VOLKSWAGEN

AKTIENGESELLSCHAFT

NEW AUTO

JANUARY - SEPTEMBER 2022

INTERIM REPORT

Key Figures

VOLKSWAGEN GROUP

	Q3			Q1 – 3		
	2022	2021	%	**2022**	2021	%
Volume Data[1] in thousands						
Deliveries to customers (units)	2,181	1,973	+10.6	6,056	6,951	–12.9
Vehicle sales (units)	2,236	1,805	+23.9	6,243	6,466	–3.4
Production (units)	2,237	1,586	+41.1	6,397	6,098	+4.9
Employees (on Sept. 30, 2022/Dec. 31, 2021)				674.9	672.8	+0.3
Financial Data (IFRSs), € million						
Sales revenue	70,712	56,931	+24.2	202,997	186,599	+8.8
Operating result before special items	4,269	2,798	+52.6	17,457	14,157	+23.3
Operating return on sales before special items (%)	6.0	4.9		8.6	7.6	
Special items	–	–203	x	–360	–203	+77.3
Operating result	4,269	2,595	+64.5	17,097	13,953	+22.5
Operating return on sales (%)	6.0	4.6		8.4	7.5	
Earnings before tax	2,936	3,079	–4.7	16,970	14,232	+19.2
Return on sales before tax (%)	4.2	5.4		8.4	7.6	
Earnings after tax	2,133	2,903	–26.5	12,771	11,357	+12.4
Automotive Division[2]						
Total research and development costs	4,538	3,665	+23.8	13,826	11,401	+21.3
R&D ratio (%)	7.7	8.0		8.2	7.5	
Cash flows from operating activities	8,652	3,615	x	22,256	22,703	–2.0
Cash flows from investing activities attributable to operating activities[3]	5,369	6,586	–18.5	16,679	15,483	+7.7
of which: capex	3,089	2,114	+46.1	7,177	5,891	+21.8
capex/sales revenue (%)	5.2	4.6		4.3	3.9	
Net cash flow	3,284	–2,971	x	5,576	7,220	–22.8
Net liquidity at Sept. 30				31,553	25,642	+23.1

1 Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. Prior-year deliveries have been updated to reflect subsequent statistical trends.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Excluding acquisition and disposal of equity investments: Q3 €5,356 (3,670) million, Q1–Q3 €14,050 (11,029) million.

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

Key Facts

> Deliveries to customers of the Volkswagen Group down 12.9% year-on-year at 6.1 (7.0) million vehicles; limited vehicle availability caused by the Covid-19 pandemic and parts supply shortages; declines in all regions

> Deliveries of all-electric vehicles to customers up 25.0%; their share of the Group's total deliveries rises to 6.0 (4.2)%

> Group sales revenue up 8.8% to €203.0 billion; includes €7.6 (1.7) billion from Navistar (consolidated since July 2021); financial services business sees continued success

> Operating result before special items up by €3.3 billion year-on-year to €17.5 billion; improvements in the mix and price positioning

> Operating result up by €3.1 billion to €17.1 billion; negative special items of €–0.4 (–0.2) billion relating to the diesel issue

> Profit before tax climbs to €17.0 (14.2) billion; impairment loss of €1.9 billion recognized on Argo AI has negative effects, with positive effects resulting primarily from a measurement-related decrease in interest expenses; profit after tax up €1.4 billion to €12.8 billion

> Automotive Division's net cash flow at €5.6 (7.2) billion; acquisition of Europcar shares amounting to €1.7 billion; capex ratio of 4.3 (3.9)%

> Net liquidity of €31.6 billion in the Automotive Division; successful placement of hybrid notes strengthens capital base; cash inflow from the IPO of Porsche AG is not yet included in this figure

> Exciting products:

- Volkswagen Group redefines the long-distance mobility of the future with the automated driving GEN.TRAVEL design study
- Volkswagen Passenger Cars unveils the Tavendor SUV for the Chinese market
- ŠKODA outlines its new design language with the VISION 7S concept car
- SEAT presents the Tarraco Xperience with a fresh look
- Audi showcases a further concept car for automated driving with the activesphere concept
- Lamborghini announces the Urus Performante super SUV
- Bentley rounds off its new portfolio with the dynamic Flying Spur Speed
- Porsche captivates the market with the uncompromising 911 GT3 RS
- Volkswagen Commercial Vehicles celebrates the public debut of the all-electric ID. Buzz Cargo for commercial e-mobility

Key Events

COVID-19 PANDEMIC

The global spread of the Omicron variant of coronavirus (SARS-CoV-2) had a substantial impact on social and economic life in the reporting period in some regions. In China particularly, local outbreaks of infection during the reporting period led to tight restrictions under the zero-Covid strategy being pursued there, resulting in economic constraints and disruption to international supply chains.

RUSSIA-UKRAINE CONFLICT

In the reporting period, the Russia-Ukraine conflict led to a humanitarian crisis and global market upheaval. Prices rose substantially, particularly on the energy and commodity markets. Parts supply shortages, especially for wire harnesses, also intensified in this context. The Russia-Ukraine conflict led to increased uncertainty in respect of developments in the global economy and prompted large sections of the community of Western states to impose sanctions on Russia ranging from extensive trade embargoes to the partial exclusion of Russia from the global financial system. Russia itself, in its role as an energy exporter, has restricted gas deliveries to Europe. The resulting rise in commodity prices and intensified supply shortages are increasing the threat of persistently high inflation.

NEW PRODUCTS AND TECHNOLOGIES PRESENTED

The Volkswagen Group and its brands presented further new vehicles and technologies in the third quarter of 2022.

In September, the Volkswagen Group unveiled for the first time an innovative design study that will redefine the long-distance mobility of the future. The all-electric powered Gen.Travel is a real prototype that drives fully autonomously (Level 5) and gives a realistic outlook on the mobility of the coming decade. The car's modular interior concept makes it a flexible, sustainable Mobility-as-a-Service alternative to short-haul flights. In the vehicle's interior, an innovative lighting system and convertible seats allow passengers to relax, with augmented reality providing for entertainment. The Electric Active Body Control suspension looks ahead and uses artificial intelligence and platooning – fully autonomous driving in convoys – to optimize the driving style and thus increase the range for long-distance travel.

In August, the Volkswagen Passenger Cars brand celebrated the world premiere of a new SUV for the Chinese market. The five-seat Tavendor rounds off the SUV strategy of the FAW-Volkswagen joint venture, which in future will be able to offer vehicles in all market segments. The name Tavendor was born from the combination of the Greek word for bull (tavros) with the Spanish word for splendor (esplendor). The mid-size vehicle follows a new language in lighting design with all-round dynamic ambient lighting. The Tavendor caters in particular to the requirements and lifestyle of young Chinese families and their desire for comfort. At the ID. Meet in Locarno, Switzerland, Volkswagen Passenger Cars presented the ID. XTREME, an exceptional off-road study. The all-electric concept car with all-wheel drive is based on the ID.4 GTX and combines the strengths of a modern SUV with the spirit of adventure of a robust off-roader. A high-performance drive on the rear axle and software adaptations in the drive control unit increase the system power of the concept car by 65 kW (88 PS) to 285 kW (387 PS) compared with the ID.4 GTX. Raised rally running gear, 18-inch off-road wheels, a modified front bumper and 50 mm-wider wings combine to give the concept vehicle an authentic off-road look. The roof carrier with additional LED lights and the completely closed aluminum underbody also equip the fully electric all-wheel drive vehicle for excursions away from paved roads. The ID.5 GTX Xcite was a further highlight in Locarno, which was revealed there for the first time. This vehicle is a unique product made by apprentices in Zwickau, Dresden and Chemnitz, Volkswagen's three locations in Saxony. For one year, 14 of the best trainees worked on this project under expert supervision – from the initial design draft to the adaptation of the bodywork and paintwork to technical commissioning. This vehicle is focused not only on sustainability as reflected for example in the appropriate materials of the interior, but also on holistic mobility, as illustrated by the electric skateboard on board as a standard on the ID.5 GTX Xcite for the last few meters to the driver's destination.

ŠKODA presented a detailed preview of its new innovative design language with the VISION 7S concept study. This powerful SUV impresses with a striking front end, large, aerodynamically optimized wheels, a gently sloping roofline towards the rear and a light cluster extended to form a 'T'. The variable interior has space for up to seven people, boasts a balanced ratio of haptic and digital controls and is available in two distinct interior configurations featuring sustainable materials.

SEAT has given its SUV flagship, the Tarraco, a new look both inside and out with the Xperience equipment package. Exterior highlights include a matte chromed front grill and 20-inch alloy wheels in Nuclear Grey. Inside, the SEAT Tarraco Xperience is enhanced with seats covered in cloth and Dinamica, a microfibre fabric that mixes durability with visual appeal. Added to this are newly designed inserts for the dashboard, revamped door trims, and illuminated Xperience lettering in the door sill. Along with the SEAT Tarraco, the Arona and Ateca SUV models are also available with the Xperience equipment line.

Audi provided the first foretaste of the fourth model in its family of concept vehicles with the silhouette of the activesphere concept. Not only do all of the sphere concept vehicles have electric drives, but they are also designed to be capable of automated driving. This technical layout gives rise to entirely new designs, especially of the interiors and the offerings for those on board to use their time productively or just relax. Audi's sphere concept cars collectively showcase a vision of the premium mobility of tomorrow. The Audi activesphere concept offers maximum variability for an active lifestyle – both on and off road.

