments were accounted for using hedge accounting.

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, 2023, the VaR for interest rate risk amounted to €34 million (2022: €51 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, 2023, the VaR for currency risk amounted to €0 million (2022: €1 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 within hedge accounting:

Notional amount of derivative financial instruments

	Term of maturity			Total notional amount	Total notional amount
€ million	up to one year	within one to five years	more than five years	Dec. 31, 2023	Dec. 31, 2022
Notional amount of hedging instruments within hedge accounting					
Hedging interest rate risk					
Interest rate swap	2,628	3,229	–	5,857	6,633
Hedging currency risk					
Currency forwards/ Cross-currency swaps					
Currency forwards/ Cross-currency swaps in CNY	3,037	5,019	–	8,056	10,833
Currency forwards/ Cross-currency swaps in GBP	4,342	6,825	–	11,167	10,321
Currency forwards/ Cross-currency swaps in USD	1,496	1,266	–	2,761	2,267
Currency forwards/ Cross-currency swaps in other currencies	4,111	5,947	–	10,058	8,817
Currency options					
Currency options in CNY	4,733	1,906	–	6,639	15,694
Currency options in USD	1,264	1,174	–	2,437	5,039
Currency options in other currencies	799	1,570	–	2,369	2,454
Combined interest rate and currency risk hedging					
Interest rate/currency swaps other currencies	–	–	–	–	32
Hedging Commodity price risk					
Commodity forwards/swaps aluminum	146	87	–	234	–
Commodity forwards/swaps copper	43	102	–	145	–
Commodity forwards/swaps other	44	8	–	52	–
Notional amount of other derivatives					
Hedging interest rate risk					
Interest rate swap	442	433	7	882	562
Hedging currency risk					
Currency forwards/ Cross-currency swaps	4,853	246	–	5,100	4,291
Currency options	328	–	–	328	213

In addition to the other derivatives used to hedge currency and interest rate risks, as presented above, the Porsche AG Group held credit swaps with a notional amount of €52 million (2022: €21 million) and remaining maturity of between one and five years on the December 31, 2023 reporting date. The Porsche AG Group also held fixed income futures (€403 million; 2022: €306 million), equity futures (€213 million; 2022: €66 million), other swaps (€123 million; 2022: €0 million), currency futures (€43 million; (2022: €58 million), stock options (€1 million; 2022: €0 million), with a remaining maturity of less than one year, and other swaps (€14 million; 2022: €0 million), with a remaining maturity of more than five 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 3.0% (2022: 1.4%) and 0.0% (2022: 0.3%), 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 key currencies of 7.41 and 7.24, respectively (EUR/CNY; 2022: 7.44 and 7.35, respectively), 0.88 (EUR/GBP; 2022: 0.87) and 1.14 and 1.09, respectively (EUR/USD; 2022: 1.16 and 1.12, respectively), weighted by total notional amount.

To hedge commodity price risks, the average hedging rates were US$2,332.15/t for aluminum and US$8,359.11/t for copper.

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, 2023					Dec. 31, 2022				
%	EUR	USD	GBP	CNY	JPY	EUR	USD	GBP	CNY	JPY
Interest rate for 6 months	3.68	5.16	5.14	2.38	0.02	2.73	4.79	4.08	2.41	0.01
Interest rate for 1 year	3.21	4.79	4.75	2.31	0.07	3.03	4.89	4.46	2.46	0.10
Interest rate for 5 years	2.18	3.56	3.38	2.57	0.45	3.19	3.73	4.08	3.06	0.60
Interest rate for 10 years	2.27	3.48	3.30	2.77	0.84	3.15	3.53	3.75	4.07	0.91

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, 2023	Dec. 31, 2022
Financial assets measured at fair value through profit or loss	2,160	1,845
Financial assets measured at fair value through other comprehensive income (equity instruments)	132	122
Financial assets measured at amortized cost[1]	13,302	14,379
of which classified as held for sale	6	26
Financial liabilities measured at fair value through profit or loss	103	79
Financial liabilities measured at amortized cost	13,788	16,207
of which classified as held for sale	1	1

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

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 14.90% 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, 2023 relate to the shares in 1KOMMA5°GmbH, Hamburg (€52 million; 2022: €13 million), Cresta Intelligence Inc., Wilmington, DE (€9 million; 2022: €9 million), Nozomi Networks, Inc., San Francisco, CA (€8 million; 2022: €3 million), DSP Concepts, Inc., Dover, DE (€6 million; 2022: €6 million), Bumper International Ltd., London (€5 million; 2022: €2 million), Hangzhou Wanxiang Culture Technology Co., Ltd., Hangzhou (€4 million; 2022: €1 million) as well as other smaller equity investments (€49 million; 2022: €46 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, 2023

€ 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, 2023
Non-current assets						
Equity-accounted investments	–	–	–	–	651	**651**
Other equity investments	193	–	–	–	621	**814**
Financial services receivables	–	3,146	3,282	–	1,531	**4,676**
Other financial assets[1]	82	549	545	791	–	**1,422**
Current assets						
Trade receivables	–	1,449	1,449	–	0	**1,449**
Financial services receivables	–	944	944	–	725	**1,669**
Other financial assets[2]	207	1,379	1,379	424	–	**2,010**
Marketable securities and time deposits	1,810	16	16	–	–	**1,826**
Cash and cash equivalents	–	5,820	5,820	–	–	**5,820**
Assets held for sale	–	6	6	–	–	**6**
Non-current liabilities						
Financial liabilities	–	5,602	5,545	–	934	**6,537**
Other financial liabilities[3]	15	64	64	284	–	**364**
Current liabilities						
Financial liabilities	–	3,768	3,768	–	113	**3,880**
Trade payables	–	3,490	3,490	–	–	**3,490**
Other financial liabilities[4]	88	864	864	280	–	**1,231**
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: €705 million).
[2] Other assets that are not financial assets are not included (other receivables and income tax receivables: €1,314 million).
[3] Other liabilities that are not financial liabilities are not included (other provisions, deferred tax liabilities and other liabilities: €3,996 million).
[4] Other liabilities that are not financial liabilities are not included (income tax provisions, other provisions, other liabilities and income tax liabilities: €4,961 million).

Reconciliation of items in the statement of financial position to classes of financial instruments as of December 31, 2022[1]

€ 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, 2022
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[2]	100	187	178	466	–	**753**
Current assets						
Trade receivables	–	1,268	1,268	–	0	**1,268**
Financial services receivables	–	851	851	–	687	**1,538**
Other financial assets[3]	141	5,203	5,203	140	–	**5,484**
Marketable securities and time deposits	1,533	262	262	–	–	**1,795**
Cash and cash equivalents	–	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] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).
[2] Other assets that are not financial assets are not included (other receivables and deferred tax assets: €842 million).
[3] Other assets that are not financial assets are not included (other receivables and income tax receivables: €816 million).
[4] Other liabilities that are not financial liabilities are not included (other provisions, deferred tax liabilities and other liabilities: €3,472 million).
[5] Other liabilities that are not financial liabilities are not included (income tax provisions, other provisions, other liabilities and income tax liabilities: €4,917 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, 2023	Level 1	Level 2	Level 3
Non-current assets				
Other equity investments	**193**	0	–	193
Other financial assets	**82**	–	82	–
Current assets				
Other financial assets	**207**	–	207	–
Marketable securities and time deposits	**1,810**	1,810	–	–
Non-current liabilities				
Other financial liabilities	**15**	–	15	–
Current liabilities				
Other financial liabilities	**88**	–	88	–

€ 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	**1,533**	1,533	–	–
Non-current liabilities				
Other financial liabilities	**10**	–	10	–
Current liabilities				
Other financial liabilities	**70**	–	70	–

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 €2,256 million (2022: €2,180 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, 2023	Level 1	Level 2	Level 3
Financial services receivables	4,226	–	–	4,226
Trade receivables	1,449	–	1,449	–
Other financial assets	1,924	1,134	788	2
Marketable securities and time deposits	16	–	16	–
Cash and cash equivalents	5,820	5,820	–	–
Assets held for sale	6	–	6	–
Fair value of financial assets measured at amortized cost	**13,440**	**6,954**	**2,258**	**4,227**
Trade payables	3,490	–	3,490	–
Financial liabilities	9,313	65	9,247	1
Other financial liabilities	928	89	700	138
Liabilities associated with assets held for sale	1	–	1	–
Fair value of financial liabilities measured at amortized cost	**13,731**	**154**	**13,438**	**139**

€ million	Dec. 31, 2022	Level 1	Level 2	Level 3
Financial services receivables	3,671	–	–	3,671
Trade receivables[1]	1,268	–	1,268	–
Other financial assets[1]	5,382	1,360	4,020	2
Marketable securities and time deposits	262	–	262	–
Cash and cash equivalents	3,719	3,719	–	–
Assets held for sale	26	–	26	–
Fair value of financial assets measured at amortized cost	**14,328**	**5,079**	**5,577**	**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 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

Derivative financial instruments included in hedge accounting by level:

€ million	Dec. 31, 2023	Level 1	Level 2	Level 3
Non-current assets				
Other financial assets	791	–	791	–
Current assets				
Other financial assets	424	–	424	–
Non-current liabilities				
Other financial liabilities	284	–	284	–
Current liabilities				
Other financial liabilities	280	–	280	–

€ 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	–

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, 2023	**263**
Additions (purchases)	49
Transfers from level 3 into level 1	–
Transfers from level 3 into level 2	–
Total comprehensive income	–11
recognized in profit or loss	–9
recognized in other comprehensive income	–3
Settlements	–76
Disposals (sales)	–6
Changes in participation structure	–26
Balance at Dec. 31, 2023	**193**
Total gains or losses recognized in profit or loss	**–9**
Net other operating expense/income	–
of which attributable to assets/liabilities held at the reporting date	–
Financial result	–9
of which attributable to assets/liabilities held at the reporting date	–9

€ million	Financial assets measured at fair value
Balance at Jan. 1, 2022	**203**
Additions (purchases)	156
Transfers from level 3 into level 1	–
Transfers from level 3 into level 2	–
Total comprehensive income	58
recognized in profit loss	36
recognized in other comprehensive income	22
Settlements	–9
Disposals (sales)	–18
Changes 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

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, 2023, profit after tax would have been €4 million (2022: €5 million) higher. If the assumed enterprise values had been 10% lower as of December 31, 2023, profit after tax would have been €4 million (2022: €5 million) lower. If the assumed enterprise values had been 10% higher as of December 31, 2023, equity would have been €9 million (2022: €9 million) higher. If the assumed enterprise values had been 10% lower as of December 31, 2023, equity would have been €9 million (2022: €9 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, 2023, profit after tax would have been €0 million (2022: €5 million) higher. If the assumed enterprise values had been 10% lower as of December 31, 2023, profit after tax would have been €0 million (2022: €5 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.

€ 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	Amounts that are not set off in the statement of financial position: Financial instruments	Amounts that are not set off in the statement of financial position: Collateral received	Net amount at Dec. 31, 2023
Derivative financial instruments	1,445	–	1,445	–497	–	**948**
Financial services receivables	6,345	–	6,345	–	–	**6,345**
Trade receivables	1,449	–	1,449	–	–	**1,449**
Marketable securities and time deposits	1,826	–	1,826	–	–	**1,826**
Cash and cash equivalents	5,820	–	5,820	–	–	**5,820**
Other financial assets	2,180	–	2,180	–	–	**2,180**

€ 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	Amounts that are not set off in the statement of financial position: Financial instruments	Amounts that are not set off in the statement of financial position: 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]	1,268	–	1,268	–	–	**1,268**
Marketable securities and time deposits	1,795	–	1,795	–	–	**1,795**
Cash and cash equivalents	3,719	–	3,719	–	–	**3,719**
Other financial assets[1]	5,641	–	5,641	–	–	**5,641**

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

€ 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	Amounts that are not set off in the statement of financial position: Collateral pledged	Net amount at Dec. 31, 2023
Derivative financial instruments	667	–	667	–497	–	**170**
Financial liabilities	10,417	–	10,417	–	–	**10,417**
Trade payables	3,490	–	3,490	–	–	**3,490**
Other financial liabilities	928	–	928	–	–	**928**

€ 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	Amounts that are not set off in the statement of financial position: 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**

Other financial assets contain other equity investments measured at fair value of €193 million (2022: €193 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 €7,420 million (2022: €6,282 million) and were reported in ABS refinancing. The corresponding carrying amount of the receivables from customer and dealer financing and the finance lease business was €4,622 million (2022: €3,757 million). Collateral totaling €9,197 million (2022: €7,948 million) was provided for transactions in asset-backed securities, of which €4,622 million (2022: €3,757 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, 2023, the fair value of the receivables from the financing business that have been pledged but not disposed of amounted to €4,023 million (2022: €3,090 million). The fair value of the associated liabilities as of the reporting date amounted to €3,823 million (2022: €2,773 million).

36.6.7 NOTES TO THE INCOME STATEMENT PURSUANT TO IFRS 7

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	2023	2022
Financial instruments measured at fair value through profit or loss	161	56
Financial assets measured at amortized cost	257	380
Financial assets measured at fair value through other comprehensive income (debt instruments)	–	0
Financial liabilities measured at amortized cost	–304	–20
	114	**416**

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.

The total interest income attributable to financial assets and liabilities measured at amortized cost, as calculated using the effective interest method, amounted to €539 million (2022: €507 million) and the total interest expenses amounted to €363 million (2022: €185 million).

The disposal of financial assets measured at amortized cost results in gains of €2 million (2022: €0 million) and losses of €35 million (2022: €1 million).

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 capital requirements of the banking supervisory authorities were complied with in the fiscal year 2023 and in the prior year.

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	2023	2022
Automotive segment[1]		
Operating profit after tax	4,857	4,498
Assets invested (average)	19,646	18,010
Return on investment (ROI) in %	**24.7**	**25.0**
Financial services segment		
Profit before tax	309	346
Average equity	1,576	1,691
Pre-tax return on equity in %	**19.6**	**20.5**

[1] The prior-year figures have been adjusted (see explanations on IFRS 17 → **Effects of new or amended IFRS**).

38. CONTINGENTLIABILITIES

€ million	Dec. 31, 2023	Dec. 31, 2022
Guarantees	25	5
Warranties	0	0
Other contingent liabilities	39	123
	64	**128**

In the case of liabilities from guarantees, the Group is required to make specific payments if the debtors fail to meet their obligations.

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

	Maturity			
€ million	Within one year	Within one to five years	More than five years	Total
Dec. 31, 2023				
Purchase commitments in respect of				
Property, plant and equipment	1,605	196	3	**1,803**
Intangible assets	665	85	1	**751**
Obligations from				
Irrevocable credit commitments to customers	–	–	–	**–**
Leasing and rental contracts	97	88	25	**211**
Miscellaneous other financial obligations	1,534	975	118	**2,627**
Total	**3,901**	**1,344**	**147**	**5,392**

	Maturity			
€ million	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**

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 dialog with regulatory agencies, including the Kraftfahrt-Bundesamt (KBA–German Federal Motor Transport Authority) as type approval and market surveillance authorities. 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 also 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 the 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. On June 27, 2023, Mr. Wolfgang Hatz was sentenced to a suspended prison term by the Munich II Regional Court on a charge of fraud. The ruling is not yet legally binding. The liability settlement remains in effect.

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 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 in one specific case that a so-called thermal window (i.e., a built-in temperature-dependent control of exhaust gas recirculation) 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 engine damage, is inadmissible if it leads to the exhaust gas recirculation being only active to a limited extent for the "largest part of a year under the driving conditions which are actually prevailing in the European Union area".

In November 2022, an action plan for a software update for the Euro 5 3.0-liter-V6-diesel Generation 1 Cayenne with EY type approvals was submitted to the KBA in the course of ongoing talks with the authorities on the impact of this decision. 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. Porsche AG considers this provisional classification by the KBA to be without merit. It has duly delivered an opinion on the letter.

For the Cayenne and Panamera 3.0 l V6-TDI EU5 Generation 2 vehicles with EU type approvals, an action plan had already been approved by the KBA on September 11, 2020. A software update for these vehicles approved by the KBA had already been available since the beginning of 2020. On February 28, 2023, Porsche received a notification of a hearing from the KBA for these vehicles too, in which the KBA deems the aforementioned thermal windows to be a prohibited defeat device. Furthermore, the KBA demands that Porsche AG name all other vehicle concepts that include a comparable temperature-controlled exhaust gas recirculation system. Porsche duly delivered an opinion on the notification of a hearing from the KBA. In its opinion, Porsche AG explains why, according to Porsche's legal position, the aforementioned thermal windows are not a prohibited defeat device.

In a notice to Porsche AG dated December 20, 2023, the KBA determined that the original calibrations used to control exhaust gas recirculation in Cayenne and Panamera 3.0 l V6-TDI EU5 Generation 1 and 2 vehicles were prohibited defeat devices. The measures already underway (Generation 2) or agreed by Porsche AG during the hearing (Generation 1) were provisionally recognized as suitable by the KBA. Porsche AG filed an objection on January 18, 2024 with regard to the finding of non-conformity associated with this decision.

Neither provisions nor contingent liabilities have been recognized as there are currently no specific indications that this will result in any significant outflow of resources.

Other litigation

ANTITRUST INVESTIGATIONS: SCR SYSTEMS
In July 2021, the EU Commission, as part of a settlement decision, imposed a fine of €502 million on the three brands of the Volkswagen Group concerned (Volkswagen AG, AUDI AG, Porsche AG). The subject matter of the European Commission's decision regarding the fine is the cooperation between German 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 did not appeal, thus rendering the decision legally binding. There was no recourse against Porsche AG by Volkswagen AG.

Following the EU Commission's decision to impose a fine (July 2021), several class actions were filed in the United Kingdom at the end of 2021, among others against Porsche AG and several of its UK subsidiaries. The lawsuits are expected to be served in the course of 2024. Neither provisions nor contingent liabilities have been recognized as a realistic risk assessment of these proceedings is currently not possible.

VIOLATIONS OF COMPETITION LAW (KOREA, TÜRKIYE, CHINA)
The South Korean antitrust authorities KFTC analyzed 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. In April 2023, the KFTC issued its final decision together with the grounds for the decision, which covers the announcements made by the authorities from its press release from February 2023. According to this, Porsche AG is not affected by the alleged antitrust violation and is therefore not covered by the fines decision.

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. Legally binding grounds for the decision have not yet been given. Volkswagen AG, AUDI AG and Porsche AG have filed an 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. Neither provisions nor contingent liabilities have been recognized. In the opinion of the Porsche AG Group, the current status of the investigations does not permit a final assessment of the risk.

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.

Legal action was also initiated 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. In 2023, the plaintiffs announced that they no longer wished to pursue the pending lawsuits and several class actions were withdrawn in November and December 2023. The withdrawal of the last pending class action has been requested by the plaintiffs and is still subject to the approval by the court of competent jurisdiction, which is expected in the first quarter of 2024. Neither provisions nor contingent liabilities have been recognized as an assessment of these proceedings was not possible.

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 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. Current production is not affected. These issues are not related to the diesel issue. Porsche AG cooperated 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").

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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. Based on the information available, the additional payment liability of US$5 million does not apply.

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 second quarter of 2024.

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.

CONFORMITY OF PRODUCTION MEASUREMENTS

Porsche AG has also investigated potential issues regarding conformity of production measurements. The internal investigation has been 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 model year of a Cayenne derivative with UNECE type approval according to UN R101 issued by the KBA was reported to the KBA. On March 20, 2023, the KBA submitted a notification of a hearing on this vehicle. According to this, the vehicle exceeds the values seen as relevant by the KBA and more measurements may be taken to verify the manufacturer's figure. Porsche AG has duly delivered an opinion on the notification and recommended that further action be coordinated with the local authorities depending on the relevance of the manufacturer's figure. This was approved by the KFA. The current clarification of the matter is expected to be completed by March 2024. There are only 108 vehicles are on the market from the relevant model year 2018.

Neither provisions nor contingent liabilities have been recognized as there are currently no specific indications that this will result in any significant outflow of resources.

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 and the CMA. 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 and the CMA's information requests. Neither provisions nor contingent liabilities have been recognized 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. All of the KBA's queries to date have been duly answered. Should a notice be issued, the resulting costs for retrofits would depend heavily on the content. 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	2023	2022
Wages and salaries	4,356	4,132
Social security contributions, pension and other benefit costs	794	829
thereof pension costs	226	324
	5,149	**4,961**

42. AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

Average number of employees

	2023	2022
Direct area[1]	10,004	9,444
Indirect area	29,833	27,520
	39,837	**36,964**
Trainees	678	675
	40,515	**37,639**
Employees in the release phase of partial retirement	528	469
	41,043	**38,108**

[1] The direct area includes all employees directly involved in the vehicle manufacturing process.

43. REMUNERATION BASED ON PERFORMANCE SHARES (SHARE-BASED PAYMENT)

Following the IPO in 2022, the Supervisory Board of Porsche AG decided to adjust management remuneration from fiscal year 2023 onwards. As a result of this change, Porsche AG has three share-based remuneration models until the end of the respective terms: The performance share plan based on Volkswagen preferred shares, the performance share plan based on Porsche preferred shares and the IPO bonus.

In 2019, the group of persons eligible as performance share plan beneficiaries based on the Volkswagen preferred shares 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 based on the Volkswagen preferred shares was expanded to include all other members of management. At the beginning of 2020, the members of management were granted remuneration based on performance shares for the first time. In the course of introducing the performance share plan based on the Porsche preferred shares, no further Volkswagen performance shares will be granted. Grants have been made to members of the Executive Board and members of top management. The group of persons eligible as performance share plan beneficiaries based on the Porsche preferred shares includes all members of the Executive Board, top management and all other members of management.

The performance share plan based on the Volkswagen preferred shares 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 based on the Volkswagen preferred shares, 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

The performance period of the performance share plan based on the Volkswagen preferred shares has a three-year term, while the performance period of the performance share plan based on the Porsche preferred shares has a four-year term. For the members of the Executive Board and the top management, upon awarding the long-term incentive (LTI) the annual target amount under the LTI is converted into performance shares on the basis of the initial reference price of Volkswagen or Porsche preferred shares and is granted to the respective beneficiary purely for calculation purposes.

The number of performance shares is granted on the basis of a three-year/four-year, forward-looking performance period in line with the degree of target achievement for the annual earnings per Volkswagen/Porsche 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 respective 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 Porsche 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 four-year performance period with one year of that period relating to future periods.

For all beneficiaries, the payment amount under the performance share plans is limited to 200% of the target amount.

Executive Board and top management

		Dec. 31, 2023	Dec. 31, 2022
Total expense of the reporting period	€ million	12	8
Carrying amount of the obligation	€ million	17	10
Intrinsic value of the obligation	€ million	12	4
Fair value on granting date	€ million	29	9
Granted performance shares based on the Volkswagen preferred share	Shares	120,266	168,974
of which granted during the reporting period	Shares	–	59,369
Granted performance shares based on the Porsche preferred share	Shares	214,167	–
of which granted during the reporting period	Shares	214,167	–

Members of management

In the fiscal year, all other beneficiaries were granted a target amount, based on a target achievement of 100%, of €50 million (2022: €65 million). As of December 31, 2023, the total carrying amount of the obligation corresponding to the intrinsic value of the liabilities amounted to €56 million (2022: €71 million). In the reporting period, a total expense of €56 million (2022: €71 million) was recognized for this amount granted.

IPO bonus

The IPO bonus was granted in three tranches. Each third is paid out on the anniversary of the IPO of Porsche AG. The first sub-tranche was paid out during the current fiscal year. The payment amount of the IPO bonus is subject to a cap and a floor for each sub-tranche.

		Dec. 31, 2023	Dec. 31, 2022
Total expense of the reporting period	€ million	–	7
Carrying amount of the obligation	€ million	5	7
Intrinsic value of the obligation	€ million	5	7
Fair value at grant date	€ million	–	7
Granted performance shares	Shares	56,960	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 had 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. Since the following day, these preferred shares have been traded on the stock exchange. Since the end of the stabilization period on October 11, 2022, the free float of the preferred shares amounts to 24.2% of the preferred share capital of Porsche AG. The basis for the IPO was a comprehensive agreement on the conclusion of several contracts between Volkswagen and Porsche SE. In this context, both parties agreed, among other things, that Porsche SE acquire 25% of the ordinary shares plus one ordinary share of Porsche AG from Volkswagen. There are restrictions on the sale of these ordinary shares of Porsche AG by Porsche SE until 2027. 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 control 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 control 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 the 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 benefits 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 organization 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 8, 2024, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover, hold 20.00% of the voting rights in Volkswagen AG on December 31, 2023. 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 2023	Supplies and services rendered 2022	Supplies and services received 2023	Supplies and services received 2022
Porsche und Piëch families	0	0	0	0
Porsche SE	3	2	0	0
State of Lower Saxony, its majority interests and joint ventures	0	0	–	–
Volkswagen AG - Group	4,889	5,030	6,685	6,233
Porsche Holding Stuttgart GmbH	3	207	–	1
Non-consolidated entities	175	72	256	203
Joint ventures and their majority interests	2	2	53	38
Associates and their majority interests	6	6	203	128
Pension plans	1	0	0	1
Members of the Executive Board and the Supervisory Board Porsche AG	1	1	–	0
Other related parties	–	–	–	–
Total	**5,079**	**5,320**	**7,197**	**6,604**

€ million	Receivables[1] Dec. 31, 2023	Receivables[1] Dec. 31, 2022	Liabilities Dec. 31, 2023	Liabilities Dec. 31, 2022
Porsche und Piëch families	0	0	0	0
Porsche SE	0	0	0	0
State of Lower Saxony, its majority interests and joint ventures	0	33	–	–
Volkswagen AG - Group	6,399	8,017	2,015	2,748
Porsche Holding Stuttgart GmbH	–	40	67	4,079
Non-consolidated entities	708	189	147	95
Joint ventures and their majority interests	60	56	6	1
Associates and their majority interests	137	42	115	97
Pension plans	–	0	0	0
Members of the Executive Board and the Supervisory Board Porsche AG	0	0	–	–
Other related parties	–	–	–	–
Total	**7,305**	**8,377**	**2,351**	**7,021**

1 The prior-year figures have been adjusted.

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 mainly relate to bonds of €0 million (2022: €33 million).

Receivables from the Volkswagen Group mainly relate to cash pool receivables of €4,064 million (2022: €0 million), loans granted of €530 million (2022: €4,275 million), receivables from intragroup balances of €85 million (2022: €2,391 million) as well as trade receivables of €407 million (2022: €502 million).

The supplies and services rendered to the Volkswagen group contain amounts of €119 million (2022: €458 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 €0 million (2022: €50 million) and Volkswagen AG has agreed to indemnify and hold Porsche AG harmless 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 2023 to Volkswagen Group companies amounting to €365 million (2022: €129 million).

Porsche AG received a capital contribution from Porsche Holding Stuttgart GmbH in 2023 in the amount of €0 million (2022: €3,057 million).

Financial services rendered to that company led to interest income of €0 million (2022: €207 million).

Receivables from non-consolidated subsidiaries primarily result from loans granted of €624 million (2022: €145 million), with €33 million (2022: €35 million) relating to Dastera Grundstücksverwaltungs-gesellschaft mbH & Co. Vermietungs KG, as well as trade receivables of €34 million (2022: €20 million). Receivables from associates mainly result from receivables from non-current finance leases of €24 million (2022: €25 million) as well as from loans granted of €105 million (2022: €14 million).

In 2023, there were other obligations not recognized in the statement of financial position to non-consolidated subsidiaries amounting to €409 million (2022: €27 million) and to joint ventures amounting to €227 million (2022: €124 million).

The tables above do not contain the dividend payments received from joint ventures and associates of €2 million (2022: €1 million). Nor do the tables contain the dividends of €690 million paid to Porsche Holding Stuttgart GmbH and the dividends of €114 million paid to Porsche SE.

The maximum credit risk for financial guarantees issued to joint ventures amounted to €62 million (2022: €66 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:

€ million	2023	2022
Short-term employee benefits	16	15
Benefits based on performance shares	4	12
Post-employment benefits	3	2
	23	**29**

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 plans based on the Volkswagen and Porsche preferred shares and virtual shares in connection with the IPO bonus of €62 million (2022: €56 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. As of this fiscal year, the chairman of the Executive Board of Porsche AG, who is also chairman of the board of management of Volkswagen AG, receives half of his remuneration from Porsche AG and half from Volkswagen AG.

In the fiscal year, the Porsche AG Group made capital contributions at related parties of €217 million (2022: €372 million).

Write-downs of €0 million (2022: €7 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 (since February 1, 2024: “EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft”, Stuttgart), for the fiscal year.

€ million	2023	2022
Financial statement audit services	5	3
Other assurance services	0	4
Tax advisory services	–	0
Other services	0	0
	5	**7**

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, 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 mainly related to non-statutory audits as well as non-statutory assurance services for capital market transactions.

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 2023.

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 January 2, 2023

1. Details of issuer Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Porscheplatz 1, 70435 Stuttgart, Germany

2. Reason for notification Other reason: Completion of the share purchase agreement

3. Details of party subject to the notification obligation Name: Dr. Hans Michel Piëch	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: December 30, 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%	0.00%	100.00%	455,500,000
Previous notification	100.00%	7.5%	100.00%	

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	0.00%	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					
			Total		

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	25.01%	%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	74.99%	%	74.99%

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 January 2, 2023

1. Details of issuer
Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Porscheplatz 1, 70435 Stuttgart, Germany

2. Reason for notification
Other reason: Completion of the share purchase agreement

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, Diana Porsche	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:
December 30, 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%	0.00%	100.00%	455,500,000
Previous notification	100.00%	7.50%	100.00%	

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 %
				%
		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					
			Total		

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, Diana Porsche	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien-Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	25.01%	%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	74.99%	%	74.99%
-	%	%	%
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	25.01%	%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	74.99%	%	74.99%

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 January 2, 2023

1. Details of issuer
Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Porscheplatz 1, 70435 Stuttgart, Germany

2. Reason for notification
Other reason: Completion of the share purchase agreement

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:
December 30, 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%	0.00%	100.00%	455,500,000
Previous notification	100.00%	7.50%	100.00%	

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 %
				%
		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					
			Total		

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	25.01%	%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	74.99%	%	74.99%

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 January 2, 2023

1. Details of issuer
Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Porscheplatz 1, 70435 Stuttgart

2. Reason for notification
Other reason: Completion of the share purchase agreement

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:
December 30, 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%	%	100.00%	455,500,000
Previous notification	100.00%	7.50%	100.00%	

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	0.00%	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					
			Total		

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	25.01%	%	25.01%
VOLKSWAGEN AKTIENGESELLSCHAFT	%	%	%
Porsche Holding Stuttgart GmbH	74.99%	%	74.99%

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 2023, 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 €25 million (2022: €24 million).

Under the performance share plan, the active members of the Executive Board were not granted any new performance shares for the fiscal year 2023 (2022: 30,603, with a value as of the date of granting of €5 million). For fiscal year 2023, a total of 85,266 performance shares were allocated based on the Porsche preferred share (2022: 0), the value of which came to €12 million (2022: €– million) as of the date of allocation. 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 not granted any new virtual shares (2022:85,440, the value of which amounted to €7 million at the time of granting them).

The total remuneration granted to the members of the Supervisory Board amounts to €3 million (2022: €2 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 (2022: €2 million). For this group of people, there were provisions for pensions of €46 million (2022: €47 million).

The individual remuneration of members of the Executive Board and the Supervisory Board is explained in the remuneration report. This also contains an extensive assessment of the individual remuneration components.