The launch of the Flying Spur Speed completes Bentley's new portfolio, offering customers more choice than ever. This dynamic grand tourer features the legendary W12 engine. Its output of 467 kW (635 PS) exceeds that of the Flying Spur S by 63 kW (85 PS), enabling a sprint from 0 to 100 km/h in 3.8 seconds and a top speed of 333 km/h. The Bentley Dynamic Ride System and electronic all-wheel steering are standard in the vehicle. The dark tint on the front grilles and the exclusive 22-inch Speed wheels give the design a sporty look. The limited-edition Mulliner-designed Bentley Batur coupé, which is limited to a production run of just 18 cars, gave a preview of Bentley's new design language in the third quarter. The long bonnet – a mark of power and prestige – and a line that stretches from the bonnet along the whole length of the car, making the car long and lean, characterizes the exterior in the same way as the famous Bentley grille, which has been made lower and more upright. Together with the new headlight design, this gives the Batur coupé a stronger face and a more self-assured and dominant stance.

Lamborghini's Urus Performante raises the bar to a whole new level for sportiness and the ultimate fun-to-drive performance in the super SUV category: the Performante is flatter, wider and 47 kg lighter than any Urus to date. Its maximum power has been increased to 490 kW (666 PS), enabling it to accelerate from 0 to 100 km/h in 3.3 seconds. The maximum speed is 306 km/h. Specific drive mode calibrations and a new Rally mode keep the Performante on track even off road, as impressively demonstrated on the Pikes Peak International Hill Climb, when the model set a new record in the production SUV category.

Porsche's new 911 GT3 RS is designed for maximum performance. The road-legal high-performance sports car takes full advantage of motorsports technologies and concepts: in addition to its drive and intelligent lightweight construction, it is above all the cooling and aerodynamic systems of the 911 GT3 RS that connect it most directly with its motorsports brother, the 911 GT3 R. The 4.0-liter high-revving naturally aspirated engine has been further optimized compared with the 911 GT3, increasing the power to 386 kW (525 PS). The 911 GT3 RS accelerates from 0 to 100 km/h in 3.2 seconds and reaches a top speed of 296 km/h. Thanks to an array of lightweight construction measures such as the use of carbon fiber reinforced plastic, for example in the seats, doors, front wings and the roof, the vehicle's weight has been reduced considerably. Instead of the three-radiator layout seen in previous cars, the new 911 GT3 RS relies on a large, angled center radiator in the car's nose. Thanks to a number of aerodynamic measures, the new 911 GT3 RS generates twice as much downforce as its predecessor and three times as much as a current 911 GT3. The most prominent feature of the GT sports car is the swan-neck-supported rear wing, which is significantly larger in all dimensions. For the first time on a Porsche production vehicle, the upper edge of the rear wing is higher than the car's roof.

IAA TRANSPORTATION 2022

At the IAA Transportation 2022 in Hanover, the Volkswagen Commercial Vehicles brand celebrated the public premiere of the all-electric ID. Buzz Cargo, which is poised to redefine commercial mobility. Thanks to its modern design relating to luggage space, the ID. Buzz Cargo impresses with room for two Euro pallets placed sideways and offers a loading volume of up to 3.9 cubic meters and a high payload of 650 kg to meet virtually every challenge of daily working life. The clever storage concept also offers plenty of space in the cockpit, in which many everyday work items can be neatly and safely stowed away – from work gloves to folding rulers. Thanks to its 150 kW (204 PS) electric drive, trailer loads of up to 1,000 kg can also be attached to the optional coupling device. The ID. Buzz Cargo is optionally equipped with over 30 assistance systems. It offers good visibility provided by optional LED matrix headlights. In parallel to the ID. Buzz Cargo, Volkswagen Commercial Vehicles showed innovative and close-to-production ID. Buzz studies by body manufacturers, including an ambulance, a refrigerated vehicle and a space transporter with a box body and 6 m^3 loading volume – all as world premieres. The second generation of the Amarok pickup truck also celebrated its trade show debut at the IAA. The optimized set of features, more than 20 new driver assistance systems, mobile online services, engines that are both efficient and high-torque, two all-wheel drive technologies and tailor-made accessories make the new Amarok a versatile pickup that is being launched with a four-door double cab (DoubleCab) and two-door single cab (SingleCab) as well as several equipment versions.

At the IAA Transportation, Scania impressively demonstrated how its sustainable solutions cater to diverse customer needs in the transport sector. In addition to battery-electric trucks, the Swedish brand showed smart urban solutions, such as dump trucks and buses, as well as innovations in the conventional powertrain. The focus at the exhibition stand was on the extensive range of digital and connected services and charging solutions that Scania offers. Two new services – the My Scania customer portal and the Scania Driver app – were debuted there. Both of these will provide greater efficiency and profitability for customers. Furthermore, Scania showcased two new powerful biogas truck engines with 309 kW (420 PS) and 338 kW (460 PS).

At the Hanover trade show, MAN also unveiled solutions for the biggest challenges in the transport sector such as the decarbonization of freight transport and the digitalization of logistics. In conventional products MAN is focusing on lowering fuel consumption, increasing comfort for drivers and providing innovative digital services. The exhibition presentation focused on the close-to-production prototype of MAN's new eTruck, which the first customers will start using in 2024. A special technical feature of the pioneering electric lion is its preparation for future megawatt charging: high charging capacities with short charging times make the electric truck suitable for heavy-duty long-distance transport with daily ranges of between 600 and 800 km. In terms of application diversity and possible body concepts, the future MAN eTruck is in no way inferior to today's diesel truck: it will make the carbon-free long-distance transport of refrigerated food just as viable as low-noise and exhaust-free waste disposal in the city or the fully electric transport of materials to the construction site.

AWARDS

At the beginning of July 2022, the CUPRA Born received the top score of five stars in the Euro NCAP safety ratings. The test procedures look at and evaluate safety aspects of the vehicles: occupant protection for adults, child protection, the safety of vulnerable road users such as cyclists and pedestrians and the provision of assistance systems as standard.

In mid-July 2022, numerous Volkswagen Group models were awarded the "Company Car of the Year 2022" title in the poll organized by *firmenauto* magazine. With its up! and Touran models, the Volkswagen Passenger Cars brand won the city cars and small MPVs up to 4.60 m categories, while its T-Roc and Tiguan came first in the small SUVs/crossovers and compact SUVs/crossovers up to 4.50 m categories. In addition, the ID.3 took the top spot in the small and compact electric cars category. The Multivan T6.1 from Volkswagen Commercial Vehicles achieved first place in the large vans over 4.60 m category. ŠKODA was the overall winner in the compact class with its Octavia. The Superb and Superb plug-in hybrid won the import rankings in the mid-size category. CUPRA's Formentor model won the compact SUVs/crossovers up to 4.50 m category for import vehicles and was the overall winner in the small and compact plug-in hybrids category. The Born model impressed in the small and compact electric cars ranking for import vehicles and was also the best newcomer among imports. The Audi brand took a total of ten titles in the vote. The A1, A4 and A6 came first in the small, mid-size and upper mid-size categories and in the large plug-in hybrid category. The Q4 e-Tron was voted best mid-size electric car, best mid-size SUV/crossover 4.50 m to 4.80 m and best newcomer. The e-Tron model rounded off the success as the winner of the large SUVs/crossovers over 4.80 m and large electric cars category and, in its e-Tron GT version, of the premium and luxury class category. A 136-strong jury chose the overall winners and the winners among the import vehicles from 21 different vehicle categories.

In August 2022, the MAN eTGM won the Green Track Award in the "last mile" category. The environmentally friendly last-mile concept impressed with its emission-free, quiet operation. A total of 1,000 readers of AUTO BILD magazine voted on sustainable mobility solutions in six categories.

In late August 2022, the readers of AUTO *Straßenverkehr* magazine crowned two ŠKODA brand models as "Family Car of the Year" in three categories. The Enyaq iV was the import and overall winner in the value-for-money category for vehicles priced between €25,000 and €35,000. The Octavia Combi secured the title of best import vehicle up to €25,000 in the technology category. A total of 124 vehicles competed, all of which were estate cars, SUV models or MPVs with a luggage compartment capacity of at least 400 liters and a base price not exceeding €45,000.

In September 2022, MAN impressed with the TGX Individual Lion S in the cab comparison test by *FERNFAHRER* magazine. The test examined cab comfort, driver-friendliness and safety aspects of long-haul vehicles.

Also in September 2022, the ID. Buzz Cargo was named International Van of the Year 2023. A total of 24 members of the international jury of commercial vehicle specialists assessed the vehicles' efficiency and safety as well as sustainability and environmental aspects. The prize has been awarded since 1992.

ANNIVERSARIES

In July 2022, the 500,000th Volkswagen Polo rolled off the production line in Kariega. The anniversary vehicle was a white Polo GTI. Since 2018, the current model has been produced at the South Africa plant, which has already made over four million vehicles.

Volkswagen Slovakia celebrated 20 years of Touareg production in July 2022. The Volkswagen Group's first SUV model is already in its third generation. The Touareg, Porsche Cayenne, Audi Q7 and Audi Q8 are all produced exclusively in Bratislava.

The Audi RS 6 celebrated its 20th anniversary at the end of July 2022. The fourth generation of the high-performance estate car wows with its outstanding performance and practicality. The current model has been built in Neckarsulm since 2019.

The design study of the ŠKODA Octavia Combi celebrated its 25th birthday in September 2022. The study differed only slightly from the production model that appeared in 1998 and laid the foundation for the brand's successful model of today.