50. LIST OF SHAREHOLDINGS

Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2023	Porsche AG's interest in capital in % 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		86.35	–	86.35	235,124	69,201		2022
Porsche Consulting GmbH, Bietigheim-Bissingen	EUR		100.00	–	100.00	700	–	1	2022
Porsche Deutschland GmbH, Bietigheim-Bissingen	EUR		100.00	–	100.00	18,120	–	1	2022
Porsche Dienstleistungs GmbH, Stuttgart	EUR		100.00	–	100.00	43	–	1	2022
Porsche Digital GmbH, Ludwigsburg	EUR		100.00	–	100.00	20,025	–	1	2022
Porsche Engineering Group GmbH, Weissach	EUR		100.00	–	100.00	4,000	–	1	2022
Porsche Engineering Services GmbH, Bietigheim-Bissingen	EUR		100.00	–	100.00	1,601	–	1	2022
Porsche Erste Beteiligungsgesellschaft mbH, Stuttgart	EUR		100.00	–	100.00	104,425	–	1	2022
Porsche Financial Services GmbH & Co. KG, Bietigheim-Bissingen	EUR		–	100.00	100.00	169,972	19,955		2022
Porsche Financial Services GmbH, Bietigheim-Bissingen	EUR		100.00	–	100.00	26,608	–	1	2022
Porsche Financial Services Verwaltungsgesellschaft mbH, Bietigheim-Bissingen	EUR		–	100.00	100.00	112	5		2022
Porsche Immobilien GmbH & Co. KG, Stuttgart	EUR		100.00	–	100.00	59,971	4,814		2022
Porsche Leipzig GmbH, Leipzig	EUR		100.00	–	100.00	2,500	–	1	2022
Porsche Lifestyle GmbH & Co. KG, Ludwigsburg	EUR		100.00	–	100.00	–11,551	8,586		2022
Porsche Logistik GmbH, Stuttgart	EUR		100.00	–	100.00	1,000	–	1	2022
Porsche Niederlassung Berlin GmbH, Berlin	EUR		–	100.00	100.00	2,500	–	1	2022
Porsche Niederlassung Berlin-Potsdam GmbH, Kleinmachnow	EUR		–	100.00	100.00	1,700	–	1	2022
Porsche Niederlassung Hamburg GmbH, Hamburg	EUR		–	100.00	100.00	2,000	–	1	2022
Porsche Niederlassung Stuttgart GmbH, Stuttgart	EUR		–	100.00	100.00	2,500	–	1	2022
Porsche Nordamerika Holding GmbH, Ludwigsburg	EUR		100.00	–	100.00	58,311	–	1	2022
Porsche Sales & Marketplace GmbH, Stuttgart	EUR		100.00	–	100.00	2,198	–	1	2022
Porsche Verwaltungsgesellschaft mit beschränkter Haftung, Ludwigsburg	EUR		100.00	–	100.00	37	–4		2022
Porsche Werkzeugbau GmbH, Schwarzenberg	EUR		100.00	–	100.00	68,193	–279		2022
Porsche Zentrum Hoppegarten GmbH, Stuttgart	EUR		–	100.00	100.00	2,556	–	1	2022
UI-356-Fonds, Frankfurt am Main	EUR		80.60	19.40	100.00	1,501,311	–69,850	10	2022
UI-SP25-Fonds, Frankfurt am Main	EUR		100.00	–	100.00	394,594	–17,906	4, 10	2022
2. International									
Carrera Finance S.A., Luxemburg	EUR		–	–	–	31	–	10	2022
Carrera Italia SPV S.r.l., Conegliano	EUR		–	–	–	10	–	10	2022
ExB II LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	56,017	18,570	10	2022
ExB LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	37,644	17,210	10	2022
Nardò Technical Center S.r.l., Santa Chiara di Nardò	EUR		–	100.00	100.00	13,635	1,386		2022
OOO Porsche Center Moscow, Moskau	RUB	99.9661	–	100.00	100.00	1,805,297	122,033		2022
OOO Porsche Financial Services Russland, Moskau	RUB	99.9661	–	100.00	100.00	280,862	50,518		2022
OOO Porsche Russland, Moskau	RUB	99.9661	99.00	1.00	100.00	7,192,065	–248,404		2022
PCars LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	51,835	22,746	10	2022
PCREST II Holdings Ltd., Vancouver / BC	CAD	1.4681	–	100.00	100.00	990	–	10	2022
PCREST Ltd., Mississauga / ON	CAD	1.4681	–	100.00	100.00	3	–	5	2022
PCTX LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	506	–		2022
PDRIVE LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	32,985	9,596	10	2022
PFORCE LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	33,395	7,373	10	2022
PGEAR LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	29,479	7,841	10	2022
PILOT 2017-A LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	98,593	25,265	10	2022
PILOT 2017-B LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	9,994	–324	10	2022
PILOT 2019-A LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	61,015	22,036	10	2022
PJOLT-1 LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	–	–	4, 6, 10	2023
Porsamadrid S.L., Madrid	EUR		–	100.00	100.00	7,964	3,258		2022
Porsche (China) Motors Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	3,153,434	3,027,981		2022
Porsche (Shanghai) Commercial Services Co., Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	625,831	154,752		2022
Porsche Asia Pacific Pte. Ltd., Singapur	SGD	1.4612	100.00	–	100.00	79,807	14,823		2022
Porsche Auto Funding LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	4,000	–	10	2022
Porsche Aviation Products, Inc., Atlanta / GA	USD	1.1077	–	100.00	100.00	671	9		2022
Porsche Brasil Importadora de Veículos Ltda., São Paulo	BRL	5.3750	100.00	–	100.00	164,265	154,265		2022
Porsche Business Services, Inc., Atlanta / GA	USD	1.1077	–	100.00	100.00	–14,206	–1,232		2022
Porsche Canadian Funding II L.P., Mississauga / ON	CAD	1.4681	–	100.00	100.00	114,882	8,248	10	2022
Porsche Canadian Funding L.P., Mississauga / ON	CAD	1.4681	–	100.00	100.00	101,866	16,852		2022
Porsche Canadian Investment ULC, Halifax / NS	CAD	1.4681	–	100.00	100.00	677	–28		2022
Porsche Cars Australia Pty. Ltd., Collingwood	AUD	1.6292	100.00	–	100.00	175,719	18,200		2022
Porsche Cars Canada Ltd., Toronto / ON	CAD	1.4681	–	100.00	100.00	214,677	22,025		2022
Porsche Cars Great Britain Ltd., Reading	GBP	0.8691	–	100.00	100.00	165,210	26,307		2022
Porsche Cars North America, Inc., Atlanta / GA	USD	1.1077	–	100.00	100.00	2,441,457	549,641		2022
Porsche Central and Eastern Europe s.r.o., Prag	CZK	24.7180	100.00	–	100.00	153,473	11,627		2022
Porsche Centre Beijing Central Ltd., Peking	CNY	7.8700	–	100.00	100.00	65,288	81,607		2022
Porsche Centre Beijing Goldenport Ltd., Peking	CNY	7.8700	–	100.00	100.00	51,039	49,539		2022
Porsche Centre North Toronto Ltd., Toronto / ON	CAD	1.4681	–	100.00	100.00	19,067	4,571		2022
Porsche Centre Shanghai Pudong Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	129,100	98,374		2022
Porsche Centre Shanghai Waigaoqiao Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	119,268	55,596		2022
Porsche Consulting Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	53,873	16,220		2022
Porsche Consulting S.r.l., Mailand	EUR		–	100.00	100.00	18,750	2,070		2022
Porsche Consulting, Inc., Atlanta / GA	USD	1.1077	–	100.00	100.00	4,716	970		2022
Porsche Design GmbH, Zell am See	EUR		–	100.00	100.00	7,912	290		2022

			Porsche AG's interest in capital in %						
Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2023	Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Porsche Design of America, Inc., Ontario / CA	USD	1.1077	–	100.00	100.00	2,673	187		2022
Porsche Distribution S.A.S., Vélizy-Villacoublay	EUR		–	100.00	100.00	44,641	5,371		2022
Porsche Engineering Services s.r.o., Prag	CZK	24.7180	–	100.00	100.00	380,454	82,855		2022
Porsche Enterprises, Inc., Atlanta / GA	USD	1.1077	–	100.00	100.00	140,691	–11,105		2022
Porsche Financial Auto Securitization Trust 2023-1, Atlanta / GA	USD	1.1077	–	100.00	100.00	–	–	4, 6, 10	2023
Porsche Financial Auto Securitization Trust 2023-2, Atlanta / GA	USD	1.1077	–	100.00	100.00	–	–	4, 6, 10	2023
Porsche Financial Leasing Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	196,499	116		2022
Porsche Financial Services Australia Pty. Ltd., Collingwood	AUD	1.6292	–	100.00	100.00	4,594	873		2022
Porsche Financial Services Canada G.P., Mississauga / ON	CAD	1.4681	–	100.00	100.00	31,924	8,049	8	2022
Porsche Financial Services France S.A.S., Asnières-sur-Seine	EUR		–	100.00	100.00	21,637	3,383		2022
Porsche Financial Services Great Britain Ltd., Reading	GBP	0.8691	–	100.00	100.00	104,785	12,902		2022
Porsche Financial Services Italia S.p.A., Padua	EUR		–	100.00	100.00	103,091	11,176		2022
Porsche Financial Services Japan K.K., Tokio	JPY	156.7900	–	100.00	100.00	8,021,442	898,676		2022
Porsche Financial Services Korea Ltd., Seoul	KRW	1.440.7150	–	100.00	100.00	76,506,613	1,417,573		2022
Porsche Financial Services Schweiz AG, Rotkreuz	CHF	0.9264	–	100.00	100.00	18,669	6,168		2022
Porsche Financial Services, Inc., Atlanta / GA	USD	1.1077	–	100.00	100.00	208,347	37,246	8	2022
Porsche France S.A.S., Asnières-sur-Seine	EUR		–	100.00	100.00	139,364	9,741		2022
Porsche Funding L.P., Atlanta / GA	USD	1.1077	–	100.00	100.00	158,092	–138,252		2022
Porsche Hong Kong Ltd., Hongkong	HKD	8.6529	100.00	–	100.00	13,965,531	3,812,724		2022
Porsche Ibérica S.A., Madrid	EUR		99.99	–	99.99	114,976	10,209		2022
Porsche Innovative Lease Owner Trust 2016-A, Atlanta / GA	USD	1.1077	–	100.00	100.00	109,665	37,012	10	2022
Porsche International Financing DAC, Dublin	EUR		100.00	–	100.00	134,824	28,331		2022
Porsche International Reinsurance DAC, Dublin	EUR		–	100.00	100.00	229,103	18,788		2022
Porsche Investments Management S.A., Luxemburg	EUR		100.00	–	100.00	392,652	–12,060		2022
Porsche Italia S.p.A., Padua	EUR		–	100.00	100.00	150,661	16,305		2022
Porsche Japan K.K., Tokio	JPY	156.7900	100.00	–	100.00	6,727,246	5,227,246		2022
Porsche Korea Ltd., Seoul	KRW	1.440.7150	100.00	–	100.00	29,921,771	25,678,803		2022
Porsche Latin America, Inc., Miami / FL	USD	1.1077	–	100.00	100.00	4,978	537		2022
Porsche Leasing Ltd., Atlanta / GA	USD	1.1077	–	100.00	100.00	–	–	10	2022
Porsche Logistics Services LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	4,852	–8		2022
Porsche Middle East and Africa FZE, Dubai	USD	1.1077	100.00	–	100.00	79,560	10,075		2022
Porsche Motorsport North America, Inc., Santa Ana / CA	USD	1.1077	–	100.00	100.00	15,147	3,795		2022
Porsche Retail Group Australia Pty. Ltd., Collingwood	AUD	1.6292	–	100.00	100.00	61,684	11,987		2022
Porsche Retail Group Ltd., Reading	GBP	0.8691	–	100.00	100.00	72,369	18,117		2022
Porsche Retail Italia S.r.l., Mailand	EUR		–	100.00	100.00	12,884	3,925	9	2022
Porsche Sales & Marketplace Inc., Atlanta / GA	USD	1.1077	–	100.00	100.00	–1,660	2,164		2022
Porsche Schweiz AG, Rotkreuz	CHF	0.9264	–	100.00	100.00	41,771	5,991		2022
Porsche Services Ibérica, S.L., Madrid	EUR		–	100.00	100.00	1,787	122		2022
Porsche Singapore Pte. Ltd., Singapur	SGD	1.4612	–	75.00	75.00	5,693	–2,307	4	2022
Porsche Taiwan Motors Ltd., Taipei	TWD	33.9211	–	100.00	100.00	1,025,116	843,451		2022
Porsche Zentrum Zug, Risch AG, Rotkreuz	CHF	0.9264	–	100.00	100.00	12,468	4,729		2022
PPF Holding AG, Zug	CHF	0.9264	100.00	–	100.00	6,663	–36		2022
PREV LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	163,674	63,188	10	2022
PSHIFT LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	141,760	68,759	10	2022
PVOLT LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	35,167	8,668	10	2022
Shanghai Jie Gang Enterprise Management Co., Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	23,715	–75		2022
B. Unconsolidated companies									
1. Germany									
Cellforce Group GmbH, Tübingen	EUR		–	100.00	100.00	15,704	–28,114		2022
Cetitec GmbH, Pforzheim	EUR		100.00	–	100.00	4,137	3,012		2022
Dastera Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	EUR		94.00	–	94.00	–447	–138	10	2022
Datura Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	EUR		94.00	–	94.00	–212	153	10	2022
Initium GmbH, Berlin	EUR		–	100.00	100.00	125	–	1	2022
Manthey Racing GmbH, Meuspath	EUR		51.00	–	51.00	10,074	3,217		2022
Manthey Servicezentrum GmbH, Meuspath	EUR		–	100.00	100.00	868	425		2022
OverTake GmbH, Köln	EUR		100.00	–	100.00	–	–	7	2023
P3X GmbH & Co. KG, Gilching	EUR		100.00	–	100.00	17,524	–10,667	4	2022
P3X Management GmbH, Gilching	EUR		–	100.00	100.00	27	2	4	2022
Porsche eBike Performance GmbH, Ottobrunn	EUR		–	60.00	60.00	69,532	–21,006		2022
serva GmbH, in Liquidation, Stuttgart	EUR		–	100.00	100.00	1,187	–52	2	2022
2. International									
AFN Ltd., Reading	GBP	0.8691	–	100.00	100.00	–	–	5	2022
Cetitec d.o.o., Cakovec	HRK	7.5345	–	100.00	100.00	3,377	3,357		2022
Cetitec USA Inc., Dublin / OH	USD	1.1077	–	100.00	100.00	200	–49		2022
INFINUM JV Holding d.o.o., Karlovac	EUR		–	100.00	100.00	–	–	7	2023
Levi Rally Center Oy, Rovaniemi	EUR		–	100.00	100.00	–	–	7	2023
MHP (Shanghai) Management Consultancy Co., Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	31,210	3,825		2022
MHP Americas, Inc., Atlanta / GA	USD	1.1077	–	100.00	100.00	1,786	1,709		2022
MHP Consulting Romania S.R.L., Cluj-Napoca	RON	4.9759	–	100.00	100.00	29,649	7,220		2022
MHP Consulting UK Ltd., Birmingham	GBP	0.8691	–	100.00	100.00	–121	730		2022
Porsche Consulting Canada Ltd., Toronto / ON	CAD	1.4681	–	100.00	100.00	2,407	819		2022
Porsche Consulting Ltda., São Paulo	BRL	5.3750	–	100.00	100.00	12,322	3,274		2022
Porsche Consulting S.A.S., Paris	EUR		–	100.00	100.00	387	534		2022
Porsche Design Asia Hong Kong Ltd., Hongkong	HKD	8.6529	–	100.00	100.00	3,389	2		2022
Porsche Design Great Britain Ltd., Reading	GBP	0.8691	–	100.00	100.00	–6,074	–404		2022
Porsche Design Italia S.r.l., Padua	EUR		–	100.00	100.00	276	–3		2022
Porsche Design Netherlands B.V., Roermond	EUR		–	100.00	100.00	707	231		2022
Porsche Design Sales (Shanghai) Co., Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	803	–106	5	2022
Porsche Design Studio North America, Inc., Beverly Hills / CA	USD	1.1077	–	100.00	100.00	48	–	5	2022
Porsche Design Timepieces AG, Solothurn	CHF	0.9264	–	100.00	100.00	4,614	797		2022
Porsche Digital China Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	22,888	8,713		2022

Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2023	Porsche AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Porsche Digital Croatia d.o.o., Zagreb	HRK	7.5345	–	50.00	50.00	9,404	7,140		2022
Porsche Digital España, S.L., Barcelona	EUR		–	100.00	100.00	618	114		2022
Porsche Digital Israel Ltd., Tel Aviv	ILS	3.9951	–	100.00	100.00	39	39	4	2022
Porsche Digital Mexico, S. de R.L. de C.V., Guadalajara	MXN	18.7689	–	100.00	100.00	–	–1,447	4	2022
Porsche Digital, Inc., Atlanta / GA	USD	1.1077	–	100.00	100.00	1,034	–5,131		2022
Porsche Drive Canada, Ltd., Toronto / ON	CAD	1.4681	–	100.00	100.00	–66	–566		2022
Porsche Drive LLC, Atlanta / GA	USD	1.1077	–	100.00	100.00	3,037	–1,963		2022
Porsche Drive S.r.l., Trento	EUR		–	100.00	100.00	213	177		2022
Porsche eBike Performance d.o.o., Sveta Nedelja	HRK	7.5345	–	68.17	68.17	24,301	–38,224		2022
Porsche Engineering (Shanghai) Co., Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	72,068	16,204		2022
Porsche Engineering Romania S.R.L., Cluj-Napoca	RON	4.9759	–	100.00	100.00	13,425	4,553		2022
Porsche Engineering Services North America, Inc., Carson / CA	USD	1.1077	–	100.00	100.00	–	–	4, 6	2023
Porsche Investments Management I S.à r.l., Luxemburg	EUR		–	100.00	100.00	–	–	4, 6	2023
Porsche Motorsport Asia-Pacific Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	10,672	–2,673		2022
Porsche Norge AS, Oslo	NOK	11.2408	75.00	–	75.00	–	–	7	2023
Porsche Sales & Marketplace Canada, Ltd., Toronto / ON	CAD	1.4681	–	100.00	100.00	1,058	1,114		2022
Porsche Services Korea LLC, Seoul	KRW	1.440.7150	–	100.00	100.00	3,865,219	19,032		2022
Porsche Services Middle East & Africa FZE, Dubai	USD	1.1077	–	100.00	100.00	902	208		2022
Porsche Services Singapore Pte. Ltd., Singapur	SGD	1.4612	–	100.00	100.00	–396	–305		2022
Porsche Smart Battery Shop s.r.o., Dubnica nad Váhom	EUR		–	100.00	100.00	31,074	69	4	2022
Porsche Werkzeugbau s.r.o., Dubnica nad Váhom	EUR		–	100.00	100.00	16,724	1,831		2022
Shanghai Advanced Automobile Technical Centre Co., Ltd., Shanghai	CNY	7.8700	–	100.00	100.00	13,436	1,709		2022
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	24,484	–4,711		2022
Axel Springer Porsche Management GmbH, Berlin	EUR		–	50.00	50.00	31	19		2022
FlexFactory GmbH, Stuttgart	EUR		–	50.00	50.00	1,495	–1,999		2022
Intelligent Energy System Services GmbH, Ludwigsburg	EUR		–	50.00	50.00	2,229	761		2022
PDB-Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim	EUR		20.00	–	20.00	–	–	11, 12	2022
Smart Press Shop GmbH & Co. KG, Halle	EUR		50.00	–	50.00	23,195	387		2022
Smart Press Shop Verwaltungs-GmbH, Stuttgart	EUR		50.00	–	50.00	37	4		2022

Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2023	Porsche AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
2. International									
Bugatti International Holding S.à r.l., Luxemburg	EUR		49.00	–	49.00	92,999	–13		2022
Material Science Center Qatar QSTP-LLC, in Liquidation, Doha	QAR	4.0378	25.00	–	25.00	8,247	–5,846	2, 5	2014
IV. ASSOCIATES									
A. Equity-accounted associates									
1. Germany									
Bertrandt AG, Ehningen	EUR		28.97	–	28.97	358,264	22,160	3	2022
IONITY Holding GmbH & Co. KG, München	EUR		–	15.12	15.12	382,045	–56,289		2022
2. International						–	–		
Bugatti Rimac d.o.o., Sveta Nedelja	HRK	7.5345	45.00	–	45.00	3,693,661	101,501		2022
Rimac Group d.o.o., Sveta Nedelja	EUR		–	20.63	20.63	844,247	–62,741		2022
B. Associates accounted for at cost									
1. Germany									
&Charge GmbH, Frankfurt am Main	EUR		–	21.65	21.65	158	–1,288		2022
Customcells Holding GmbH, Itzehoe	EUR		–	11.33	11.33	50,165	–4,777		2022
Fanzone Media GmbH, Berlin	EUR		–	4.99	4.99	618	–150		2020
New Horizon GmbH, Berlin	EUR		–	16.64	16.64	2,974	–8,308		2022
P2 eBike GmbH, Stuttgart	EUR		–	40.00	40.00	693	–92	4	2022
The Business Romantic Society Verwaltungs GmbH, Berlin	EUR		–	5.14	5.14	–	–863		2022
2. International									
Group14 Technologies, Inc., Wilmington / DE	USD	1.1077	–	3.36	3.36	587,807	–19,862		2022
HIF Global LLC, Houston / TX	USD	1.1077	–	11.65	11.65	41,342	–85,481		2022
Pull Data Inc., Santa Monica / CA	USD	1.1077	–	33.00	33.00	–	–	7	2023
Sensigo, Inc., Wilmington / DE	USD	1.1077	–	33.00	33.00	–	–	4, 6	2023
Stellar Telecommunications S.A.S., Meudon	EUR		–	20.00	20.00	–441	–475		2022
V. OTHER EQUITY INVESTMENTS									
1. Germany									
1KOMMA5° GmbH, Hamburg	EUR		–	6.08	6.08	80,136	–7,001		2022
aware THE PLATFORM GmbH, in Liquidation, Berlin	EUR		–	5.00	5.00	41	–873	2	2022
Daato Technologies GmbH, Berlin	EUR		–	5.55	5.55	33	–396		2022
Denizen GmbH, Berlin	EUR		–	5.00	5.00	–2	–1,102		2022
e.ventures europe V GmbH & Co. KG, Hamburg	EUR		–	7.91	7.91	73,600	–6,255	10	2022
e.ventures europe VI GmbH & Co. KG, Hamburg	EUR		–	3.33	3.33	95,817	–4,177	10	2022
Headline Europe VII GmbH & Co. KG, Berlin	EUR		–	3.13	3.13	28,110	–8,315		2022
Heartfelt APX GmbH & Co. KG, Berlin	EUR		–	14.41	14.41	–	–	7	2023
HWW - Höchstleistungsrechner für Wissenschaft und Wirtschaft GmbH, Stuttgart	EUR		10.00	–	10.00	1,400	27		2022
Impact Labs GmbH, Hamburg	EUR		–	7.75	7.75	817	–173		2022
My Inner Health Club GmbH, in Liquidation, Berlin	EUR		–	5.00	5.00	10	–1,325	2	2022
NitroBox GmbH, Hamburg	EUR		–	7.35	7.35	–	–		2022
onGRID Sports Technology GmbH, Berlin	EUR		–	5.44	5.44	315	–567	4	2022

Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2023	Porsche AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Retorio GmbH, München	EUR		–	8.35	8.35	–	–	7	2023
RYDES GmbH, Berlin	EUR		–	11.57	11.57	-370	–386		2021
Sharpist GmbH, Berlin	EUR		–	3.70	3.70	–	–		2022
Triple AI GmbH, Berlin	EUR		5.69	–	5.69	–	–	7	2023
WORKERBASE GmbH, München	EUR		–	4.97	4.97	10,700	–326		2022
2. International									
actnano Inc., Dover / DE	USD	1.1077	–	3.59	3.59	–	–		2022
AM Batteries LLC, Shrewsbury / MA	USD	1.1077	–	1.77	1.77	–	–	7	2023
Anagog Ltd., Tel Aviv	ILS	3.9951	–	4.74	4.74	–1,727	–19,929		2022
Atomic Industries Inc., Wilmington / DE	USD	1.1077	–	5.35	5.35	–	–	7	2023
Bcomp Ltd., Fribourg	CHF	0.9264	–	3.71	3.71	15,779	–6,553		2022
Beijing Achievers Management Consulting Co., Ltd., Peking	CNY	7.8700	–	14.90	14.90	2,368	–5,193		2022
BQ Holding Ltd., Weymouth	EUR		–	0.94	0.94	–	–		2022
Bumper International Ltd., London	GBP	0.8691	–	4.60	4.60	5,598	–3,025		2022
CarPutty Inc., Wilmington / DE	USD	1.1077	–	10.08	10.08	–	–		2022
Connect IQ Labs, Inc., Redwood City / CA	USD	1.1077	–	4.90	4.90	–	–		2022
Cresta Intelligence Inc., Wilmington / DE	USD	1.1077	–	0.79	0.79	–	–		2022
Dream Machine Innovations Inc., Wilmington / DE	USD	1.1077	–	5.52	5.52	–	–	7	2023
DSP Concepts, Inc., Dover / DE	USD	1.1077	–	4.17	4.17	–	–		2022
e.ventures US V, L.P., San Francisco / CA	USD	1.1077	–	3.99	3.99	593,081	349,713	10	2021
Eve One L.P., Grand Cayman	USD	1.1077	–	4.64	4.64	–	–	10	2022
Fontinalis Capital Partners III, L.P., Detroit / MI	USD	1.1077	–	9.64	9.64	57,235	22,895	10	2021
Griiip Automotive Engineering Ltd., Petach Tikva	ILS	3.9951	–	4.89	4.89	–	–		2022
Grove Ventures II L.P., Grand Cayman	USD	1.1077	–	2.50	2.50	67,304	–2,497	10	2021
Grove Ventures III L.P., Grand Cayman	USD	1.1077	–	1.63	1.63	–	–		2022
Grove Ventures L.P., Grand Cayman	USD	1.1077	–	9.09	9.09	247,785	–2,379	10	2021
Hangzhou Wanxiang Culture Technology Co., Ltd., Hangzhou	CNY	7.8700	–	3.31	3.31	102,141	–4,978		2022
Intamsys Technology Ltd., Dongguan	CNY	7.8700	–	4.78	4.78	24,159	–20,791		2022
LAKA Ltd., London	GBP	0.8691	–	4.10	4.10	–	–		2022
Magma Growth Equity I L.P., Grand Cayman	USD	1.1077	–	11.33	11.33	49,683	–627	10	2021
Nozomi Networks, Inc., San Francisco / CA	USD	1.1077	–	0.73	0.73	–	–		2022
Playbook Technologies Inc., Ridgewood / NJ	USD	1.1077	–	6.04	6.04	–	–		2022
RSE Markets, Inc., Dover / DE	USD	1.1077	–	4.61	4.61	–	–		2022
RunBuggy OMI, Inc., Newark / DE	USD	1.1077	–	4.00	4.00	–	–		2022
Shanghai Powershare Tech Ltd., Shanghai	CNY	7.8700	–	2.84	2.84	–	–	7	2023
StretchMe Sp. z o.o., Krakau	PLN	4.3409	–	9.00	9.00	–	–		2022
Tactile Mobility Ltd., Haifa	USD	1.1077	–	11.14	11.14	–18,917	–8,536		2022
The Embassies of Good Living AG, Zürich	CHF	0.9264	–	7.15	7.15	–977	–1,407		2022
TriEye Ltd., Tel Aviv	USD	1.1077	–	3.41	3.41	–128,694	–89,854		2022
Urgent.ly Inc., Vienna / VA	USD	1.1077	–	2.08	2.08	–	–		2022
Valence Security Inc., Wilmington / DE	USD	1.1077	–	3.67	3.67	24,997	–4,358		2022
Via Transportation, Inc., New York / NY	USD	1.1077	–	0.03	0.03	–	–		2022
Wayray AG, Zürich	USD	1.1077	–	7.90	7.90	–	–		2022
Xuanlin (Shanghai) Information Technology Co., Ltd., Shanghai	CNY	7.8700	–	6.00	6.00	–	–		2022

Name and domicile of company	Currency	Exchange rate (1 € =) Dec. 31, 2023	Porsche AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Zededa, Inc., San Jose / CA	USD	1.1077	–	2.34	2.34	–	–		2022
Zync Inc., San Francisco / CA	USD	1.1077	–	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 Circumstance in the meaning of section 1 UmwG
10 Structured entity in accordance with IFRS 10 and IFRS 12
11 Joint operation in accordance with IFRS 11
12 The parent company is shareholder with unlimited liability

Stuttgart, February 19, 2024

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

FURTHER INFORMATION

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 group, and the combined management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group.

Stuttgart, February 19, 2024

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 Aktiengesellschaft, 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, 2023 to December 31, 2023, the consolidated statement of financial position as of December 31, 2023, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from January 1, 2023 to December 31, 2023, 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 Aktiengesellschaft, which is combined with the management report of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, for the fiscal year from January 1, 2023 to December 31, 2023. 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, 2023 and of its financial performance for the reporting year from January 1, 2023 to December 31, 2023, 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, 2023 to December 31, 2023. 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

Significant criteria for the capitalization of development costs are the feasibility of the development projects (including the possibility of technical realization, the intention to complete and the ability to use) as well as the expected future economic benefit. The complexity of research and development projects is increasing due to the technological transformation of the Porsche AG Group and the resulting of new development areas (including high investments in electromobility, software and autonomous driving). The assessment of project feasibility plays an increasingly significant role in this connection and is subject to a high degree of judgment.

As long as capitalized development costs are not amortized, they must be tested for impairment at least annually as part of the related cash-generating unit (CGU) 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.

The ongoing transformation of the core business toward electromobility and digitalization as well as more stringent emission and fuel consumption legislation lead to uncertainties that have to be factored into the estimation of market shares for electric vehicles and margins and the long-term growth rates. Executive directors' growth forecasts are subject to risk and may be revised given the changing environmental regulations and market conditions.

In addition, judgment of the executive directors exists additionally 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 valuation process, the capitalization of development costs and the impairment test were a key audit matter.

AUDITOR'S RESPONSE

As part of our audit, we assessed the process for distinguishing between research and development costs, particularly with reference to capitalization criteria. 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 certain areas. Besides this, we assessed the capitalization criterion of the future economic benefit on the basis of the assumptions regarding cash inflows of the CGU to which the capitalized development services are 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 and tested the operating effectiveness of the controls implemented therein. As a starting point, we compared the Porsche AG Group's multi-year operational plan prepared by the executive directors and acknowledged by the Supervisory Board with the forecast figures in the underlying impairment test. We discussed the significant planning assumptions with the executive directors and compared these with the results and cash inflows realized in the past to assess the planning accuracy. For the plausibility testing of input data of the impairment tests, among other things we performed a comparison with general and industry-specific market expectations underlying the expected cash inflows. We also investigated the expectations regarding the development of market shares for battery electric vehicles and their indirect effects on the long-term cash inflows expected by the executive directors.

With respect to the rollforward from the multi-year operational plan 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 audit procedures did not lead to any reservations relating to the recognition and recoverability of 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, 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 expected claims per vehicle. To assess the completeness of the provisions, we also reconciled the number of sold vehicles used to recognize the provision with the sales volumes. 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 in the 2023 Annual Report. 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 rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in PAG_KFB_IFRS_2023-12-31.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, 2023 to December 31, 2023 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 non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error, 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 June 28, 2023. We were engaged by the Supervisory Board on July 21, 2023. We have been the group auditor of Dr. Ing. h.c. F. Porsche Aktiengesellschaft 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 financial information
- Non-statutory audit of IT systems
- Performance of agreed-upon procedures

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 t 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
- Corporate governance
- 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 of the annual report referenced in the notes to the consolidated financial statements and in the 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, 2024

EY GmbH & Co. KG
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 to December 31, 2023 and the related disclosures.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The executive directors and the 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 the 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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, whether due to fraud or error.

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 the 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, to December 31, 2023 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 2024, which are attached to this report, 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, 2024

EY GmbH & Co. KG
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 statement of Dr. Ing. h.c. F. Porsche AG, Stuttgart (hereinafter the "Company"), which is combined with the non-financial statement of the group, comprising the section "Non-financial statement 2023" of the combined management report as well as the sections "Business Model" and "Risk and Opportunity Report" incorporated by reference, for the period from 1st January 2023 to 31th December 2023 (hereinafter the "non-financial reporting").

Not subject to our assurance engagement are other references to disclosures made outside the non-financial reporting as well as base-year disclosures.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the non-financial reporting 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 18th 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 reporting.

These responsibilities of the Company's executive directors include the selection and application of appropriate methods for the preparation of the non-financial reporting 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 reporting that is free from material misstatement, whether due to fraud (manipulation of the non-financial reporting) 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 reporting. 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 reporting 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 reporting 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 reporting. Not subject to our assurance engagement are other references to disclosures made outside the non-financial reporting, base-year disclosures as well as the external sources of documentation or expert opinions mentioned in the non-financial reporting.

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 regarding the selection of topics for the non-financial reporting, the impact and risk assessment and the policies of the Company and the Group for the topics identified as material,
- Inquiries of the executive directors and relevant employees involved in the preparation of the non-financial reporting about the preparation process, about the internal controls related to this process as well as disclosures in the non-financial reporting,
- Identification and assessment of risks of material misstatement in the non-financial reporting,
- Inspection of the relevant documentation of the systems and processes for collecting, aggregating and validating relevant data in the reporting period,
- Analytical procedures on selected disclosures in the non-financial reporting,
- Inquiries, inspection of sample documents and obtaining evidence relating to the collection and reporting of selected disclosures in the non-financial reporting,
- Evaluation of the process to identify the economic activities taxonomy-eligible and taxonomy-aligned as well as the corresponding disclosures in the non-financial reporting,
- Evaluation of the presentation of disclosures in the non-financial reporting.

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 reporting of the Company for the period from 1st January to 31st December 2023 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 reporting.

We do not express an assurance conclusion on the other references to disclosures made outside the non-financial reporting, base-year disclosures or the external sources of documentation or expert opinions mentioned in the non-financial reporting.

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]" as issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] on 1st 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.

Stuttgart, 28th February 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Hinderer	**Welz**
Wirtschaftsprüfer	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, secure jobs, and society. Active practice, trust, and commitment are what set Porsche AG apart. It is therefore important to Porsche AG to make the public aware of business developments and its activities in connection with sustainability.

This annual and sustainability report of the Porsche AG Group consists of the following parts:

Magazine (pages → **6 to 65**),
To our shareholders (pages → **67 to 87**),
Sustainability report (pages → **89 to 133**),
Corporate governance (pages → **135 to 177**),
Combined management report including the nonfinancial report (pages → **179 to 273**),
Consolidated financial statements (pages → **275 to 405**),
Further information (pages → **407 to 476**).

Reporting standards

The consolidated financial statements of Porsche AG as at December 31, 2023, have been prepared in accordance with the applicable International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), as at 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 nonfinancial report 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 nonfinancial aspects. Moreover, Porsche AG complies with the reporting obligations set out in Article 8 of the Taxonomy Regulation (officially Regulation (EU) 2020/852) in the nonfinancial report.

The Porsche AG Group has prepared its annual and sustainability report in accordance with the current version of the GRI Sustainability Reporting Standards of 2021. The GRI content index can be found on pages → **425 to 430**. The GRI examined this index in its entirety as part of its "Content Index—Essentials" service.

Furthermore, Porsche AG 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 → **431 to 433**.

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 → **434 to 436**.

The disclosures relating to sustainability in the nonfinancial report and in the sustainability report have already been prepared on the basis of the future reporting requirements of the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards. These new European requirements are set to be implemented in full in the coming reporting year.

MORE INFORMATION ABOUT THE REPORT

Publication and applicability

→ GRI 2-2 and GRI 2-3

The annual and sustainability report is published at the annual press conference of Porsche AG. The reporting period was from January 1, 2023, to December 31, 2023.

The information in this report (excluding pages → **6 to 65**) 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 117 fully consolidated companies, 28 of which are based in Germany and 90 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 EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft. The remuneration report 2023 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 nonfinancial report in accordance with ISAE 3000 (Revised).

More information is available in the → **Independent auditor's report** on a limited assurance engagement to audit the nonfinancial report.

Material topics as part of the nonfinancial report

→ GRI 3-2

In 2023, Porsche AG conducted a materiality assessment to identify material topics that contribute to the concerns defined under CSR-RUG and fall into the categories of environment, social, and corporate governance. As the multistage process takes into account the principle of double materiality, it is already aligned with the future specifications of the CSRD and ESRS.

The following table contains the topics defined as material by the Porsche AG Group as well as their positions in the annual and sustainability report. A detailed description of the materiality assessment, including the method of segmentation between the nonfinancial report and the sustainability report, can be found under → **Stakeholder dialog and materiality.**

Topics	Topics in the nonfinancial report	Topics in the sustainability report
Environment	Climate change mitigation	Energy and climate change adaptation
	Circular economy	Pollution and substances of concern
		Water and marine resources
		Biodiversity and ecosystems
		Waste
Social affairs	Equal treatment and opportunities within the own workforce	Working conditions for own workers
	Sustainability, work-related rights and equal treatment and opportunities in the value chain	Communities' rights
	Information-related impacts for consumers and/or end-users	Personal safety of consumers and/or end-users
Corporate governance	Corporate governance, corruption and bribery	Management of relationships with suppliers including payment practices
		Political engagement and lobbying activities

Application of GRI

From the material topics identified, the Porsche AG Group has derived the definitive GRI sustainability reporting standards, which are listed in the table below.