PARTNERSHIPS

In August 2022, the Volkswagen Group and Mahindra & Mahindra Ltd., India, further strengthened their recent partnership. To this end, they signed a term sheet regarding the supply of MEB components for Mahindra's new, all-electric SUV family. Furthermore, the two companies have agreed to examine other potential areas of cooperation in the field of e-mobility, including vehicle projects, local battery cell production and charging and energy solutions for the electric ecosystem in India.

In August 2022, Volkswagen signed a memorandum of understanding with the Canadian government on battery value creation and securing the supply of raw materials. The parties will investigate how Canada can contribute to the Group's global and regional battery supply chains. PowerCo SE, the Group's newly founded battery company, will have a central role in these efforts and drive forward the planned cooperation in the fields of battery value creation, raw materials supply chains and cathode material production in the North America region.

In July 2022, the TRATON GROUP together with Daimler Truck and the Volvo Group completed the final step in establishing their announced joint venture for the development of a charging infrastructure. The joint venture plans to install and operate high-performance charging points for heavy-duty trucks and coach buses on and near major highways as well as at logistics hubs across Europe. The charging stations are to be reliable and easily accessible. The customer-focused offering will be aimed at all operators of battery-electric heavy-duty commercial vehicle fleets. The joint venture, in which the TRATON GROUP, Daimler Truck and the Volvo Group own equal shares, operates as a legally independent company headquartered in Amsterdam in the Netherlands.

In September 2022, PowerCo SE and the Belgian materials technology group Umicore announced the formation of a joint venture for the production of cathode and primary materials in Europe. The joint venture is due to begin production in 2025 and will successively start supplying key materials to PowerCo's battery cell factories, beginning with Salzgitter. In e-mobility, cathode materials are a central technological lever for battery performance and an appreciable cost factor. The two partners also plan to collaborate under additional agreements on the sustainable and responsible provision of raw materials for the joint venture and, at a later stage, to incorporate refinement and recycling activities into the joint venture.

VOLKSWAGEN BEGINS CONSTRUCTION OF ITS FIRST BATTERY CELL FACTORY

In July 2022, Volkswagen celebrated laying the foundation stone for its first battery cell factory in Salzgitter, Lower Saxony, which is due to begin production in 2025. The factory will produce unified battery cells for the volume segment. In future, the plant is to reach an annual capacity of up to 40 GWh. The site is to serve as a blueprint for the standard factory concept that is to be rolled out throughout Europe and set benchmarks for sustainability and innovation. The standardization will encompass not only equipment, buildings and infrastructure but also products, processes and IT. The cell factories are to operate on renewable power and will be designed for future closed-loop recycling.

The Volkswagen Group has pooled its global battery activities in the newly created company PowerCo SE. Based in Salzgitter, the company manages the development of international factory operations, the further development of cell technology and the vertical integration of the value chain.

AUDI ENTERS FORMULA 1

In late August 2022, Audi announced that it would be entering the FIA Formula One World Championship starting from 2026 with a power unit developed by the brand itself. Audi Sport's motorsport competence center in Neuburg an der Donau will develop the power unit consisting of an electric motor, battery, electronic control system and combustion engine. The proportion of electric power will increase significantly compared with today's Formula 1 power units. The additional technical infrastructure, buildings and personnel required will be put in place during the course of 2023. By linking together the Formula 1 project and the Technical Development division, Audi aims to generate synergies and help transform the racing series. The technical rules for the 2026 season will see more electrification and the use of more sustainable fuel. In addition, Formula 1 has set itself the ambitious goal of being a carbon-neutral racing series by 2030.

IPO OF DR. ING. H.C. F. PORSCHE AG

In February of this year, the Board of Management and the Supervisory Board of Volkswagen AG decided together to examine the possibility of taking Dr. Ing. h.c. F. Porsche AG (Porsche AG) public. Porsche AG was successfully listed at the end of September: since September 29, 2022, non-voting preferred shares of Porsche AG have been traded in the Regulated Market of the Frankfurt Stock Exchange. In spite of the challenging market conditions, it was Europe's largest-ever IPO by market capitalization.

We have two main expectations of this IPO. Firstly, Porsche will be able to benefit from greater agility and entrepreneurial independence and continue the company's successful strategy. Secondly, the IPO will give the Volkswagen Group additional financial flexibility in the industrial and technological transformation towards e-mobility and digitalization. With our ten strong Group brands – of which Porsche is still one – we intend to continue to occupy a leading position in the market for battery-electric, increasingly automated, software-based mobility going forward.

The no-par value bearer shares from the portfolio of Porsche Holding Stuttgart GmbH (Porsche Holding) – a wholly owned subsidiary of Volkswagen AG – were successfully placed with investors. In connection with the IPO, Porsche Holding additionally sold an interest of 25% of Porsche AG's ordinary shares plus one ordinary share to Porsche Automobil Holding SE.

On February 24, 2022, Volkswagen AG announced that, following the successful IPO, it will propose to its shareholders that a special dividend be distributed in the amount of 49% of the total gross proceeds from the placement of the preferred shares and the sale of the ordinary shares. Against this backdrop, the Board of Management and the Supervisory Board have called an extraordinary general meeting for December 16, 2022, and propose a special dividend in the amount of €19.06 per ordinary or preferred share carrying dividend rights to enable Volkswagen AG shareholders to participate directly in the success of the overall transaction.

RESTRUCTURING OF GROUP MANAGEMENT

At the beginning of September 2022, the Supervisory Board of Volkswagen AG agreed a restructuring of the Group's management and a new allocation of responsibilities for the Group Board of Management. This also involved downsizing the Board of Management to nine members. The brands will be given more business responsibility while the Group will define the objectives, establish the guidelines for operational implementation and provide synergies for platforms and technologies. The Group Board of Management will concentrate on key tasks such as strategic orientation, important decisions on the company's direction, capital allocation and financial requirements. Alongside the Volume, Premium and Sport & Luxury brand groups, the central Board divisions Finance, Human Resources, Truck & Bus, Integrity and Legal Affairs, IT, Technology and China will continue to be represented on the Group Board of Management. The Chairman of the Board of Management will be responsible for the areas of strategy, quality, design and the software subsidiary CARIAD. Specific divisions with relevance across the Group such as Procurement, Research and Development, Production and Sales will be pooled at Group level in an extended Group Management function.

SUPERVISORY BOARD MATTERS

Harald Buck, member of the General and Group Works Council of Dr. Ing. h.c. F. Porsche AG, was court-appointed as a member of the Supervisory Board of Volkswagen AG effective as of October 4, 2022. He succeeds Werner Weresch, who resigned from office with effect from the close of September 30, 2022.

Volkswagen Shares

The trend in the international stock markets in the first nine months of 2022 was initially overshadowed by investors' concerns about possible interest rate hikes in the face of rising inflation rates and about the spread of the Omicron variant of the SARS-CoV-2 virus. Following the outbreak of the Russia-Ukraine conflict in February, the imposing of sanctions against Russia and the rise in commodity and energy prices that drove up inflation, the international stock markets came under pressure. In addition, the tight restrictions under the zero-Covid strategy being pursued in China placed further strain on international supply chains. The downward trend in stock prices intensified at the end of the reporting period due to the continuing confrontations in Ukraine, increasing concerns about a sufficient supply of energy, rising material costs, persistently high inflation and the resulting tighter monetary policy of the central banks.

The German stock market index began the year marginally up on its previous record achieved in November 2021. After that, apprehension about the tightening of monetary policy in the USA dominated investor sentiment. The Russia-Ukraine conflict and the fears this triggered of an energy crisis and its economic fallout provoked uncertainty among market participants and strained the capital market. In view of high inflation, the European Central Bank initiated an interest rate turnaround that, combined with fears of recession, resulted in a 24% fall in the DAX compared with the end of 2021.

Volkswagen AG's preferred and ordinary shares followed the trend on the stock markets, where some automotive stocks dropped at above-average rates. The price of the preferred and ordinary shares was down by 29% and 35% respectively compared with the end of 2021, although the sound operating results and the IPO of Porsche AG were received positively by the market.

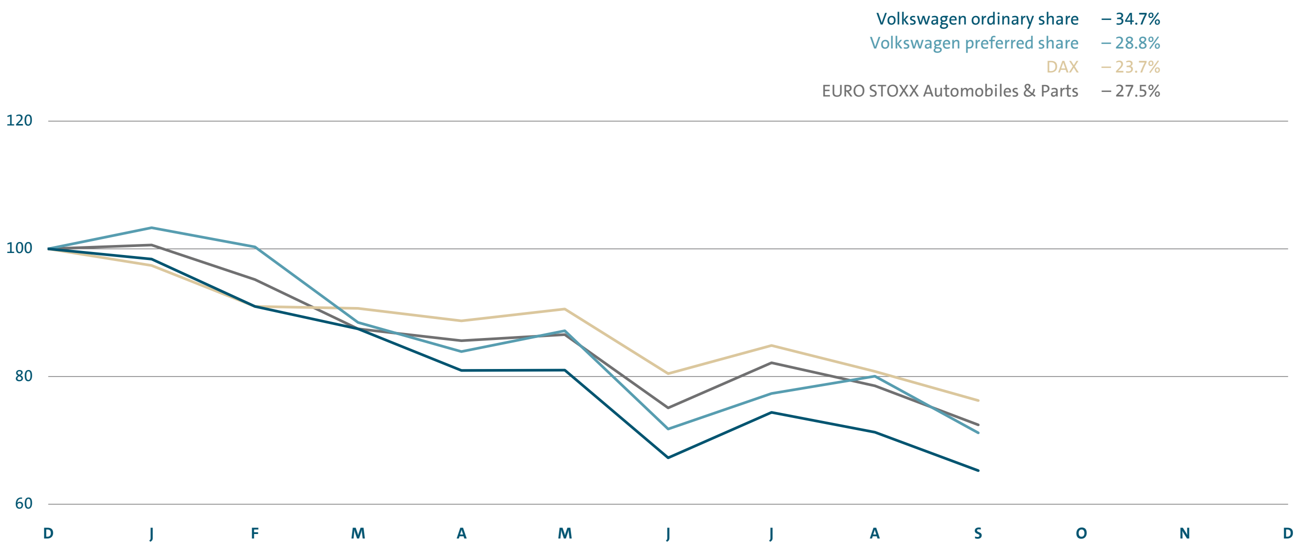
Information and explanations on earnings per share can be found in the notes to the interim consolidated financial statements. Additional Volkswagen share data, plus corporate news, reports and presentations can be downloaded from our website www.volkswagenag.com/en/InvestorRelations.html.

VOLKSWAGEN SHARE KEY FIGURES AND MARKET INDICES FROM JANUARY 1 TO SEPTEMBER 30, 2022

		High	Low	Closing
Ordinary share	Price (€)	279.40	166.05	168.65
	Date	Jan. 5	Jul. 5	Sept. 30
Preferred share	Price (€)	193.10	120.64	126.40
	Date	Jan. 14	Jul. 6	Sept. 30
DAX	Price	16,272	11,976	12,114
	Date	Jan. 5	Sept. 29	Sept. 30
ESTX Auto & Parts	Price	684	453	457
	Date	Jan. 5	Jul. 5	Sept. 30

PRICE DEVELOPMENT FROM DECEMBER 2021 TO SEPTEMBER 2022

Index based on month-end prices: December 31, 2021 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

The Russia-Ukraine conflict led to increased uncertainty in respect of developments in the global economy and prompted large sections of the community of Western states to impose sanctions on Russia ranging from extensive trade embargoes to the partial exclusion of Russia from the global financial system. Russia itself, in its role as an energy exporter, has restricted gas deliveries to Europe. The resulting increase in commodity prices and further intensified supply shortages are reinforcing the threat of persistently high inflation.

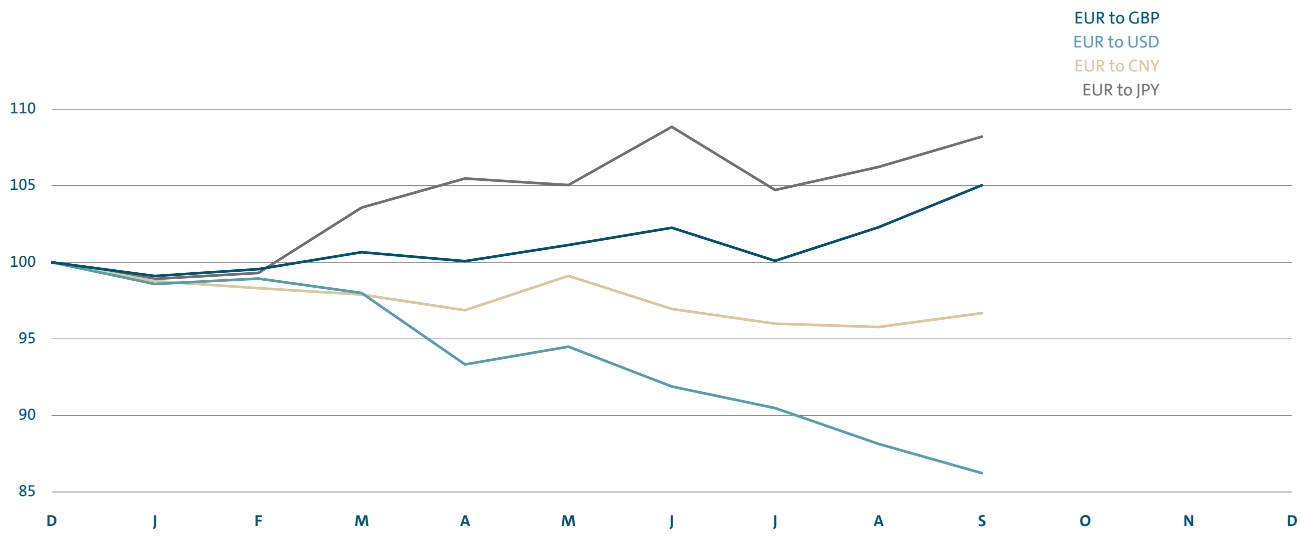
During the first three quarters of 2022, the restrictive measures put in place to protect the population from the SARS-CoV-2 virus were lifted to a large extent in many countries. The progress made in administering vaccines to the public had a positive effect, while the emergence of the new Omicron variant and its subvariants led to renewed sharp rises in infections on a national scale, mostly causing milder symptoms but increased rates of sick leave.

Following the slump in global economic output in 2020 and the incipient recovery due to base and catch-up effects in 2021, economic growth in both the advanced economies and the emerging markets during the reporting period remained on a recovery course on average. However, it was significantly lower year-on-year with diminishing momentum overall. At national level, developments depended on the one hand on the scale of the negative impact of the Covid-19 pandemic and the intensity with which measures were taken to contain it, and on the other on the extent to which national economies were affected by the consequences of the Russia-Ukraine conflict. In response to the further rise of inflation rates around the world, many countries shifted to a more restrictive monetary policy, which led central banks to increase their key interest rates and reduce bond purchases during the reporting period. The gloomier economic outlook resulted in large losses on major stock markets. On average, prices for energy and many other commodities rose significantly year-on-year and shortages of intermediates and commodities remained high. Global trade in goods increased in the reporting period.

The economies of Western Europe recorded positive year-on-year growth from January to September 2022. The reasons for this included increased economic resilience in the face of high infection rates in many countries, and the associated easing of the measures taken to contain the pandemic.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2021 TO SEPTEMBER 2022

Index based on month-end prices: as of December 31, 2021 = 100



However, significantly increased inflation rates, among other things, resulted in a slowdown in economic momentum, which hit consumer sentiment. This trend was seen in almost all countries in Northern and Southern Europe.

Germany registered positive economic growth during the reporting period, though with waning momentum. Compared with the same period of the prior year, unemployment fell on average, and the number of employees affected by *Kurzarbeit* (short-time working) decreased further from the high levels seen in the previous years. At the same time, monthly inflation rates hit historic highs.

Altogether, the economies in Central and Eastern Europe recorded a somewhat higher real absolute gross domestic product (GDP) in the reporting period compared with the same period of 2021. While economic output in Central Europe saw positive, albeit less dynamic growth than in the previous year, GDP in the Eastern Europe region fell significantly starting from the second quarter as a result of the Russia-Ukraine conflict, with negative growth rates versus the equivalent period of the previous year. The sanctions imposed against Russia had a substantial impact in this region beginning in March, so Russian economic output has been decreasing since the second quarter. Inflation rates rose, in some cases sharply, across the entire Central and Eastern Europe region.

From January to September 2022, Turkey's economy achieved an overall robust but weaker rate of growth in GDP compared to the previous year, amid very high inflation and depreciation of the local currency. South Africa recorded a positive change in GDP amid persistent structural deficits and political challenges.

Gross domestic product in the USA increased year-on-year in the first nine months of 2022, but the pace of growth weakened over the final quarters. Given rising inflation and the tight labor market, the US Federal Reserve continued its restrictive monetary policy and has already raised its key interest rate five times in the course of 2022. Unemployment declined further in the reporting period from the previous year's high level. In Canada and Mexico, economic output was also higher than in the same period of 2021.

Brazil's economy achieved moderate growth in the first three quarters of 2022, combined with a rise in consumer prices above average. Argentina saw robust growth in economic output on the whole amid very high inflation and the continued collapse of the currency.

At the beginning of the Covid-19 pandemic, China was already exposed to the negative effects at an earlier stage than other economies and, due to the zero-Covid strategy pursued there, benefited from a relatively low number of new infections as the pandemic progressed. This strategy resulted in temporary local lockdowns in connection with the spread of the Omicron variant. China's economic output rose in the reporting period; the growth figure for the second quarter was only in slightly positive territory but increased again in the third quarter. India registered significantly positive economic growth on the whole. Japan recorded a positive albeit low GDP growth rate compared with the same period of the previous year.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

Between January and September 2022, the volume of the passenger car market worldwide declined moderately overall year-on-year (–4.3%), impacted primarily by bottlenecks and disruption in the global supply chains as a consequence of the semiconductor shortage, the coronavirus pandemic and the repercussions of the Russia-Ukraine conflict. While the overall markets in the Asia-Pacific, Middle East, South America and Africa regions posted slight to moderate growth, the other sales regions saw a drop in volumes. The North America and Western Europe regions recorded a considerably weaker sales volume. Sales volume fell very sharply in Central and Eastern Europe.

The global volume of new registrations of light commercial vehicles between January and September 2022 was distinctly lower than the prior-year level.