Topics		Key GRI reporting standards
Environment	Climate change mitigation	Emissions (GRI 305), Supplier Environmental Assessment (GRI 308)
	Circular economy	Materials (GRI 301), Waste (GRI 306)
	Energy and climate change adaptation	Energy (GRI 302), Emissions (GRI 305)
	Pollution and substances of concern	Emissions (GRI 305)
	Water and marine resources	Water and Effluents (GRI 303)
	Biodiversity and ecosystems	Biodiversity (GRI 304)
	Waste	Waste (GRI 306)
Social affairs	Equal treatment and opportunities within the own workforce	Employment (GRI 401), Labor/Management Relations (GRI 402), Training and Education (GRI 404), Diversity and Equal Opportunity (GRI 405), Non-discrimination (GRI 406)
	Sustainability, work-related rights and equal treatment and opportunities in the value chain	Supplier Environmental Assessment (GRI 308), Occupational Health and Safety (GRI 403), Non-discrimination (GRI 406), Child Labor (GRI 408), Forced or Compulsory Labor (GRI 409), Security Practices (GRI 410), Supplier Social Assessment (GRI 414)
	Information-related impacts for consumers and/or end-users	Customer Health and Safety (GRI 416), Customer Privacy (GRI 418)
	Working conditions for own workers	Employment (GRI 401), Labor/Management Relations (GRI 402), Occupational Health and Safety (GRI 403)
	Communities' rights	Local Communities (GRI 413)
	Personal safety of consumers and/or end-users	Customer Health and Safety (GRI 416)
Corporate governance	Corporate governance, corruption and bribery	Anti-corruption (GRI 205), Supplier Environmental Assessment (GRI 308)
	Management of relationships with suppliers including payment practices	Procurement Practices (GRI 204), Supplier Social Assessment (GRI 414)
	Political engagement and lobbying activities	Indirect Economic Impacts (GRI 203)

EDITORIAL REMARKS

The figures presented in the report are rounded to one decimal place.

If content that had been previously published has since been corrected—for example, due to changes in collection methods for key figures and data—this is indicated.

Inclusive language is a commitment to diversity and equal opportunities. This report therefore uses gender-neutral formulations. For the sake of legibility, any exceptions only use a single form of address, be it diverse or feminine. All formulations expressly apply to all genders and gender identities equally.

The annual and sustainability report is printed exclusively on the organic paper types “Lessebo Design® Smooth bright, FSC” and “enviro® pure, FSC”.

GRI CONTENT INDEX

GRI CONTENT INDEX ESSENTIALS SERVICE 2024

For the Content Index—Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the German version of the report.

Statement of use	The Porsche AG Group has reported in accordance with the GRI Standards for the period January 2023 to December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI standards		Page	Omission/comment
GRI 2: General Disclosures 2021			
General Disclosures			
2-1	Organizational details	180 – 181	
The organization and its reporting practices			
2-2	Entities included in the organization’s sustainability reporting	423	
2-3	Reporting period, frequency, and contact point	423	
2-4	Restatements of information	424	
2-5	External assurance	423	
Activities and workers			
2-6	Activities, value chain, and other business relationships	92, 180 – 182, 210, 229, 236 – 240	
2-7	Employees	450 – 455	
2-8	Workers who are not employees	456	
Governance			
2-9	Governance structure and composition	138 – 152	
2-10	Nomination and selection of the highest governance body	138 – 146	
2-11	Chair of the highest governance body	147 – 152	
2-12	Role of the highest governance body in overseeing the management of impacts	90 – 99, 210 – 213	
2-13	Delegation of responsibility for managing impacts	90 – 99, 210 – 213	
2-14	Role of the highest governance body in sustainability reporting	90 – 99, 210 – 213	
2-15	Conflicts of interest	250 – 252	
2-16	Communication of critical concerns	239, 250 – 252	
2-17	Collective knowledge of the highest governance body	90 – 99, 210 – 213	
2-18	Evaluation of the performance of the highest governance body	137 – 138, 153 – 177	
2-19	Remuneration policies	153 – 177	

GRI standards		Page	Omission/comment
2-20	Process to determine remuneration	153 – 177	
2-21	Annual total compensation ratio		Information is collected internally but not published for reasons of confidentiality following an internal management decision.
Strategy, policies, and practices			
2-22	Statement on sustainable development strategy	68	
2-23	Policy commitments	129 – 132, 250 – 253	
2-24	Embedding policy commitments	131 – 132, 250 – 253	
2-25	Processes to remediate negative impacts	105, 109 – 110, 217, 236 – 240	
2-26	Mechanisms for seeking advice and raising concerns	250 – 253	
2-27	Compliance with laws and regulations	103, 129 – 132, 250 – 253	
2-28	Membership associations	94, 131 – 132	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	94 – 97	
2-30	Collective bargaining agreements	123, 460	
Material Topics			
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	94 – 99, 423 – 424	
3-2	List of material topics	98, 423 – 424	The link between the GRI standards listed in the index and the material topics is described on page 424.
Economic Performance[1]			
GRI 3: Material Topics 2021			
3-3	Management of material topics	99, 129 – 131, 250 – 253	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	276, 439	
201-2	Financial implications and other risks and opportunities due to climate change	104 – 105, 254 – 269, 285, 431 – 432	
201-4	Financial assistance received from government	99, 308, 438	
Indirect Economic Impacts			
GRI 3: Material Topics 2021			
3-3	Management of material topics	99, 115	
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	107 – 108, 228 – 232, 235	
203-2	Significant indirect economic impacts	115 – 119	
Procurement Practices			
GRI 3: Material Topics 2021			
3-3	Management of material topics	129 – 131, 237	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	462 – 463	

[1] Economic Performance is an additional GRI standard not linked with one of the Porsche AG Group's material sustainability topics.

GRI standards		Page	Omission/comment
Anti-corruption			
GRI 3: Material Topics 2021			
3-3	Management of material topics	250 – 252	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	462 – 463	
205-2	Communication and training about anti-corruption policies and procedures	250 – 252	
Materials			
GRI 3: Material Topics 2021			
3-3	Management of material topics	91, 233 – 235	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	216, 233	
301-3	Reclaimed products and their packaging materials	112 – 113, 233 – 235, 446 – 447	
Energy			
GRI 3: Material Topics 2021			
3-3	Management of material topics	101 – 108	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	440 – 441	
302-2	Energy consumption outside of the organization	440 – 441	
302-5	Reductions in energy requirements of products and services	104 – 108	
Water and Effluents			
GRI 3: Material Topics 2021			
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303-2	Management of water discharge-related impacts	110 – 111	
303-3	Water withdrawal	448 – 449	
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GRI 3: Material Topics 2021			
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GRI standards		Page	Omission/comment
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403-8	Workers covered by an occupational health and safety management system	122	
403-9	Work-related injuries	461	Metrics concerning work-related injuries for workers who are not employees are unavailable (403-9 b). The data are not currently being collected internally. The data are potentially set to be collected in the future.
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GRI 3: Material Topics 2021			
3-3	Management of material topics	241 – 246	
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3-3	Management of material topics	236 – 240	
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TCFD INDEX

Founded in 2015, the Task Force on Climate-Related Financial Disclosures (TCFD) aims to develop standardized and comparable disclosures so that climate-related risks can be assessed appropriately. The purpose of this is to help companies integrate climate-related risks and opportunities into their risk management, planning, and reporting.

In 2017, the Task Force published recommendations concerning climate-related reporting. These recommendations are split into the following categories: Governance, Strategy, Risk Management, and Metrics and Targets.

The following report by Porsche AG is aligned with the recommendations and aims to contribute to financial market stability through appropriate reporting.

DESCRIBE THE BOARD'S OVERSEEING OF CLIMATE-RELATED RISKS AND OPPORTUNITIES:

Pursuant to section 91, paragraphs 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 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:

The risk management system stipulates that the "first line"—management of the operating units—bears the initial responsibility for the operational identification, assessment, control, and monitoring of risks. Generally speaking, the management of the unit with responsibility over a given risk is always responsible for controlling and monitoring that risk. This rule applies 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:

Porsche AG updates its risk inventory on a regular basis. Climate-related risks were assessed from two different perspectives again in the 2023 reporting year: the impacts of physical climate change (such as extreme weather events) and the transition risks related to the transition to a lower-carbon economy (such as regulations concerning the CO_2 emissions of the vehicle fleet).

Physical climate risks

The risk inventory of Porsche AG still contains the physical climate risks identified for various production locations as part of a group-wide Volkswagen project.

More information about physical climate risks and the applied scenario analyses is available under → **Energy and climate change adaption**.

Transitory climate risks
The risk inventory also continues to contain transitory climate risks. This term denotes risks that arise during the transition to a lower-carbon economy.

The following transitory risks have been identified for Porsche AG by the project:

— Technological transitory climate risk
— Market and demand-based transitory climate risk

These risks and the corresponding risk control measures are reviewed regularly and updated, if necessary, by interdisciplinary teams consisting of risk managers and the relevant departments.

The financial assessment of transitory and physical climate risks follows the methodology of the greater risk management system.

DESCRIBE THE IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON PORSCHE AG'S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING:

A materiality assessment was conducted for Porsche AG in the 2023 reporting year. The analysis covered sustainability-related topics and evaluated their inherent risks and opportunities based on the principle of double materiality—that is, it factored in the impact of business activities on people and the environment ("inside-out") as well as the influence of social and environmental matters on the Porsche AG Group ("outside-in"). → **Stakeholder dialog and materiality**

The analysis differentiates between short-term (for the current financial year), medium-term (for the current and three subsequent financial years), and long-term or strategic climate-related risks and opportunities.

Details about the impacts of climate-related risks and opportunities on strategy, business operations, and financial planning are available under → **Sustainability management and organization**, → **Stakeholder dialog and materiality.**

More information about climate-related risks and opportunities is available under → **Climate change mitigation**, → **Energy and adapting to climate change**, → **Nonfinancial key figures.**

DESCRIBE THE RESILIENCE OF THE COMPANY'S STRATEGY AGAINST DIFFERENT CLIMATE-RELATED SCENARIOS, INCLUDING A 2°C OR LOWER SCENARIO:

Porsche AG will analyze and address the physical and transitory impacts of climate change through its strategy.

DESCRIBE PORSCHE AG'S PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS:

Porsche AG takes an integrated approach to risk management. As such, it also includes the management of climate-related risks. ESG risks—the risks identified by risk management in coordination with the sustainability strategy—are not treated differently compared to other risks.

All departments at Porsche AG are directly linked to the risk management system, as are selected subsidiaries of the Porsche AG Group. Consequently, the latter can (and are obligated to) identify and document negative deviations from a planned value (i.e. risks). This happens through the processes of the risk management system: risk identification, risk assessment, risk control, and risk monitoring. → **Report on risks and opportunities**

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 defined and 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, managing, and monitoring 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 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. Therefore, Porsche AG works with an internal (e.g. in its vehicle projects) CO_2 target control system that continuously measures the CO_2 emissions of its vehicle projects and evaluates and decides on measures designed to reduce these emissions in the development process on the basis of marginal costs [€/tCO_2]. The necessary financial resources to accomplish decarbonization targets are set aside in the strategic budget. → **Stakeholder dialog and materiality**

In particular, "DKI" (Decarbonization Index) and "BEV share" (the share of battery electric vehicles) are two key figures of great strategic relevance to decarbonization. → **Climate protection**

DISCLOSE SCOPE 1, SCOPE 2, AND, IF APPROPRIATE, SCOPE 3 GREENHOUSE GAS (GHG) EMISSIONS, AND THE RELATED RISKS:

Greenhouse gas emission data are disclosed under → **Nonfinancial key figures**, → **Climate change mitigation.**

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:
→ **Strategy field Decarbonization**
→ **Strategy field Governance and Transparency**
→ **Sustainability management and organization**
→ **Climate change mitigation**
→ **Energy and adapting to climate change**

SASB INDEX

Topic/Code/Requirement	Response
Activity metrics	
TR-AU-000.A Number of vehicles manufactured	336,280 Porsche vehicles were manufactured in 2023.
TR-AU-000.B Number of vehicles sold	320,221 Porsche vehicles were sold in 2023.
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 places great emphasis on the safety of vehicles in the design and development stages. Porsche vehicles that have been inspected in line with the requirements of the European New Car Assessment Program have each 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 ten safety-related product recalls in 2023.
Labor practices	
TR-AU-310a.1 Percentage of active workforce covered under collective bargaining agreements	Collective bargaining agreements cover 86.1% of the total workforce in Porsche AG's consolidated subsidiaries in Germany. Furthermore, collective agreements apply to 6% of the total workforce in consolidated subsidiaries of Porsche AG in Germany without a collective bargaining agreement but with elected employee representatives. Porsche AG is part of the UN Global Compact and is committed to its ten principles and to social responsibility. In doing so, 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 the 2023 reporting year, there were stoppages lasting a number of hours in connection with IG Metall demonstrations as part of the automotive trade's 2023 round of collective bargaining in sections of the locations in Germany (Porsche Niederlassung Hamburg GmbH, Porsche Niederlassung Stuttgart GmbH, Porsche Niederlassung Berlin GmbH, and Porsche Niederlassung Berlin-Potsdam GmbH).

Topic/Code/Requirement	Response
Fuel economy and 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 emissions pools of the Volkswagen Group or are assessed separately in selected subsidiaries.[1]
TR-AU-410a.2 Number of (1) zero-emission vehicles sold, (2) hybrid vehicles sold, and (3) plug-in hybrid vehicles sold	see table below

		2023 Number	2023 %
Worldwide	Zero-emission vehicles (ZEV)	41,023	12.81
	Hybrid vehicles[1]	0	0
	Plug-in hybrid vehicles (PHEV)	29,403	9.18
	Electrified vehicles (xEV)	**70,426**	**21.99**
	Internal combustion engines	**249,795**	**78.01**

[1] Porsche AG and selected subsidiaries merely produce battery electric vehicles and 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 product portfolio of Porsche AG has the largest influence over its emissions. 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 fully electric by 2030—depending on customer demand and the development of electric mobility in the individual regions of the world. Alongside its electrification strategy, Porsche AG is working to decarbonize its products and business processes continuously. Porsche AG is working to make the value chain for its newly produced vehicles balance-sheet CO_2 neutral by 2030.
Materials sourcing	
TR-AU-440a.1 Description of the management of risks associated with the use of critical materials	Various audits and measures have been introduced in order to comply with due diligence obligations in the supply chain. With the S-rating, Porsche AG is able to examine 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. Porsche AG has 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 operates a multistage complaint management system that provides internal and external complainers with a confidential channel through which to report potential violations of human rights and environmental obligations. Internal and external target groups can find information on the website of Porsche AG about the reporting channels in our 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 and detect when suppliers are failing to comply with these obligations.

[1] Porsche China, Porsche Canada, Porsche Brazil, Porsche South Korea, Porsche Taiwan, and Porsche Japan.

Topic/Code/Requirement	Response
	With regard to the environmental impact of its supply chain, Porsche AG is planning to decarbonize with a view to achieving a balance-sheet CO_2-neutral value chain for newly produced vehicles by 2030. To accomplish this goal, all direct suppliers of Porsche AG with more than 100 employees at their production locations 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 by 2030—depending on customer demand and the development of electric mobility in the individual regions of the world. 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 2023 is being prepared and will be published shortly as part of the report of the Volkswagen Group.
Material efficiency and 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 2023. The waste recycling rate encompasses thermal recycling.
TR-AU-440b.2 Weight of end of-life material recovered	As a strategy field, the circular economy plays an important role in product development at Porsche AG. Porsche AG and selected subsidiaries are striving to use raw materials responsibly and sparingly. Porsche AG has therefore set targets relating to the use of circular materials. These apply to selected, newly developed, purely battery electric vehicle projects. Additionally, aspects of the circular economy are increasingly being integrated into the preliminary development of vehicles. For example, projects are running in order to use more sustainable raw materials and recycled materials in a variety of vehicle components.
TR-AU-440b.3 Average recyclability of vehicles sold	The development process takes into account Directive 2000/53/EC on end-of-life vehicles, which requires at least 85% of the vehicle weight to be reusable and/or recyclable and at least 95% to be reusable and/or recyclable.

KEY FINANCIAL FIGURES

		2023	2022[1]	2021
Most important key performance indicators				
Porsche AG Group				
Sales revenue	€ million	40,530	37,637	33,138
Return on sales	%	18.0	18.0	16.0
Automotive segment				
Automotive EBITDA margin	%	25.7	25.2	24.5
Automotive net cash flow margin	%	10.6	11.2	12.1
Automotive BEV share	%	12.8	11.3	13.7
Other financial performance indicators				
Porsche AG Group				
Operating profit	€ million	7,284	6,772	5,314
Profit before tax	€ million	7,375	7,081	5,729
Profit after tax	€ million	5,157	4,967	4,038
Earnings per ordinary share/preferred share	€	5.66/5.67	5.44/5.45	4.42/4.43
Automotive segment				
Automotive operating profit	€ million	6,938	6,425	5,033
Automotive return on sales	%	18.6	18.6	16.6
Automotive EBITDA[2]	€ million	9,594	8,726	7,420
Automotive net cash flow	€ million	3,973	3,866	3,676
Automotive cash flow from operating activities	€ million	8,256	7,855	7,010
Automotive net liquidity[3]	€ million	7,215	8,282	4,970
Automotive research and development costs[4]	€ million	2,834	2,651	2,417
Automotive capital expenditure[5]	€ million	1,964	1,642	1,378
Automotive return on investment[6]	%	24.7	25.0	21.3
Financial services segment				
Financial services operating profit	€ million	302	341	313
Financial services return on sales	%	8.8	10.3	10.0
Financial services return on equity before tax[7]	%	19.6	20.5	21.2
Other non-financial performance indicators				
Deliveries[8]	Vehicles	320,221	309,884	301,915
Production[9]	Vehicles	336,280	321,321	300,081
Employees[10]	Number	42,140	39,162	36,996

1 The prior-year figures have been adjusted (see explanations on IFRS 17 → **Notes to the consolidated financial statements – Effects of new or amended IFRS**).
2 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.
3 Total of cash and cash equivalents, securities, loans and time deposits net of third-party borrowings in the automotive segment.
4 Research costs, non-capitalizable development costs and investments in development costs that have to be capitalized in the automotive segment.
5 Additions (cost) to intangible assets (excluding capitalized development costs) and property, plant and equipment (excluding right-of-use assets) in the automotive segment.
6 Operating profit after tax in relation to the average invested capital, each relating to the automotive segment.
7 Profit before tax in relation to average equity tied up in the financial services segment.
8 Number of vehicles handed over to end customers.
9 2021 incl. 16,953 vehicles not yet eligible for registration at the time of factory delivery due to the semiconductor shortage.
10 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

	Profit before tax under IFRS after consolidation € million	Income tax expenditure after consolidation € million	Deferred taxes € million	Total tax expenditure € million	Percentage	Total tax payments € million	Percentage
UAE	14.85	0.00	–0.01	–0.01	0.00%	0.00	0.00%
Austria	1.33	0.36	0.12	0.47	0.02%	0.24	0.01%
Australia	20.90	9.64	–4.02	5.62	0.25%	9.59	0.44%
Brazil	41.79	21.87	–4.01	17.86	0.81%	23.88	1.09%
Canada	33.77	0.31	9.34	9.65	0.44%	13.93	0.64%
Switzerland	14.97	2.69	–0.85	1.85	0.08%	2.73	0.12%
China	275.10	109.08	43.64	152.72	6.89%	134.43	6.14%
Czech Republic	4.74	1.57	–0.03	1.54	0.07%	1.14	0.05%
Germany	5,568.98	1,569.80	286.65	1,856.45	83.68%	1,670.61	76.28%
Spain	11.80	4.49	–5.88	–1.39	–0.06%	0.00	0.00%
France	14.78	5.80	–3.68	2.12	0.10%	5.71	0.26%
United Kingdom	59.00	21.00	–10.39	10.61	0.48%	21.56	0.98%
Hong Kong	52.31	4.39	0.18	4.58	0.21%	2.57	0.12%
Irleand	28.33	5.92	0.26	6.18	0.28%	7.45	0.34%
Italy	35.05	13.40	–3.81	9.59	0.43%	22.39	1.02%
Japan	27.27	13.45	–4.49	8.96	0.40%	10.22	0.47%
South Korea	31.53	9.45	7.31	16.76	0.76%	11.59	0.53%
Luxembourg	–20.80	0.00	0.00	0.00	0.00%	0.00	0.00%
Russia	–5.59	0.02	–0.02	0.00	0.00%	–0.89	–0.04%
Singapore	10.87	1.85	–1.66	0.19	0.01%	2.09	0.10%
Taiwan	28.79	9.47	–6.49	2.98	0.13%	7.58	0.35%
United States	1,125.23	182.22	–70.94	111.27	5.02%	243.18	11.10%
Total	**7,375.00**	**1,986.78**	**231.22**	**2,218.00**	**100.00%**	**2,190.00**	**100.00%**

FISCAL TRANSPARENCY

In 2023, the Group-wide profit before tax under IFRS was €7,375 million.[1] The total tax expenditure of all fully consolidated Porsche AG Group companies was €2,218 million. This contained deferred taxes of €231 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 30.1% in 2023.

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 2023, Porsche AG and its consolidated companies in Germany were no longer part of the income tax group with Porsche Holding Stuttgart GmbH, but were themselves liable for income taxes in Germany. In 2023, the tax payments by the fully consolidated Porsche AG Group companies in Germany amounted to €1,671 million, and contained €1 million in payments attributable to other periods. At €243 million, the tax payments of the fully consolidated companies of the Porsche AG Group in the USA include €15 million in refunds attributable to other periods, tax credits of €42 million, and changes in tax assets and tax liabilities that were recognized as cash items. → **Key financial figures**

[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.

Value added statement
of the Porsche AG Group for the period from January 1 to December 31, 2023

€ million	2023	2022[1]	2021
Source			
Sales revenue	40,530	37,637	33,138
Other income	1,256	1,702	893
Cost of materials	–23,015	–22,934	–19,363
Depreciation, amortization, and impairment losses	–3,528	–3,189	–3,214
Other upfront expenditures	–2,592	–1,169	–1,207
Value added	**12,652**	**12,047**	**10,247**

[1] The previous year has been updated (see the annotations regarding IFRS 17 → **Effects of new or amended IFRS**).

	2023		2022[1]		2021	
	€ million	%	€ million	%	€ million	%
Appropriation						
to shareholders (profit transfer)	916	7.2	3,986	33.1	1,862	18.2
to employees (wages, salaries, benefits)	5,149	40.7	4,961	41.2	4,478	43.7
to the state (taxes, duties)	2,037	16.1	1,962	16.3	1,605	15.7
Income tax	no data	no data	no data	no data	no data	no data
Other taxes	no data	no data	no data	no data	no data	no data
to creditors (interest expense)	309	2.4	157	1.3	126	1.2
to the company (reserves)	4,241	33.5	981	8.1	2,176	21.2
Value added	**12,652**	**100.0**	**12,047**	**100.0**	**10,247**	**100.0**

[1] The previous year has been updated (see the annotations regarding IFRS 17 → **Effects of new or amended IFRS**).

NONFINANCIAL KEY FIGURES

ENVIRONMENTAL AND ENERGY KEY FIGURES

Total energy consumption[1, 2, 3]

MWh	2023	2022	2021
Total	**732,555**	**800,799**	**851,880**

1 Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
2 Locations in the 2023 reporting year: Stuttgart-Zuffenhausen, Leipzig, Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim, and the locations in Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Stuttgart-Zuffenhausen, Leipzig, Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim, and the locations in Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.
3 Retroactive correction of the key figure (including fuel) for the 2022 reporting year.

Direct energy consumption by primary energy source[1]

MWh	2023	2022	2021
Total[2]	**318,524**	**374,632**	**433,289**
Production sites[3]	**244,857**	**297,836**	**347,832**
Gas	138,830	209,908	272,976
Of which biomethane	134,694	204,844	269,750
Combustible gas for manufacturing processes	65,163	72,605	72,811
Of which combustible biomethane gas for manufacturing processes	65,163	72,605	72,811
Heating oil	40,864	15,323	2,046
Development sites[4]	**59,266**	**61,087**	**69,891**
Gas	56,761	56,609	69,697
Of which biomethane	54,391	53,507	65,555
Combustible gas for manufacturing processes	1,963	2,076	0
Of which combustible biomethane gas for manufacturing processes	1,963	1,736	0
Heating oil	470	2,329	194
Specialist energy products[5]	72	73	0
Other sites[6]	**1,175**	**1,201**	**1,485**
Gas	1,175	1,201	1,485
Heating oil	0	0	0
Fuel[7]	**13,226**	**14,508**	**14,081**
Production sites[3, 8]	2,325	2,604	3,147
Development sites[4, 8]	10,901	11,904	10,934
Other sites[8]	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 Locations in Stuttgart-Zuffenhausen and Leipzig.
4 Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
5 Purchased energy products such as refrigeration or compressed air.
6 Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: 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	2023	2022	2021
Total	**414,031**	**426,167**	**418,591**
Production sites[2]	335,702	338,032	332,182
Electrical energy[3]	254,870	252,748	237,283
District heating	47,405	39,263	43,527
CHP plants and PV arrays	33,427	46,021	51,372
Development sites[4]	72,755	77,224	74,662
Electrical energy[3]	57,056	61,949	58,795
District heating	1,785	2,292	2,487
Weissach CHP plant	13,914	12,983	13,380
Other sites[5]	5,574	10,911	11,747
Electrical energy[3]	3,615	7,989	8,165
District heating	1,959	2,922	3,582

1 Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
2 Locations 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, 2024.
4 Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
5 Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Energy consumption within the organization[1]

MWh	2023	2022	2021
Primary energy consumption from renewable sources[2]	256,210	332,692	408,116
Secondary energy consumption from renewable sources[3]	363,871	362,523	350,595
Air conditioning	72	73	No data
Electricity	362,883	381,690	368,996
Of which generated externally	315,542	322,686	304,243
Of which from nonrenewable sources	608	1,376	1,953
Electricity generated externally from renewable energy[3]	314,934	321,310	302,290
Electricity generated internally[2]	47,341	59,004	64,752
Electricity generated internally from renewable energy[2]	47,341	59,004	64,752
Energy from own vehicle operation (electrical energy)[2]	2,920	2,038	1,424
Heat[2]	195,680	220,376	265,696
Total energy from own vehicle operation[2]	46,663	42,503	35,841

1 Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
2 Locations in Stuttgart-Zuffenhausen, Leipzig, and Weissach.
3 Locations in the 2023 reporting year: Stuttgart-Zuffenhausen, Leipzig, Weissach, Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Stuttgart-Zuffenhausen, Leipzig, Weissach, Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Energy consumption of vehicle production sites[1]

kWh/vehicle	2023	2022	2021
Total	**2,216**	**2,439**	**2,673**

1 Locations in Stuttgart-Zuffenhausen and Leipzig.

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

kg/vehicle	2023	2022	2021
Total[2]	**53**	**26**	**10**

[1] Locations in Stuttgart-Zuffenhausen and Leipzig.
[2] The increase in the 2023 reporting year was due to the switch from natural gas to heating oil due to the gas shortages.

Direct (Scope 1) GHG emissions[1, 2]

t of CO_2 equivalent	2023	2022	2021
Total[3]	**17,638**	**12,218**	**7,656**
Production sites	13,525	7,175	2,825
Stuttgart-Zuffenhausen	12,348	6,419	2,631
Of which released directly	11,653	5,114	1,954
Of which from refrigerants	104	570	158
Of which from destroyed VOCs	591	734	519
Leipzig	1,177	756	194
Of which released directly	551	579	14
Of which from refrigerants	442	45	122
Of which from destroyed VOCs	184	132	58
Development sites[4]	3,900	4,825	4,561
Of which released directly	3,406	4,358	3,663
Of which from refrigerants	494	466	898
Other sites[5]	213	218	270
Of which released directly	213	218	270

[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] The increase in the 2023 reporting year was due to the switch from natural gas to heating oil due to the gas shortages.
[4] Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[5] Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Energy indirect (Scope 2) GHG emissions[1]

t of CO_2 equivalent	2023	2022	2021
Total	**84,832**	**80,131**	**75,824**
Production sites	69,727	63,351	59,593
Stuttgart-Zuffenhausen[2]	32,455	29,708	27,204
Leipzig[3]	37,272	33,643	32,389
Development sites[2, 4]	13,856	14,376	13,660
Other sites[2, 5]	1,249	2,404	2,571

[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 g/kWh or 242/298 g CO_2/kWh; refrigerants (global warming potential (GWP)).
[2] Local energy mix 242 g CO_2/kWh.
[3] Local energy mix 298 g CO_2/kWh.
[4] Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, Friolzheim.
[5] Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Market-based energy indirect (Scope 2) GHG emissions[1]

t of CO_2 equivalent	2023	2022	2021
Total	**570**	**941**	**1,434**
Production sites	3	0	70
Stuttgart-Zuffenhausen	3	0	70
Leipzig	0	0	0
Development sites[2]	193	283	398
Other sites[3]	374	658	966

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, Friolzheim.
[3] Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Direct and indirect (Scope 1 and 2) GHG emissions[1]

t of CO_2 equivalent	2023	2022	2021
Total	**18,209**	**13,160**	**9,090**
Production sites	13,528	7,175	2,895
Stuttgart-Zuffenhausen	12,351	6,419	2,701
Leipzig	1,177	756	194
Development sites[2]	4,093	5,108	4,959
Other sites[3]	588	877	1,236

[1] Unless indicated otherwise, the annual figures are based on a projection of the actual values recorded for January to November.
[2] Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, Friolzheim.
[3] Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Other indirect GHG emissions (Scope 3)

t of CO_2 equivalent	2023	2022	2021
Total	**91,945**	**51,647**	**27,574**
Porsche's vehicle fleet[1]	12,620	11,376	9,464
Business trips[2]	79,325	40,271	18,110
Of which by rail	0	0	0
Of which by plane	67,876	28,584	6,807
Of which by rented car[3]	11,449	11,687	11,303

[1] The annual figures are based on the fuels reported for internal factory traffic, departmental and business travel, and test drives at the locations in Stuttgart-Zuffenhausen, Leipzig, and Weissach. The conversion is based on known emission factors and the German energy mix (434 g CO_2/kWh from the German Environment Agency).
[2] The metrics concerning planes and rented cars relate to the following companies in the 2023 reporting year: Porsche AG, MHP Management- und IT-Beratung GmbH, Porsche Consulting GmbH, Porsche Asia Pacific Pte. Ltd., Porsche Engineering Services GmbH, and other selected subsidiaries with a relatively low contribution.
The metric encompasses all travel activity booked through framework contracts with external service providers (travel agencies and car hire companies). It does not contain isolated travel activity that was booked individually. Among other factors, the year-on-year increase in CO_2 emissions in the 2023 reporting year was the result of an increase in travel and higher aircraft emission factors.
[3] The share of the metric attributable to MHP Management- und IT-Beratung GmbH for rented cars in the 2023 reporting year is partly based on monthly average mileages.

NO_x emissions[1, 2]

t	2023	2022	2021
Total	**28.47**	**33.61**	**41.75**
Production sites	22.21	27.17	33.99
Stuttgart-Zuffenhausen	17.85	20.41	25.88
Leipzig	4.36	6.76	8.11
Development sites[3]	6.14	6.32	7.60
Other sites[4]	0.12	0.12	0.16

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 Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, Friolzheim.
4 Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

SO_x emissions[1]

t	2023	2022	2021
Total	**0.26**	**0.29**	**0.31**
Production sites	0.19	0.22	0.24
Stuttgart-Zuffenhausen	0.19	0.22	0.24
Leipzig	0	0	0
Development sites[2]	0.07	0.07	0.07
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 Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, Friolzheim.
3 Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Volatile organic compounds (VOC)[1]

t	2023	2022	2021
Total	**137.75**	**129.40**	**123.29**
Production sites	137.75	129.40	123.29
Stuttgart-Zuffenhausen	55.65	53.84	52.81
Leipzig	82.10	75.56	70.48
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 Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, Friolzheim.
3 Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

VOC from vehicle production sites[1]

kg/vehicle	2023	2022	2021
VOC	0.60	0.58	0.58

1 Locations in Stuttgart-Zuffenhausen and Leipzig.

Dust emissions[1, 2]

t	2023	2022	2021
Total	**0.26**	**0.19**	**0.27**
Production sites	0.23	0.16	0.22
Stuttgart-Zuffenhausen	0.21	0.13	0.17
Leipzig	0.02	0.03	0.05
Development sites[3]	0.03	0.03	0.05
Other sites[4]	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 The key figures refer exclusively to production processes, not to Porsche vehicles.
3 Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, Friolzheim.
4 Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Material consumption of Porsche's vehicle production[1]

t	2023	2022	2021
Total	**678,606**	**652,655**	**603,259**
Steel/cast iron	267,061	263,617	241,883
Alloys	180,040	170,413	157,965
Copper	19,302	17,146	15,998
Plastics	125,745	120,658	112,697
Others	86,458	80,821	74,716

1 Material consumption of Porsche locations in Stuttgart-Zuffenhausen and Leipzig, and proportionately of the Volkswagen Group's production locations in Osnabrück and Bratislava.

Waste by location, type, and disposal method[1]

t	2023	2022	2021
Total	**23,869**	**22,874**	**21,755**
Production sites			
Total	**18,199**	**17,018**	**16,143**
Waste for recycling			
Hazardous waste	5,333	5,001	4,481
Nonhazardous waste	8,026	8,005	7,376
Nonproduction-specific waste	1,470	806	705
Metallic waste	3,060	3,031	2,604
Waste for removal			
Hazardous waste	34	77	885
Nonhazardous waste	93	82	80
Nonproduction-specific waste	183	16	12
Stuttgart-Zuffenhausen	10,375	9,670	9,183
Waste for recycling			
Hazardous waste	2,997	2,653	2,149
Nonhazardous waste	4,180	4,288	3,725
Nonproduction-specific waste	1,356	632	625
Metallic waste	1,549	1,926	1,728
Waste for removal			
Hazardous waste	26	73	864
Nonhazardous waste	93	82	80
Nonproduction-specific waste	174	16	12
Leipzig	7,823	7,348	6,959
Waste for recycling			
Hazardous waste	2,336	2,348	2,331
Nonhazardous waste	3,846	3,717	3,651
Nonproduction-specific waste	114	174	79
Metallic waste	1,511	1,105	876
Waste for removal			
Hazardous waste	8	4	22
Nonhazardous waste	0	0	0
Nonproduction-specific waste	8	0	0
Development sites[2]			
Total	**5,055**	**5,143**	**5,272**
Waste for recycling			
Hazardous waste	2,238	2,011	1,280
Nonhazardous waste	1,821	1,782	937
Nonproduction-specific waste	577	355	89
Metallic waste	389	882	2,196
Waste for removal			
Hazardous waste	1	2	30
Nonhazardous waste	16	103	731
Nonproduction-specific waste	13	8	9

Waste by location, type, and disposal method[1] (Fortsetzung)

t	2023	2022	2021
Other sites[3]			
Total	**615**	**712**	**340**
Waste for recycling			
Hazardous waste	4	6	5
Nonhazardous waste	550	590	167
Nonproduction-specific waste	12	79	124
Metallic waste	49	37	44
Waste for removal			
Hazardous waste	0	0	0

[1] The annual figures are based on a projection of the actual values recorded for January to October.
[2] Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[3] Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Waste for recycling[1,2,3]

t	2023	2022	2021
Waste diverted from disposal	23,530	22,586	20,008

[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," "Nonhazardous waste," "Nonproduction-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 locations.