In Western Europe, the number of new registrations of passenger cars in the reporting period fell significantly short of the prior-year level. Parts supply shortages, especially for semiconductors, and the resulting limited vehicle availability led to a decline in new registrations in the first nine months of the reporting year with uneven rates of change in all major individual markets: the passenger car markets in Italy and France lost more than 10% of their volume, thus recording the highest losses ahead of Germany, the UK and Spain.

In the first nine months of 2022, the volume of new registrations of light commercial vehicles in Western Europe was significantly lower than the prior-year figure.

New passenger car registrations in Germany between January and September 2022 were distinctly down on the figure for the first nine months of the previous year, even though the comparative figure was already relatively low at the beginning of 2021 owing to the expiry of the – temporary – reduction in value-added tax at the end of 2020. In particular, the deterioration in the supply situation as a result of the lack of intermediates continued to have a dampening effect.

The volume of new registrations of light commercial vehicles in Germany in the reporting period was significantly lower than in the same period of 2021.

In the Central and Eastern Europe region, the passenger car market volume in the reporting period showed a very sharp drop on the prior-year level. Here, sales differed from market to market. The biggest decrease in absolute terms by a considerable margin was registered in the Russian market. This was mainly due to the Russia-Ukraine conflict and associated sanctions, which led to drastic limitations on production and sales of vehicles in Russia.

Registration volumes for light commercial vehicles in Central and Eastern Europe declined very sharply year-on-year. Russia saw a more than 50% decline in the number of vehicles sold in the months from January to September 2022 compared with the prior-year figure.

In Turkey, the volume of the passenger car market was distinctly down on the previous year's level in the reporting period. The market decline seen since 2021 therefore continued in the first three quarters of 2022. In South Africa, the number of passenger cars sold in the first nine months of 2022 rose sharply on the very weak figure recorded in the same period of the previous year.

Between January and September 2022, sales of light commercial vehicles declined slightly year-on-year in both Turkey and South Africa.

Sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) in the North America region fell significantly in the reporting period against the comparable prior-year figure. Within the region, the market volume in the USA declined the most, both in absolute and in relative terms compared with the prior-year level. The drop affected both the passenger car segment and light commercial vehicles. In the Canadian automotive market, sales figures also decreased significantly in the period from January to September 2022. In Mexico, the number of vehicles sold was slightly higher than in the previous year.

In South America, the overall volume of new registrations for passenger cars and light commercial vehicles in the first nine months of 2022 was slightly up on the prior-year level. Brazil posted a moderate decline in new registrations, while the number of vehicles sold in Argentina increased moderately versus the comparable prior-year figure.

The Asia-Pacific region recorded a moderate year-on-year increase in the reporting period. The volume of sales in the Chinese market was slightly up on the same period of the previous year. The development of passenger car sales was hit by limited vehicle availability due to parts supply shortages, especially for semiconductors, and local lockdowns in connection with the spread of the Omicron variant of the SARS-CoV-2 virus. Sales in the Indian passenger car market trended strongly upward in the period from January to September 2022 and were almost a quarter higher than the figure for the prior-year period. In Japan, however, new passenger car registrations decreased significantly in the reporting period against the comparable prior-year figure.

There was a moderate year-on-year decline in the volume of new registrations of light commercial vehicles in the Asia-Pacific region in the first nine months of 2022. Registration volumes in China, the region's dominant market and the largest market worldwide, tapered off significantly compared with the period one year earlier. The number of new vehicle registrations in India was up more than 70% year-on-year; in Japan this figure was moderately lower than the previous year's level.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

Since July 1, 2021, Navistar has been a TRATON GROUP brand, making it part of the Volkswagen Group's Commercial Vehicles Business Area. This has expanded the relevant markets in the commercial vehicles business, both for trucks and for the school bus segment, to include North America (consisting of USA, Canada and Mexico).

In the markets that are relevant for the Volkswagen Group, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was moderately higher in the reporting period than in the prior year. Truck markets globally were far weaker than in the previous year, which was primarily due to the fall in demand in the Chinese market following purchases brought forward in 2021 as a result of stricter regulations entering into force that year and the zero-Covid strategy in place there.

Sales volume in the 27 EU states excluding Malta, but plus the United Kingdom, Norway and Switzerland (EU27+3), was slightly above the prior-year level in the first nine months of 2022. More recently, the availability of vehicles has improved after being impacted by parts supply shortages. The Russian market increased significantly at the beginning of the first quarter. No updated registration data is available at present. Turkey recorded a moderate increase in new registrations compared with the previous year. In the South African market demand was up significantly. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – new registrations were distinctly higher than the previous year's figure. In Brazil, the largest market in the South America region, demand for trucks in the first three quarters of 2022 was slightly below the previous year's level.

In the first nine months of 2022, there was a moderate decline in demand overall in the bus markets that are relevant for the Volkswagen Group compared with the same period of the prior year. Demand for buses in the EU27+3 markets in the reporting period was down slightly on the level of the previous year, with the picture varying from country to country. The school bus segment in the US and Canada delivered a significantly weaker performance than in the prior year. Demand for buses in Mexico was distinctly lower than in the previous year. In Brazil, demand increased and was up distinctly on the prior-year figure.

TRENDS IN THE MARKETS FOR POWER ENGINEERING

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

The marine market remained below the prior-year level in the first three quarters of 2022. This is especially attributable to the fact that the demand in merchant shipping and the resulting shipyard utilization declined. In this market, performance in the market for container ships, tankers and bulk cargo carriers especially declined in comparison with the previous year, though the market for gas tankers developed positively. Slightly positive development was also evident in the market for cruise ships and passenger ferries. The easing of Covid-19-related restrictions enabled business activity in this market to grow again. The special market for government vessels, which is supported by state investment, was active due to the current geopolitical situation. In the offshore sector, the existing overcapacity continued to curb investment in offshore oil production despite the sharp rise in oil and gas prices. On the other hand, demand for offshore special ships for wind turbines developed positively. The uncertainty regarding future fuel and emissions regulations persisted in the marine market in the third quarter of 2022 as well.

The market for power generation showed clear signs of recovery in the first nine months of 2022. The trend away from oil-fired power plants towards dual-fuel and gas-fired power plants continued, underpinned by the resolution at the last UN Climate Change Conference (COP26) and the resulting difficulties in financing oil-fired power plants. However, the Russia-Ukraine conflict is also having a noticeable impact in this regard due to increasing gas and commodity prices, as well as a delayed availability of core components. In addition to the risks of a lack of price stability in the markets and bottlenecks in supply chains, the strong competitive and price pressure also continued unabated. There was still strong demand for new energy solutions such as hydrogen and long-term energy storage, with an ongoing clear trend towards greater flexibility and decentralized availability.

The turbomachinery market delivered a slightly more muted performance than in the first three quarters of 2021. The continued rise in prices for raw materials further increased demand for production facilities with turbo compressors in the raw materials and processing industry. The oil and gas markets did not receive a boost from rising energy prices and followed a slightly lower trend year-on-year. The new business fields for turbomachinery used in the area of decarbonization remained at the prior-year level. Demand for steam turbines used for power generation and gas turbines used for decentralized, industrial combined-heat-and-power installations was slightly higher than in the previous year.

Both the after-sales market for engines in the marine and power plant business and the after-sales market for turbomachinery experienced significantly stronger growth in the 2022 reporting period than in the same period of the prior year, which was impacted by the Covid-19 pandemic.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Demand for automotive financial services was buoyant in the first three quarters of 2022 due, among other things, to key interest rates in the main currency areas, which have remained low for now. The rise in interest rates in the third quarter has so far had a minor impact on the financial services markets. The Covid-19 pandemic and vehicle availability, which continued to be limited, put pressure on the demand for financial services in almost all regions.

The European passenger car market was still affected in the reporting period by parts supply shortages; vehicle deliveries were down on the prior-year period. By contrast, the share of financial services products in the new vehicle business grew positively and exceeded the 2021 figure. The main drivers of this trend were positive changes in the sales mix that benefited the private customer business, which lends itself particularly to financing, and an increased share of leasing contracts in the fleet business. The positive trend in the financing of used vehicles continued in the first nine months of 2022; in particular, the sale of after-sales products such as servicing, maintenance and spare parts agreements increased. Financial services activities in Russia were negatively affected by the Russia-Ukraine conflict and the impact of the international sanctions.

In Germany, the continuing challenges presented by the faltering parts supply in vehicle production impacted on vehicle sales and the financial services business. The decrease in deliveries of new vehicles has led to fewer new leasing and financing contracts being concluded to date in the reporting period than a year earlier. New vehicle penetration was down slightly on 2021. Overall, the level of new contracts for used vehicles continued to be similar to that of the previous year, but there was a significant increase in the number of new financing contracts. The number of new maintenance and tire service agreements rose in the third quarter and the figures for the reporting period fell only slightly short of the 2021 figures. With few exceptions, there were fewer new contracts in the insurance business than a year earlier.

In South Africa, demand for financing and insurance products for new and used cars remained subdued in the period from January to September 2022. Coordinated campaigns to promote such products were scaled back due to limited vehicle availability. To counter rising inflation, the South African Reserve Bank has begun to raise interest rates.

In the North America region, the market for financed vehicle purchases remained difficult overall due to the subdued economy, increasing energy prices and the resulting pressure on disposable income. Vehicle deliveries in the first three quarters of 2022 were down on the prior year. The US and Canadian markets also saw declining demand for leasing and financing contracts because of interest rate hikes. In the Mexican market, the percentage of new leasing and financing contracts remained on a level with the previous year and new contracts for after-sales products were up year-on-year.