Hazardous waste for recycling[1]

t	2023	2022	2021
Total	**7,575**	**7,018**	**5,766**

[1] The annual figures are based on a projection of the actual values recorded for January to October.

Nonhazardous waste for recycling[1]

t	2023	2022	2021
Total	**10,398**	**10,378**	**8,480**

[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	2023	2022	2021
Waste directed to disposal	339	288	1,747

[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," "Nonhazardous waste," "Nonproduction-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 locations.

Hazardous waste for removal[1]

t	2023	2022	2021
Total	**35**	**79**	**916**

[1] The annual figures are based on a projection of the actual values recorded for January to October.

Nonhazardous waste for removal[1]

t	2023	2022	2021
Total	**109**	**185**	**811**

[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	2023	2022	2021
Waste	0.56	0.71	4.51

[1] Locations in Stuttgart-Zuffenhausen and Leipzig.

Water withdrawal[1, 2, 3]

m^3	2023	2022	2021
Total	**745,093**	**793,416**	**758,443**
Of which water from third parties	741,879	790,471	756,783
Of which groundwater	3,214	2,945	1,660

[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 locations in Stuttgart-Zuffenhausen and Leipzig, the development locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim, and the other locations in Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg for the 2023 reporting year. Plus the other locations in Freiberg and Weilimdorf for the 2021 and 2022 reporting years.

Fresh water withdrawal[1, 2]

m^3	2023	2022	2021
Total withdrawal	**745,093**	**793,416**	**758,443**
Of which fresh water (≤ 1,000 mg/l total dissolved solids (TDS))	745,093	793,416	758,443
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 locations in Stuttgart-Zuffenhausen and Leipzig, the development locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim, and the other locations in Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg for the 2023 reporting year. Plus the other locations in Freiberg and Weilimdorf for the 2021 and 2022 reporting years.

Water recirculation[1, 2]

m^3	2023	2022	2021
Total	**641,805**	**653,289**	**624,597**
Production sites[3]	558,756	568,953	539,785
Development sites[4]	80,310	78,366	79,069
Other sites[5]	2,739	5,970	5,743

[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] Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[5] Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Total consumption of water from all areas[1]

m^3	2023	2022	2021
Total	**100,074**	**140,127**	**133,846**
Production sites	81,831	118,546	112,454
Stuttgart-Zuffenhausen	55,328	63,078	72,510
Leipzig	26,503	55,468	39,944
Development sites[2]	18,243	21,581	21,392
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] Locations in Weissach, Rutesheim, Hemmingen, Filderstadt, Welcherath, Schwieberdingen, Wimsheim, and Friolzheim.
[3] Locations in the 2023 reporting year: Korntal-Münchingen, Sachsenheim, Asperg, and Ludwigsburg. Locations in the 2021 and 2022 reporting years: Korntal-Münchingen, Sachsenheim, Freiberg, Asperg, Weilimdorf, and Ludwigsburg.

Water consumption of vehicle production sites[1]

m^3/vehicle	2023	2022	2021
Water consumption	2.81	3.08	3.05

[1] Locations in Stuttgart-Zuffenhausen and Leipzig.

PERSONNEL AND SOCIAL KEY FIGURES

Unless specified otherwise, the listed key figures relate to the Porsche AG Group.

Total workforce

	2023	2022	2021
Total	**42,140**	**39,162**	**36,996**
By company			
Porsche AG	24,724	23,025	22,379
Of which at Stuttgart-Zuffenhausen	17,263	16,371	15,954
Of which at Weissach (including external locations)	7,461	6,654	6,425
Porsche Leipzig GmbH	4,634	4,364	4,309
Other subsidiaries	12,782	11,773	10,308
By region			
Region: Germany	37,207	34,558	33,089
Region: Europe (excluding Germany)	2,234	2,073	1,695
Region: North America	1,037	905	840
Region: Asia	1,341	1,308	1,098
Other regions (Australia, Latin America)	321	318	274
Number of employees by gender			
Female	8,097	7,348	6,808
Male	34,042	31,814	30,188
Other[1]	1	0	0
Breakdown of employees by gender (%)			
Female	19.2	18.8	18.4
Male	80.8	81.2	81.6
Other[1]	0.0	0.0	0.0

[1] For reasons of data protection, only selected personnel and social key figures are disclosed.

Number and distribution of new employees

	2023	2022	2021
Total	**4,757**	**3,886**	**1,955**
By age			
< 30 years	2,029	1,927	810
30–50 years	2,558	1,866	1,076
> 50 years	170	93	69
By gender			
Female	1,184	904	586
Male	3,572	2,982	1,369
Other[1]	1	0	0
By region			
Region: Germany	4,012	3,284	1,553
Region: Europe (excluding Germany)	315	225	180
Region: North America	243	173	110
Region: Asia	177	164	100
Other regions (Australia, Latin America)	10	40	12
Breakdown by age (%)			
< 30 years	42.7	49.6	41.4
30–50 years	53.7	48.0	55.1
> 50 years	3.6	2.4	3.5
Breakdown by gender (%)			
Female	24.9	23.3	30.0
Male	75.1	76.7	70.0
Other[1]	0.0	0.0	0.0
Breakdown by region (%)			
Region: Germany	84.4	84.5	79.4
Region: Europe (excluding Germany)	6.6	5.8	9.2
Region: North America	5.1	4.5	5.6
Region: Asia	3.7	4.2	5.1
Other regions (Australia, Latin America)	0.2	1.0	0.6

[1] For reasons of data protection, only selected personnel and social key figures are disclosed.

Full-time employees

	2023	2022	2021
Total	**39,247**	**36,688**	**34,297**
By company			
Porsche AG	23,211	21,761	21,217
Of which at Stuttgart-Zuffenhausen	16,241	15,509	15,168
Of which at Weissach (including external locations)	6,970	6,252	6,049
Porsche Leipzig GmbH	4,406	4,185	3,737
Other subsidiaries	11,630	10,742	9,343
By region			
Region: Germany	34,491	32,271	30,576
Region: Europe (excluding Germany)	2,084	1,919	1,518
Region: North America	1,035	901	840
Region: Asia	1,327	1,287	1,094
Other regions (Australia, Latin America)	310	310	269
Number of employees by gender			
Female	6,115	5,595	5,213
Male	33,131	31,093	29,084
Other[1]	1	0	0
Breakdown of employees by gender (%)			
Female	15.6	15.3	15.2
Male	84.4	84.7	84.8
Other[1]	0.0	0.0	0.0

[1] For reasons of data protection, only selected personnel and social key figures are disclosed.

Part-time employees

	2023	2022	2021
Total	**2,893**	**2,474**	**2,699**
By company			
Porsche AG	1,513	1,264	1,162
Of which at Stuttgart-Zuffenhausen	1,022	862	706
Of which at Weissach (including external locations)	491	402	456
Porsche Leipzig GmbH	228	179	572
Other subsidiaries	1,152	1,031	965
By region			
Region: Germany	2,716	2,287	2,513
Region: Europe (excluding Germany)	150	154	177
Region: North America	2	4	0
Region: Asia	14	21	4
Other regions (Australia, Latin America)	11	8	5
Number of employees by gender			
Female	1,982	1,753	1,595
Male	911	721	1,104
Other[1]	0	0	0
Breakdown of employees by gender (%)			
Female	68.5	70.9	59.1
Male	31.5	29.1	40.9
Other[1]	0.0	0.0	0.0

[1] For reasons of data protection, only selected personnel and social key figures are disclosed.

Permanent employees

	2023	2022	2021
Total	**38,952**	**36,095**	**33,981**
By company			
Porsche AG	22,313	20,879	20,117
Of which at Stuttgart-Zuffenhausen	14,915	14,277	13,764
Of which at Weissach (including external locations)	7,398	6,602	6,353
Porsche Leipzig GmbH	4,580	4,299	4,240
Other subsidiaries	12,059	10,917	9,624
By region			
Region: Germany	34,543	32,135	30,548
Region: Europe (excluding Germany)	2,164	1,954	1,641
Region: North America	1,037	905	840
Region: Asia	889	793	683
Other regions (Australia, Latin America)	319	308	269
Number of employees by gender			
Female	7,607	6,854	6,323
Male	31,345	29,241	27,658
Other[1]	0	0	0
Breakdown of employees by gender (%)			
Female	19.5	19.0	18.6
Male	80.5	81.0	81.4
Other[1]	0.0	0.0	0.0

[1] For reasons of data protection, only selected personnel and social key figures are disclosed.

Temporary workers

	2023	2022	2021
Total	**3,188**	**3,067**	**3,015**
By company			
Porsche AG	2,411	2,146	2,262
Of which at Stuttgart-Zuffenhausen	2,348	2,094	2,220
Of which at Weissach (including external locations)	63	52	42
Porsche Leipzig GmbH	54	65	69
Other subsidiaries	723	856	684
By region			
Region: Germany	2,664	2,423	2,541
Region: Europe (excluding Germany)	70	119	54
Region: North America	0	0	0
Region: Asia	452	515	415
Other regions (Australia, Latin America)	2	10	5
Number of employees by gender			
Female	490	494	485
Male	2,697	2,573	2,530
Other[1]	1	0	0
Breakdown of employees by gender (%)			
Female	15.4	16.1	16.1
Male	84.6	83.9	83.9
Other[1]	0.0	0.0	0.0

[1] For reasons of data protection, only selected personnel and social key figures are disclosed.

External employment

	2023	2022	2021
Workers who are not employees but whose work and/or workplace is controlled by the organization	3,348	3,283	2,937

Employee turnover[1]

%	2023	2022	2021
Proportion of employees who left the company.	4.3	2.9	2.4

[1] Adjustment to the methodology of information acquisition in 2023. For the first time, in addition to terminations by employees, the disclosures now contain terminations by the employer, retirement, and the death of employees.

Total number and breakdown of employee turnover[1]

	2023	2022	2021
Total	**1,668**	**1,138**	**896**
By age			
< 30 years	378	313	246
30–50 years	874	756	595
> 50 years	416	69	55
By gender			
Female	437	323	254
Male	1,231	815	642
By region			
Region: Germany	1,326	805	654
Region: Europe (excluding Germany)	134	135	85
Region: North America	100	113	89
Region: Asia	102	69	56
Other regions (Australia, Latin America)	6	16	12
Breakdown by age (%)			
< 30 years	22.7	27.5	27.5
30–50 years	52.4	66.4	66.4
> 50 years	24.9	6.1	6.1
Breakdown by gender (%)			
Female	26.2	28.4	28.4
Male	73.8	71.6	71.6
Breakdown by region (%)			
Region: Germany	79.5	70.7	73.0
Region: Europe (excluding Germany)	8.0	11.8	9.5
Region: North America	6.0	10.0	10.0
Region: Asia	6.1	6.1	6.2
Other regions (Australia, Latin America)	0.4	1.4	1.3

[1] Adjustment to the methodology of information acquisition in 2023. For the first time, in addition to terminations by employees, the disclosures now contain terminations by the employer, retirement, and the death of employees.

Diversity and equal opportunity

%	2023	2022	2021
Governance bodies by gender			
Female	12.5	14.3	14.3
Male	87.5	85.7	85.7
Proportion of governance bodies by age group			
< 30 years	0.0	0.0	0.0
30–50 years	12.5	0.0	0.0
> 50 years	87.5	100.0	100.0
Employees by age group			
< 30 years	18.3	18.6	22.1
30–50 years	64.0	63.5	60.0
> 50 years	17.7	17.9	17.9

Donations made by the Porsche AG Group[1]

€ million	2023	2022	2021
Total	**11.7**	**22.1**	**11.8**

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

Average hours of training per year per employee

	2023	2022	2021
Total	**17.2**	**13.1**	**11.4**
Female	21.0	14.1	13.4
Porsche AG	20.9	15.0	14.8
Porsche Leipzig GmbH	21.4	14.8	10.0
Other subsidiaries[1]	21.0	10.3	9.3
Male	16.5	12.9	11.0
Porsche AG	14.4	11.8	10.9
Porsche Leipzig GmbH	19.2	16.1	10.5
Other subsidiaries[1]	32.9	18.4	14.4
Employees subject to wage agreements	17.0	12.4	10.6
Porsche AG	15.0	11.5	10.5
Porsche Leipzig GmbH	18.8	15.7	10.3
Other subsidiaries[1]	32.4	14.5	11.8
Employees exempt from wage agreements and executive employees	19.2	20.2	19.9
Porsche AG	19.2	19.6	20.3
Porsche Leipzig GmbH	47.7	35.7	21.6
Other subsidiaries[1]	13.9	21.7	16.5

[1] For the 2023 reporting year: Porsche Deutschland GmbH, Porsche Engineering Services GmbH und Porsche Engineering Group GmbH, Porsche Consulting GmbH, Porsche Financial Services GmbH, Porsche Dienstleistungs GmbH, Porsche Digital GmbH, and Porsche Niederlassung Stuttgart GmbH. For the 2022 and 2021 reporting years: Porsche Deutschland GmbH, Porsche Engineering Services GmbH und Porsche Engineering Group GmbH, Porsche Lifestyle GmbH & Co. KG, Porsche Financial Services GmbH, Porsche Dienstleistungs GmbH, Porsche Digital GmbH, and Porsche Niederlassung Stuttgart GmbH.

Average number of training hours for management qualification

	2023	2022
Total	**25.2**	**23.5**
Female	33.0	28.0
Porsche AG	30.9	27.0
Porsche Leipzig GmbH	64.9	55.5
Other subsidiaries[1]	36.0	25.0
Male	24.2	22.9
Porsche AG	22.2	22.7
Porsche Leipzig GmbH	47.2	33.0
Other subsidiaries[1]	24.2	17.4

[1] For the 2023 reporting year: Porsche Deutschland GmbH, Porsche Engineering Services GmbH und Porsche Engineering Group GmbH, Porsche Consulting GmbH, Porsche Financial Services GmbH, Porsche Dienstleistungs GmbH, Porsche Digital GmbH, and Porsche Niederlassung Stuttgart GmbH. For the 2022 and 2021 reporting years: Porsche Deutschland GmbH, Porsche Engineering Services GmbH und Porsche Engineering Group GmbH, Porsche Lifestyle GmbH & Co. KG, Porsche Financial Services GmbH, Porsche Dienstleistungs GmbH, Porsche Digital GmbH, and Porsche Niederlassung Stuttgart GmbH.

Number of participants in advanced training

	2023	2022	2021
Total	**306,253**	**242,992**	**210,611**
Female	56,674	40,704	39,327
Porsche AG	43,291	29,413	32,013
Porsche Leipzig GmbH	6,321	5,805	3,848
Other subsidiaries[1]	7,062	5,486	3,466
Male	249,579	202,288	171,284
Porsche AG	173,998	132,782	124,085
Porsche Leipzig GmbH	59,151	58,343	40,484
Other subsidiaries[1]	16,430	11,163	6,715
Employees subject to wage agreements	269,238	213,193	180,875
Porsche AG	186,194	136,309	129,195
Porsche Leipzig GmbH	63,040	62,253	43,184
Other subsidiaries[1]	20,004	14,631	8,496
Employees exempt from wage agreements and executive employees	37,015	29,799	29,736
Porsche AG	31,095	25,886	26,903
Porsche Leipzig GmbH	2,432	1,895	1,148
Other subsidiaries[1]	3,488	2,018	1,685
Digital formats	231,605	191,875	161,721
Offline formats	74,648	51,117	48,890

[1] For the 2023 reporting year: Porsche Deutschland GmbH, Porsche Engineering Services GmbH und Porsche Engineering Group GmbH, Porsche Consulting GmbH, Porsche Financial Services GmbH, Porsche Dienstleistungs GmbH, Porsche Digital GmbH, and Porsche Niederlassung Stuttgart GmbH. For the 2022 and 2021 reporting years: Porsche Deutschland GmbH, Porsche Engineering Services GmbH und Porsche Engineering Group GmbH, Porsche Lifestyle GmbH & Co. KG, Porsche Financial Services GmbH, Porsche Dienstleistungs GmbH, Porsche Digital GmbH, and Porsche Niederlassung Stuttgart GmbH.

Employees who participated in advanced training

	2023	2022	2021
Total	**30,134**	**27,646**	**25,316**
Female	4,900	4,329	4,199
Porsche AG	3,615	3,253	3,188
Porsche Leipzig GmbH	377	352	349
Other subsidiaries[1]	908	724	662
Male	25,234	23,317	21,117
Porsche AG	19,320	18,300	16,253
Porsche Leipzig GmbH	4,074	3,803	3,797
Other subsidiaries[1]	1,840	1,214	1,085
Employees subject to wage agreements	27,277	25,064	22,759
Porsche AG	20,629	19,273	17,151
Porsche Leipzig GmbH	4,361	4,079	4,073
Other subsidiaries[1]	2,287	1,712	1,535
Employees exempt from wage agreements and executive employees	2,857	2,582	2,557
Porsche AG	2,306	2,280	2,272
Porsche Leipzig GmbH	90	76	73
Other subsidiaries[1]	461	226	212

[1] For the 2023 reporting year: Porsche Deutschland GmbH, Porsche Engineering Services GmbH und Porsche Engineering Group GmbH, Porsche Consulting GmbH, Porsche Financial Services GmbH, Porsche Dienstleistungs GmbH, Porsche Digital GmbH, and Porsche Niederlassung Stuttgart GmbH. For the 2022 and 2021 reporting years: Porsche Deutschland GmbH, Porsche Engineering Services GmbH und Porsche Engineering Group GmbH, Porsche Lifestyle GmbH & Co. KG, Porsche Financial Services GmbH, Porsche Dienstleistungs GmbH, Porsche Digital GmbH, and Porsche Niederlassung Stuttgart GmbH.