In the South America region, excess demand for vehicles in a volatile environment – exacerbated in Argentina by restrictions on imports – and the interest rate level kept the number of cash sales high. In Brazil, there was a significant increase in the number of new financing contracts.

In the Chinese market, passenger car sales were impacted by parts supply shortages and local restrictions due to the pandemic. Both the proportion of credit-financed vehicle purchases and growth in new contracts declined. The comparative prior-year figures were not achieved in the reporting period.

In the period from January to September 2022, the financial services business in the market for heavy commercial vehicles was slightly up on the comparative prior-year level, also affecting financing and leasing contracts in Europe and Brazil.

VOLKSWAGEN GROUP DELIVERIES

Between January and September 2022, the Volkswagen Group delivered 6,056,339 vehicles to customers worldwide. This was 12.9% or 895,101 units less than in the same period of the previous year. While sales figures for the Passenger Cars Business Area fell short of the prior-year figure, sales in the Commercial Vehicles Business Area were higher than in the previous year. It is important to note that Navistar was only integrated as of July 1, 2021. The chart in this section shows the trend in deliveries worldwide for the individual months compared with the previous year.

In the following, we report separately on deliveries in the Passenger Cars Business Area and the Commercial Vehicles Business Area.

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

	2022	2021	%
Passenger Cars	5,839,194	6,756,014	–13.6
Commercial Vehicles	217,145	195,426	+11.1
Total	**6,056,339**	**6,951,440**	**–12.9**

1 Prior-year deliveries have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures.
As of July 1, 2021, the figures include Navistar.

GLOBAL DELIVERIES BY THE PASSENGER CARS BUSINESS AREA

Sales of Volkswagen Group passenger cars and light commercial vehicles worldwide in the first nine months of 2022 declined by 13.6% year-on-year to 5,839,194 units. In addition to the uncertainty and measures being taken around the world to deal with the Covid-19 pandemic, persistent semiconductor shortages and the resulting limited availability of Group models meant that demand could not be adequately met in some regions. From late February 2022 onwards, the Russia-Ukraine conflict also created further parts supply shortages and greater uncertainty in the markets. While Porsche, Lamborghini and Bentley delivered a higher number of vehicles to customers, none of the other Volkswagen Group brands reached their prior-year figures. We registered a year-on-year decline in sales in all regions.

With additional model launches as part of the Group's e-mobility campaign sales increased in the first three quarters of this year, bringing deliveries of all-electric vehicles to 366,366 units worldwide. This was 73,321 or 25.0%, more units than in the same period of the previous year. Their share of the Group's total deliveries rose to 6.0 (4.2)%. A total of 160,292 of our plug-in hybrid models were delivered (–34.9%). Total electric vehicle deliveries declined by 2.3%. However, their share of total Group deliveries rose year-on-year to 8.7 (7.8)%. The Group's most successful all-electric vehicles included the ID.3 and ID.4 from the Volkswagen Passenger Cars brand, the Audi e-tron and Audi Q4 e-tron, the ŠKODA Enyaq iV, the CUPRA Born and the Porsche Taycan and Taycan Cross Turismo.

In an overall global market experiencing a moderate decline, we achieved a passenger car market share of 11.0 (12.1)%.

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

Deliveries in Europe/Other Markets

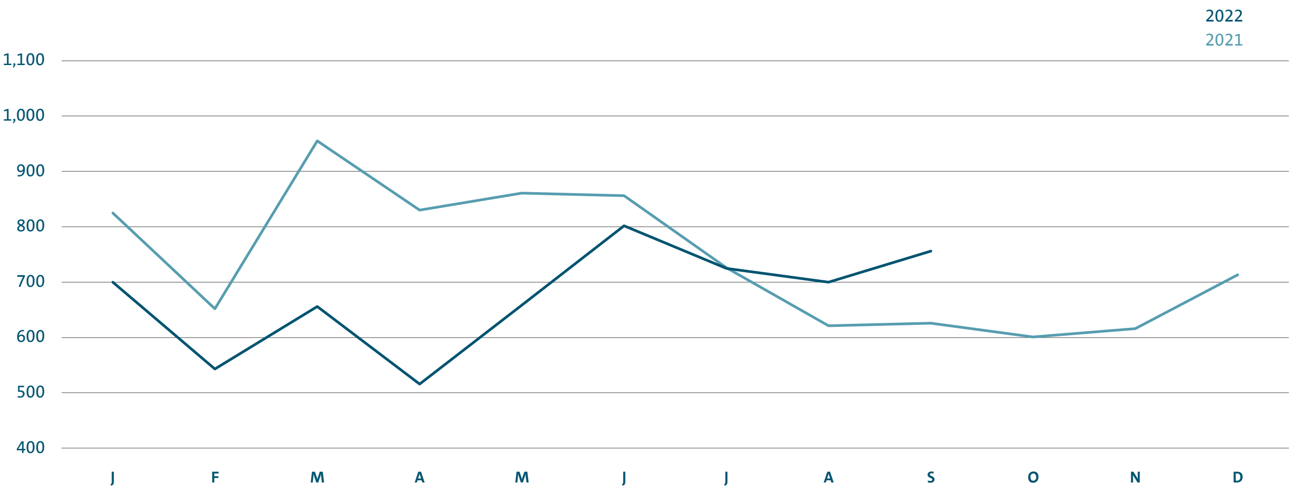
In Western Europe, the Volkswagen Group delivered 1,893,069 vehicles to customers in the first nine months of this year in an overall market that was at a significantly lower level than the prior year. This means deliveries were down 13.9% on the already weak period of the previous year. In addition to the uncertainty and measures being taken around the world to deal with the Covid-19 pandemic, persistent semiconductor shortages and the resulting limited availability of Group models meant that demand could not be adequately met in some regions. From late February 2022 onwards, the Russia-Ukraine conflict also created further parts supply shortages and greater uncertainty in the markets. Customer interest in the Volkswagen Group's electrified vehicles was strongest in Western Europe, where we delivered around three-quarters of our plug-in hybrids and more than half of our all-electric models to customers in the first nine months of 2022. In this region, electrified vehicles accounted for 16.4 (17.0)% of the Group's total deliveries; the share of all-electric vehicles stood at 10.4 (8.9)%. The Group models with the highest sales volume were the T-Roc, Golf, Polo and Tiguan from the Volkswagen Passenger Cars brand. The Arteon from Volkswagen Passenger Cars, the ŠKODA Kodiaq and the CUPRA Formentor were also among the models that saw positive demand. In addition, the following new or successor models introduced to the market during the previous year proved very popular with customers: the Taigo from Volkswagen Passenger Cars, the ŠKODA Fabia and Enyaq iV, the CUPRA Born, the Multivan from Volkswagen Commercial Vehicles, the Audi Q4 e-tron, Q4 Sportback e-tron and Q5 Sportback, as well as the Porsche Macan and Porsche Taycan Cross Turismo. Among others, the T-Roc, T-Roc Cabriolet and ID.5 models from Volkswagen Passenger Cars, the ŠKODA Karoq, the Audi A8 and the Porsche Taycan Sport Turismo were successfully launched on the market during the reporting period as new or successor models. The Volkswagen Group's share of the passenger car market in Western Europe was 23.0 (24.0)%.

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

	DELIVERIES (UNITS)		CHANGE
	2022	2021	(%)
Europe/Other Markets	**2,402,171**	**2,965,846**	**–19.0**
Western Europe	**1,893,069**	**2,199,011**	**–13.9**
of which: Germany	720,702	749,144	–3.8
France	148,730	188,071	–20.9
United Kingdom	268,970	345,192	–22.1
Italy	163,704	203,789	–19.7
Spain	145,085	177,340	–18.2
Central and Eastern Europe	**316,528**	**510,360**	**–38.0**
of which: Czech Republic	75,551	91,551	–17.5
Russia	38,550	168,168	–77.1
Poland	80,875	98,053	–17.5
Other Markets	**192,574**	**256,475**	**–24.9**
of which: Turkey	72,392	101,203	–28.5
South Africa	54,390	55,993	–2.9
North America	**570,711**	**688,035**	**–17.1**
of which: USA	419,246	510,066	–17.8
Canada	65,637	78,039	–15.9
Mexico	85,828	99,930	–14.1
South America	**280,115**	**331,422**	**–15.5**
of which: Brazil	188,506	234,417	–19.6
Argentina	37,585	48,092	–21.8
Asia-Pacific	**2,586,197**	**2,770,711**	**–6.7**
of which: China	2,357,205	2,547,221	–7.5
India	71,177	32,248	x
Japan	44,664	52,476	–14.9
Worldwide	**5,839,194**	**6,756,014**	**–13.6**
Volkswagen Passenger Cars	3,334,509	3,794,719	–12.1
ŠKODA	544,515	700,735	–22.3
SEAT	291,980	391,298	–25.4
Volkswagen Commercial Vehicles	234,403	286,533	–18.2
Audi	1,193,529	1,347,637	–11.4
Lamborghini	7,430	6,902	+7.6
Bentley	11,316	10,934	+3.5
Porsche	221,512	217,198	+2.0
Bugatti[2]	–	58	x

1 Prior-year deliveries have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures.
2 Until October 31, 2021.

VOLKSWAGEN GROUP DELIVERIES BY MONTH
Vehicles in thousands



In Germany, the number of Volkswagen Group vehicles handed over to customers between January and September 2022 was down 3.8% on the already weak prior year in an overall market experiencing a distinct decline. In addition to the uncertainty and measures being taken around the world to deal with the Covid-19 pandemic, persistent semiconductor shortages and the resulting limited availability of Group models meant that demand could not be adequately met. From late February 2022 onwards, the Russia-Ukraine conflict also created further parts supply shortages and greater uncertainty in the markets.

The Group models with the highest sales volume were the Golf and T-Roc from the Volkswagen Passenger Cars brand. Demand also increased for the ID.4 and Arteon models from Volkswagen Passenger Cars, the CUPRA Formentor and the Audi Q3, Audi Q3 Sportback and Audi A4 Avant among other models. The new or successor models introduced during the previous year – the Taigo from the Volkswagen Passenger Cars brand, the ŠKODA Fabia and Enyaq iV, the CUPRA Born, the Multivan from Volkswagen Commercial Vehicles, the Audi Q5 Sportback and the Porsche Macan and Taycan Cross Turismo – were also in high demand among customers. Six Group models led the Kraftfahrt-Bundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the Golf, T-Roc, Tiguan, Passat, Porsche 911 and Multivan/Transporter. The Golf was again the most popular passenger car in Germany in terms of registrations in the first nine months of 2022.

In the Central and Eastern Europe region, the number of vehicles handed over to customers in the reporting period was down almost 40% year-on-year. This was due in particular to the slump in sales in the Russian market as a consequence of the sanctions imposed in connection with the Russia-Ukraine conflict. The market as a whole experienced a similarly strong decline. Demand developed encouragingly for the T-Roc and Taigo from Volkswagen Passenger Cars, as well as for the ŠKODA Enyaq iV and Superb, the CUPRA Formentor and the Audi Q5 Sportback. The Volkswagen Group's share of the passenger car market in the Central and Eastern Europe region amounted to 21.7 (21.8)%.

In Turkey, the Volkswagen Group delivered 28.5% fewer vehicles to customers between January and September 2022 than in the prior-year period in an overall market experiencing a distinct decline. The Passat saloon and the T-Roc from Volkswagen Passenger cars were the most sought-after Group models. In the South African market, the number of Group models sold decreased by 2.9%, while the overall market recorded strong growth. The Polo from the Volkswagen Passenger Cars brand remained the most sought-after Group model in this region.

Deliveries in North America

In North America, the number of Volkswagen Group models delivered to customers in the reporting period was down by 17.1% year-on-year. The overall market showed a significant decline in this period. The Group's share of the market in this region amounted to 4.7 (5.0)%. The Tiguan Allspace, Taos and Atlas from Volkswagen Passenger Cars were the most sought-after Group models in North America. In the US market, which is experiencing a significant decline, the Volkswagen Group delivered 17.8% fewer vehicles to customers between January and September 2022 than in the same period of the previous year. Here, too, parts supply shortages acted as a drag on the Group's sales figures. The Group models to record the greatest increases in absolute terms included the Taos from Volkswagen Passenger Cars as well as the A3 saloon, Q5 Sportback, and e-tron GT from Audi. Sales of the Porsche Taycan Cross Turismo also developed encouragingly. The Jetta from Volkswagen Passenger Cars, the Audi Q4 e-tron, the Audi Q4 e-tron Sportback and the Porsche Macan were successfully launched on the market during the reporting period as new or successor models.

In Canada, the number of deliveries to Volkswagen Group customers decreased by 15.9% year-on-year in the reporting period. The overall market experienced a significant decline during this period. The Taos and ID.4 from Volkswagen Passenger Cars, the Audi A3 saloon and Audi Q5 Sportback plus the Porsche 911 were some of the models that saw encouraging growth in demand.

In Mexico, where the overall market is seeing slight growth, we delivered 14.1% fewer vehicles to customers in the first three quarters of this year than in the prior-year period. Demand developed encouragingly for models such as the Saveiro, Taigun and Nivus from Volkswagen Passenger Cars.

Deliveries in South America

In the South American market for passenger cars and light commercial vehicles, which was slightly up on the prior-year level, the number of Group models handed over to customers between January and September 2022 decreased by 15.5% year-on-year. The Gol, T-Cross and Nivus from Volkswagen Passenger Cars were the Group models with the highest sales volumes. The Group's share of the market in South America amounted to 10.6 (12.7)%.

Compared with the previous year, the Volkswagen Group delivered 19.6% fewer vehicles to customers in the first nine months of 2022 in the moderately weaker Brazilian market. Sales of the Gol, T-Cross and Taos models from Volkswagen Passenger Cars developed particularly encouragingly.

In Argentina, the number of Group models sold in the reporting period fell whilst the overall market moderately grew by 21.8% in comparison with the previous year. Group models with the highest sales volume were the Taos from Volkswagen Passenger Cars and the Amarok from Volkswagen Commercial Vehicles.

Deliveries in the Asia-Pacific region

In the first nine months of 2022, the Volkswagen Group saw its sales in the Asia-Pacific region fall by 6.7% year-on-year in an overall market that is seeing moderate volume growth. Parts supply shortages, especially for semiconductors, affected this region as well, and in addition, local lockdowns in China in connection with the spread of the Omicron variant of the SARS-CoV-2 virus resulted in restrictions. The Group's share of the passenger car market in this region amounted to 10.4 (11.5)%.

China's overall market recorded a slight growth in the reporting period. The Volkswagen Group delivered 7.5% fewer vehicles to customers there than in the preceding year. The ID.3, ID.4 X, ID.4 CROZZ, ID.6 X, ID.6 CROZZ and Talagon models from Volkswagen Passenger Cars, the Audi Q5L Sportback and Audi A7L saloon as well as the Porsche Panamera, among others, introduced to the market as new or successor models during the previous year, showed a positive trend. Some of the models that saw encouraging demand were the Golf, T-Roc, Passat, Magotan and CC from Volkswagen Passenger Cars, the Audi A4 saloon, Audi Q5 and VS5 from the JETTA brand. The Bora, Lamando, Lavida, Sagitar, Tayron, Teramont and Viloran from Volkswagen Passenger Cars, the ŠKODA Kodiaq and the Audi Q2L e-tron, Audi Q4 e-tron and Audi Q5 e-tron were successfully launched on the market during the reporting period as new or successor models.

In the fast-growing Indian passenger car market, the Volkswagen Group sold more than twice as many vehicles in the first three quarters of this year than in the prior-year period. The new Taigun from the Volkswagen Passenger Cars brand as well as the new Kushaq from ŠKODA, which was introduced in the previous year, were the most sought-after Group models there. The Virtus from Volkswagen Passenger Cars, the Kodiaq and the Slavia from ŠKODA as well as the Porsche Taycan saloon were successfully launched on the market during the reporting period as new or successor models.

In Japan, the number of Group models delivered to customers between January and September 2022 fell by 14.9% year-on-year in a considerably weaker overall market. Among other things, trends in sales of the Golf from Volkswagen Passenger Cars and the Audi Q5 Sportback were encouraging.

COMMERCIAL VEHICLE DELIVERIES

Between January and September 2022, the Volkswagen Group delivered 11.1% more commercial vehicles to customers worldwide than in the same period of the previous year. We delivered a total of 217,145 commercial vehicles to customers in the first nine months of this year. Trucks accounted for 181,719 units (+8.9%) and buses for 20,689 units (+64.3%). Deliveries of the MAN TGE van series amounted to 14,737 (–8.0%). The American commercial vehicle manufacturer Navistar became a TRATON GROUP brand on July 1, 2021. Navistar sold a total of 59,908 heavy commercial vehicles in the first three quarters of 2022.

In the 27 EU states excluding Malta, but plus the United Kingdom, Norway and Switzerland (EU27+3), sales from January to September 2022 were down by 10.3% on the same period of the previous year to a total of 77,142 units, of which 59,179 were trucks and 3,349 were buses. Deliveries of the MAN TGE van series amounted to 14,614 vehicles.

As a result of the sanctions imposed in connection with the Russia-Ukraine conflict, sales in Russia fell year-on-year to 1,506 (9,062) units, comprising 1,499 trucks and 7 buses. Since the conflict began, no orders for new vehicles have been accepted from Russia.

Between January and September 2022, deliveries in Turkey decreased to 3,383 (3,674) vehicles. Trucks accounted for 3,219 units, buses for 106 units and the MAN TGE van series for 58 units. In South Africa, deliveries of Volkswagen Group commercial vehicles amounted to 2,765 units and remained virtually unchanged compared with the previous year; of this figure 2,419 were trucks and 346 were buses.

Sales in North America rose in the first three quarters of 2022 to 60,543 vehicles (15,575), of which 50,460 were trucks and 10,083 were buses. The figures also include the sales of Navistar which have been consolidated since July 1, 2021; these vehicles were primarily handed over to customers in the United States.

Deliveries in South America declined to a total of 57,433 vehicles (–5.2%) in the reporting period, of which 51,772 were trucks and 5,661 were buses. Sales in Brazil were down by 11.5% in the first nine months of 2022, falling to 45,673 units. Of the units delivered, 41,110 were trucks and 4,563 were buses.

In the Asia-Pacific region, the Volkswagen Group sold 8,051 vehicles to customers in the reporting period including 7,515 trucks and 529 buses. Overall, this was 15.6% less than in the previous year.