Parental leave and return to the workplace

	2023	2022	2021
Total number of employees who took parental leave[1]	**2,186**	**2,025**	**1,534**
Female employees who took parental leave	767	674	350
Male employees who took parental leave	1,419	1,351	1,184
Total number of employees who returned to work after parental leave[2]	**1,713**	**1,580**	**1,434**
Female employees who returned to work after parental leave	360	317	268
Male employees who returned to work after parental leave	1,353	1,263	1,166
Proportion of female employees who returned to work after parental leave (%)	21.0	20.0	18.7
Proportion of male employees who returned to work after parental leave (%)	79.0	80.0	81.3
Total number of returning employees who are still employed after 12 months[2]	**1,724**	**1,752**	**1,278**
Proportion of female employees who are still employed after 12 months	344	591	223
Proportion of male employees who are still employed after 12 months	1,380	1,161	1,055
Proportion of returning female employees who are still employed after 12 months (%)	20.0	33.7	17.5
Proportion of returning male employees who are still employed after 12 months (%)	80.0	66.3	82.5

[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 at Porsche AG and selected national subsidiaries

%	2023	2022	2021
Employees subject to wage agreements	88.5	88.4	88.4
Employees exempt from wage agreements and executive employees	11.5	11.6	11.6

Comparison of the basic annual and direct remuneration of women and men in 2023[1, 2, 3]

%	< 30 years	30–50 years	> 50 years
Remuneration of women compared to men			
Total basic annual remuneration	115	112	87
Total direct remuneration	107	108	82
Basic annual remuneration for nonunion employees[4]	0	99	100
Direct remuneration for nonunion employees[4]	0	100	102
Basic annual remuneration for union employees	115	112	98
Direct remuneration for union employees	107	107	97
Proportions per age group			
Women total	19	15	13
Men total	81	85	87
Female nonunion employees[4]	0	18	7
Male nonunion employees[4]	0	82	93
Female union employees	19	15	15
Male union employees	81	85	85

1 Basic annual remuneration based on monthly salary for Dec. 2023, 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 and employees with diverse assignments), evaluation date 12/2023.
3 In particular, the gender pay gap in favor of women is due to the distribution of men and women across the various hierarchical levels, with 51% (previous year: 52%) of all employed men being in the lower collectively agreed pay scales (including incentive wage earners), compared to just 23% for women (previous year: 24%).
4 No employees aged < 30 years were not covered by a collective bargaining agreement.

Disciplinary action due to cases of discrimination[1, 2]

	2023	2022	2021
Total	**11**	**7**	**6**
Number of discrimination reports that resulted in termination	2	0	0
Number of discrimination reports that resulted in a first written warning	1	0	0
Number of discrimination reports that resulted in a second written warning	7	7	6
Number of discrimination reports that resulted in other disciplinary action	1	0	0

1 Porsche AG
2 As there was no internal connection between identified instances of discrimination, it was not necessary to take steps beyond each individual case of disciplinary action.

Stoppages and lost days

	2023	2022	2021
Stoppages[1]	5	5	14
Lost days	0	0	5

1 The right to strike for the purposes of collective bargaining is enshrined in the freedom of association provided by article 9, paragraph 3, of Germany's Basic Law (Grundgesetz). In the 2023 reporting year, there were stoppages lasting a number of hours in connection with IG Metall demonstrations as part of the automotive trade's 2023 round of collective bargaining in sections of the locations in Germany (Porsche Niederlassung Hamburg GmbH, Porsche Niederlassung Stuttgart GmbH, Porsche Niederlassung Berlin GmbH, and Porsche Niederlassung Berlin-Potsdam GmbH).

Accidents, lost days, and fatalities1

	2023	2022	2021
Accidents[2]	186	171	203
Lost days[3]	1,666	2,233	1,964
Fatalities	0	0	0
Porsche AG			
Accidents[2]	175	152	185
Lost days[3]	1,568	2,009	1,767
Fatalities	0	0	0
Porsche Leipzig GmbH			
Accidents[2]	11	19	18
Lost days[3]	98	224	197
Fatalities	0	0	0
Total injury rate[4] (%)	**4.5**	**4.4**	**5.2**
Porsche AG	5.0	4.6	5.7
Porsche Leipzig GmbH	1.7	3.1	2.9
Total accident severity[5]	**40.4**	**57.5**	**50.7**
Porsche AG	45.2	61.3	54.2
Porsche Leipzig GmbH	15.0	37.0	32.0

1 Porsche AG and selected subsidiaries do 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 do not show the individual categories for work-related injuries.
2 Porsche AG and selected subsidiaries only report accidents that were officially recorded. Nonserious 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 = accident frequency 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 Severity of accidents: 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]

	2023	2022	2021
Number of trained employees	687	560	439

[1] Digital training module on the sustainability rating (S-rating) in the process of awarding contracts (cumulative).

Operations of the Porsche AG Group assessed for significant risks

	2023	2022	2021
Proportionate scope in subsidiaries (%)	93.2	93.2	no data
Number of subsidiaries covered by the Code of Conduct	96	96	no data
Number of centralized compliance monitoring operations conducted	8	7	4

Number of audits of new direct suppliers of Porsche AG based on sustainability criteria[1]

	2023	2022	2021
For production material	5	14	20
For nonproduction material[2]	0	17	57

[1] Based on an estimated sustainability rating (S-rating).
[2] No S-rating audits of direct suppliers of nonproduction materials were conducted in 2023.

Direct suppliers of Porsche AG audited on the basis of sustainability criteria[1]

%	2023	2022	2021
For production material	100.0	100.0	100.0
For nonproduction material	23.0	35.5	31.7

[1] Based on direct suppliers awarded contracts through the central procurement systems.

Direct suppliers of Porsche AG where considerable actual and potential negative sustainability impacts were identified[1]

	2023	2022	2021
For production material	3	2	4
For nonproduction material	0	2	8

[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]

%	2023	2022	2021
For production material	100.0	100.0	100.0
For nonproduction material	100.0	100.0	100.0

[1] Based on an estimated sustainability rating (S-rating).

Direct suppliers of Porsche AG audited on the basis of sustainability criteria[1]

	2023	2022	2021
For production material	1,396	1,249	1,360
For nonproduction material	2,225	1,751	1,766

[1] Based on an estimated sustainability rating (S-rating).

Structure of direct suppliers of Porsche AG

%	2023	2022	2021
Share of local direct suppliers from the EU in the total procurement volume[1]	93.0	96.0	97.0
Share of local direct suppliers of production material from the EU[2]	91.1	95.2	96.4
Share of local direct suppliers of nonproduction material from the EU[2]	97.4	99.0	99.2

[1] Based on procurement volume.
[2] Based on the total number of direct suppliers.

EMISSION AND CONSUMPTION INFORMATION

All new vehicles offered by Porsche are type-approved according to the WLTP. The NEFC figures stated up to December 31, 2022, are therefore derived from the WLTP figures. Official NEDC values derived from the WLTP values are no longer available for new vehicles after January 1, 2023, and cannot therefore be reported.

In cases where the figures are specified as value ranges, these do not refer to a particular individual vehicle and do not constitute part of the sales offering. They are intended exclusively as a means of comparison between different vehicle types. Additional equipment and accessories (attachments, different tire formats, etc.) may change the relevant vehicle parameters, such as weight, rolling resistance, and aerodynamics, and, in conjunction with weather and traffic conditions and individual driving style, may affect fuel/power consumption, CO_2 emissions, range, and the performance figures for the vehicle.

For further information on the differences between the WLTP and NEDC, please visit ↗ **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 S	257	350	10.4–9.6	235–218
718 Boxster GTS 4.0	294	400	10.9–10.1	247–230
718 Spyder RS	368	500	13.0	294

As of February 22, 2024. Current consumption values 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 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 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 4	283	385	10.9–10.3	247–234
911 Carrera 4 Cabriolet	283	385	10.8–10.5	246–237
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 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 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 GT3	375	510	13.0–12.9	294–293
911 GT3 with Touring Package (PDK)	375	510	12.9	293–292
911 GT3 RS	386	525	13.4	305
911 Dakar	353	480	11.3	256
911 S/T	386	525	13.8	313

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	260	353	10.5–9.6	239–219
Panamera 4	260	353	11.2–10.1	253–230
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	260	353	12.1–10.8	275–246
Cayenne S	349	474	13.4–12.4	303–282
Cayenne Coupé	260	353	12.1–10.9	275–247
Cayenne S Coupé	349	474	13.4–12.5	304–284

As of February 22, 2024. Current consumption values 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	346	470	1.4–1.0	27.6–25.3	32–22	79–93	89–96
Panamera 4 E-Hybrid Executive	346	470	1.4–1.0	27.8–25.9	32–23	79–92	86–95
Panamera 4S E-Hybrid	400	544	1.4–1.1	28.6–25.9	33–24	78–90	83–92
Panamera Turbo E-Hybrid	500	680	1.7–1.2	29.9–27.5	38–26	76–91	83–93
Cayenne							
Cayenne E-Hybrid	346	470	1.8–1.5	30.8–28.7	42–33	66–74	77–90
Cayenne S E-Hybrid	382	519	1.7–1.4	31.7–29.1	39–31	71–78	79–90
Cayenne Turbo E-Hybrid	544	739	2.0–1.7	31.7–29.9	45–39	70–73	76–82
Cayenne E-Hybrid Coupé	346	470	1.8–1.5	30.8–28.6	42–33	66–74	78–90
Cayenne S E-Hybrid Coupé	382	519	1.7–1.4	31.6–29.2	39–31	71–78	80–89
Cayenne Turbo E-Hybrid Coupé	544	739	2.0–1.7	31.8–30.1	46–40	70–72	76–81
Cayenne Turbo E-Hybrid Coupé with GT package	544	739	1.9–1.8	31.1–30.2	43–40	71–72	79–82

[1] Overall system performance

Electric vehicles

Model	Power output [kW]	Power [PS]	WLTP Power consumption combined [kWh/100 km]	WLTP CO_2 emissions combined [g/km]	WLTP Electric range combined [km]	WLTP Electric range urban [km]
Taycan						
Taycan	300	408	19.7–16.7	0	503–590	569–662
Taycan with Performance battery Plus	320	435	20.0–17.1	0	579–678	719–821
Taycan 4S	340	462	20.7–17.7	0	474–557	528–617
Taycan 4S with Performance battery Plus	380	517	20.9–17.8	0	549–642	607–705
Taycan Turbo	520	707	20.5–18.0	0	557–630	607–683
Taycan Turbo S	570	775	20.5–17.9	0	558–630	612–691
Taycan 4 Cross Turismo	320	435	22.0–18.7	0	517–613	588–693
Taycan 4S Cross Turismo	380	517	22.0–18.8	0	517–610	588–690
Taycan Turbo Cross Turismo	520	707	22.0–19.1	0	515–597	585–668
Taycan Turbo S Cross Turismo	570	775	22.0–19.1	0	516–596	589–675
Taycan Sport Turismo	300	408	20.6–17.6	0	477–565	553–650
Taycan Sport Turismo with Performance battery Plus	320	435	20.9–17.9	0	550–650	701–808
Taycan 4S Sport Turismo	340	462	21.6–18.5	0	449–534	512–606
Taycan 4S Sport Turismo with Performance battery Plus	380	517	21.8–18.6	0	522–616	590–693
Taycan Turbo Sport Turismo	520	707	21.6–18.8	0	528–606	590–672
Taycan Turbo S Sport Turismo	570	775	21.5–18.9	0	529–604	594–678
Taycan Turbo GT	580	789	21.6–20.7	0	528–554	638–677
Taycan Turbo GT with Weissach package	580	789	21.3–20.6	0	538–555	673–699
Macan						
Macan 4	285	387	21.1–17.9	0	516–613	665–784
Macan Turbo	430	584	20.7–18.8	0	518–591	670–765

As of February 22, 2024. Current consumption values 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—namely, the total number of new vehicles delivered to end customers.

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 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.

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.

Automotive net liquidity
The total cash and cash equivalents, securities, loans, and time deposits, less financial liabilities to third parties in the Automotive segment.

B

Balance-sheet CO_2-neutral
Balance-sheet CO_2 neutrality along the entire value chain of our newly produced vehicles describes the Porsche AG Group's ambition to avoid and reduce CO_2 emissions with a view to achieving neutrality, especially in production (Scope 1 and Scope 2 emissions), in the supply chain, and over the service lives of newly produced vehicles (upstream and downstream Scope 3 emissions), as well as other Scope 3 emission categories such as employee business travel. Offsetting with carbon credits (including the reduction and capture of CO_2 emissions) is enshrined in the decarbonization strategy, alongside efforts to reduce emissions. Where technically possible and conceivable without a disproportionately high financial cost, the Porsche AG Group prioritizes the avoidance and reduction of CO_2 emissions over offsetting.

Basis of consolidation
The basis of consolidation denotes all the companies included in the consolidated financial statements.

BEV
Battery electric vehicle

Big data
Denotes novel methods of analyzing and evaluating quantities of data that are too large and complex to be processed using manual or conventional methods.

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. Its purpose is to encourage correct, responsible conduct at all times, avoid unwanted actions, and define how business activities align with ethics and the law.

D

DAX
The DAX (the abbreviated form of Deutscher Aktienindex) is the most significant German stock market index. It measures the performance of the 40 largest companies on the German stock market and represents around 80 percent of the market capitalization of listed stock corporations in Germany.

Decarbonization Index (DKI)
As a key strategic indicator, the DKI helps selected companies of the Volkswagen Group reduce their carbon footprint by providing a transparent calculation. The DKI 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.

DJ US Auto Index
Dow Jones Auto Index. An American stock market index that encompasses the world's most important auto manufacturers.

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.

eFuels
eFuels are synthetic, potentially almost CO_2-neutral fuels that are produced using electrical energy generated from renewable CO_2 and hydrogen.

ESG (Environment, Social, and Governance)
ESG stands for Environment, Social, and Governance. These three key areas form the foundation of methods, criteria, and frameworks for companies to account for sustainability requirements.

EURO STOXX 50
A stock market index comprising 50 major listed companies in the eurozone.

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 a wide range of different factors.

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, 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, and purchased 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

IPO (Initial Public Offering)
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.

MSCI World
Morgan Stanley Capital International World Index. A stock market index that tracks the performance of around 1,500 stocks worldwide.

P

Penetration rate
The percentage of leased or financed new vehicles in the deliveries to customers in markets in the Financial Services segment.

PHEV
Plug-in hybrid vehicles

Porsche AG
Dr. Ing. 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 Strategy 2030
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.

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 the first Porsche based on this.

Production 4.0
Porsche Production 4.0 is the latest stage in the development of an automotive factory, featuring increased automation of individual manufacturing stages and networked production and logistics by means of cloud solutions and artificial intelligence. It is centered on production planning, order management, shop floor management for individual manufacturing stages, logistics management, and vehicle delivery. Porsche production follows the three principles of smart, lean, and green: "smart" describes flexible, intelligently networked production featuring the latest technology, "lean" describes a factory structure that is as efficient as possible with minimized waste and handling, and "green" denotes the endeavor for better sustainability and environmental protection. Porsche is pursuing the vision of a zero-impact factory with minimal negative environmental impacts.

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 (i.e. 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 noninterest-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.

Science Based Targets Initiative (SBTi)
The Science Based Targets Initiative was born from an alliance of environmental and climate protection organizations with a view to providing businesses with a framework and sector-specific target paths and in turn the opportunity to align the science-based reduction of greenhouse gases with international climate targets (such as the Paris Agreement).

Secondary raw materials
Materials that are obtained from a recycling process. See recyclates.

Supply Chain Due Diligence Act (LkSG)
The Supply Chain Due Diligence Act governs corporate responsibility for respecting human rights in global supply chains.

Sustainable Development Goals (SDGs)
The Sustainable Development Goals are 17 sustainability goals defined by the United Nations (UN). The SDGs aim to contribute to the global promotion of sustainable development in the three dimensions of sustainable development: the economic, social, and environmental. The goals apply to all nations and are meant to be achieved by 2030.

SXAP
Stoxx Europe 600 Automobiles & Parts. A European stock market index comprising manufacturers and suppliers in the automotive industry.

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 ten 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 ten principles and report on their progress at regular intervals.

W

WLTP
The Worldwide Harmonized Light Vehicles Test Procedure is a test procedure designed to calculate a vehicle's fuel consumption, range, and emissions as realistically as possible.

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 2024

March 12, 2024	Annual Media Conference and Analyst and Investor Conference 2024
April 29, 2024	Quarterly information January to March 2024
June 07, 2024	Annual General Meeting 2024
July 24, 2024	Half-Yearly Financial Report 2024
October 29, 2024	Quarterly information January to September 2024

When a company's success starts with a dream come true, it's a wonderful thing.

Oliver Blume, Chairman of the Executive Board

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