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

	DELIVERIES (UNITS)		CHANGE
	2022	2021	(%)
Europe/Other Markets	**91,118**	**109,719**	**–17.0**
of which: EU27+3	77,142	85,972	–10.3
of which: Germany	20,142	23,274	–13.5
Russia	1,506	9,062	–83.4
Turkey	3,383	3,674	–7.9
South Africa	2,765	2,781	–0.6
North America	**60,543**	**15,575**	**x**
of which: USA	48,396	11,414	x
Mexico	8,149	3,199	x
South America	**57,433**	**60,597**	**–5.2**
of which: Brazil	45,673	51,623	–11.5
Asia-Pacific	**8,051**	**9,535**	**–15.6**
Worldwide	**217,145**	**195,426**	**+11.1**
Scania	58,384	67,235	–13.2
MAN[2]	55,756	68,534	–18.6
Navistar	59,908	14,076	x
Volkswagen Truck & Bus[2]	43,097	45,581	–5.4

1 Prior-year deliveries have been updated to reflect subsequent statistical trends. As of July 1, 2021, the figures include Navistar.
2 Until the first quarter of 2022, deliveries for Volkswagen Truck & Bus were reported within MAN.

DELIVERIES IN THE POWER ENGINEERING SEGMENT

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

In the period from January to September 2022, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated more than three-quarters of overall sales revenue.

VOLKSWAGEN GROUP FINANCIAL SERVICES

The Financial Services Division covers the Volkswagen Group's dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings. The division comprises Volkswagen Financial Services and the financial services activities of Scania and Porsche Holding Salzburg and also extends to the contracts concluded by our international joint ventures. As of July 1, 2021, it also includes the financial services business of Navistar.

The Financial Services Division's products and services were popular in the period from January to September 2022. However, demand was affected to varying degrees by the Covid-19 pandemic. Limited vehicle availability caused by parts supply shortages, and exacerbated by the Russia-Ukraine conflict, also weighed on demand. The number of new financing, leasing, service and insurance contracts signed worldwide fell by 5.0% to 6.3 million. The ratio of leased and financed vehicles to Group deliveries (penetration rate) in the Financial Services Division's markets stood at 32.0 (36.1)% in the reporting period. The total number of contracts on September 30, 2022 was 24.5 (24.5) million.

In the first nine months of 2022, the financial services business in the Europe/Other Markets region was impacted by the Covid-19 pandemic and by limited vehicle availability caused by parts supply shortages, as well as by the Russia-Ukraine conflict. At 4.6 million, the number of new contracts signed in the reporting period was down 6.3% on the previous year's figure. The total number of contracts at the end of September 2022 was on a level with December 31, 2021 at 18.0 (18.0) million. The customer financing/leasing area was responsible for 7.2 (7.4) million of these contracts.

The number of new contracts signed in North America in the reporting period decreased year-on-year to 583 (785) thousand owing to the decline in vehicle deliveries. The total number of contracts came to 3.0 million on September 30, 2022, a 6.8% fall on the level reported at the end of 2021. The customer financing/leasing area recorded 1.7 (1.9) million contracts.

In the South America region, 259 (260) thousand new contracts were concluded in the first three quarters of this year. Compared with December 31, 2021, the total number of contracts at the end of the reporting period rose to 793 (723) thousand. The contracts mainly related to the customer financing/leasing area.

The number of new contracts signed in the Asia-Pacific region between January and September 2022 increased to 904 (726) thousand, exceeding the comparative prior-year figure. The total number of contracts was 2.6 million on September 30, 2022, 2.0% more than at year-end 2021. The customer financing/leasing area recorded 1.7 (1.8) million contracts.

SALES TO THE DEALER ORGANIZATION

In the reporting period, the Volkswagen Group's unit sales to the dealer organization declined year-on-year by 3.4% to 6,242,518 vehicles (including the equity-accounted companies in China). Between January and September 2022, limited vehicle availability as a result of the Covid-19 pandemic and bottlenecks in the supply of parts caused by the shortage of semiconductors and the Russia-Ukraine conflict had a negative impact. In addition, disruptions in logistics resulted in delays. At 5,511,719 vehicles, unit sales outside Germany declined by 3.7% compared with the period from January to September 2021. The United Kingdom, Brazil and France were particularly affected, as was Russia, since vehicle exports to this region had been halted. Growth was recorded, however, in China, India and the USA. Unit sales in Germany decreased by 1.3% year-on-year. Vehicles sold in Germany as a proportion of overall sales increased to 11.7 (11.5)%.

PRODUCTION

In the first nine months of 2022, the Volkswagen Group produced 6,396,565 vehicles (including the equity-accounted companies in China), 4.9% more than in the same period of the previous year. The shortage of semiconductors and the disruption of supply chains caused by the Russia-Ukraine conflict and the Covid-19 pandemic led to production being halted in the Volkswagen Group. The situation eased at the end of the reporting period. Against the backdrop of the Russia-Ukraine conflict and the resulting consequences, Volkswagen decided to suspend the start of vehicle production in Russia until further notice. Between January and September 2022, production outside Germany increased by 5.3% year-on-year, giving a total of 5,215,973 vehicles. The proportion of vehicles produced in Germany decreased to 18.5 (18.8)%.

INVENTORIES

Global inventories of new vehicles at Group companies and in the dealer organization were higher on September 30, 2022 than at year-end 2021, and above the corresponding prior-year figure. Disruptions in logistics, among other factors, had a negative impact in the reporting period.

EMPLOYEES

The Volkswagen Group had 645,868 active employees on September 30, 2022. A further 12,227 employees were in the passive phase of their partial retirement. In addition, there were 16,812 young people completing vocational traineeships. At the end of the reporting period, the Volkswagen Group had a total of 674,907 (672,789) employees worldwide. This represented an increase since the end of 2021. A total of 292,419 people were employed in Germany, which was 0.9% fewer than at December 31, 2021.

Results of Operations, Financial Position and Net Assets

IPO OF PORSCHE AG

On September 28, 2022, as part of the IPO of Dr. Ing. h.c. F. Porsche AG, Stuttgart (Porsche AG), a total of 113,875,000 preferred shares of Porsche AG were successfully placed with investors at a placement price of €82.50, totaling around €9.4 billion – including 14,853,260 preferred shares to cover potential additional allocations. The no-par value bearer shares came from the portfolio of Porsche Holding Stuttgart GmbH, Stuttgart – a wholly owned subsidiary of Volkswagen AG. The total number of preferred shares offered in the IPO corresponds to up to 25% of the preference share capital of Porsche AG. The non-voting preferred shares of Porsche AG are traded on the Regulated Market of the Frankfurt Stock Exchange. Up to the early termination of the stabilization period on October 11, 2022, a total of 3,794,199 preferred shares had been bought back on the market; of this total, 3,248,460 preferred shares were attributable to the third quarter. The free float of the preferred shares after the end of the stabilization period is therefore 24.2% and comprises 110,080,801 preferred shares.

In connection with the IPO, Volkswagen additionally sold an interest of 25% of Porsche's ordinary shares plus one ordinary share to Porsche Automobil Holding SE, Stuttgart (Porsche SE). As consideration, Porsche SE has undertaken to pay a purchase price of around €10.1 billion to Volkswagen; this purchase price includes a premium of 7.5% on the placement price of the preferred shares. The purchase of the ordinary shares will be completed in two tranches of 79,712,501 and 34,162,500 shares respectively.

As a result of the transactions, the Volkswagen Group's equity increased by €19.2 billion as of September 30, 2022, of which €10.8 billion is reported as noncontrolling interests. The right to payments from the sale of the ordinary and preferred shares in the amount of €19.2 billion was recognized in the balance sheet as a receivable as of September 30, 2022; the cash inflow for the preferred shares and the first tranche of the ordinary shares occurred at the beginning of the fourth quarter. Payment for the second tranche of the ordinary shares is expected in January 2023.

The employees of Volkswagen AG and Volkswagen Sachsen GmbH are to participate in the economic success of the sale of shares in Porsche AG in the amount of €2,000 per employee. A provision of €0.3 billion was recognized to this end as of the balance sheet date.

TAKEOVER OF EUROPCAR

In 2021, together with investment firm Attestor Limited and Pon Holdings B.V., Volkswagen made a joint public takeover offer for the shares of Europcar Mobility Group S.A., Paris/France through the consortium company Green Mobility Holding S.A. (GMH) based in Strassen/Luxembourg. The European Commission issued final antitrust approval at the end of May 2022. During the extended offer period, the French Financial Markets Authority gave Europcar shareholders the opportunity to tender their shares to the consortium company. In total, 93.6% of Europcar's shareholders accepted the offer. The consortium jointly assumed control of Europcar in mid-June 2022. Because the acceptance rate was over 90%, a squeeze-out was initiated for the remaining Europcar shares in July 2022, and the company was delisted. As a result, the consortium company has held 100% of the shares in Europcar since July 13, 2022. The purchase price was 51 cents per Europcar share.

At the end of June 2022, the entire portion of the purchase price attributable to Volkswagen, amounting to €1.7 billion, was contributed to GMH. The company, in which Volkswagen holds 66% of the shares, will be accounted for in the Volkswagen consolidated financial statements using the equity method. In addition, Volkswagen is the writer of put options held by the other members of the consortium, and the other members have granted Volkswagen call options on their shares in the consortium company. The measurement of the options led to a non-cash gain of €30 million in the period from January to September 2022, which was recognized in the financial result.

BROSE SITECH SP. Z O.O. TRANSACTION

Following the fulfillment of all closing conditions, Brose Fahrzeugteile SE & Co. Kommanditgesellschaft (Brose) and Volkswagen Finance Luxemburg S.A., a subsidiary of Volkswagen AG, created a jointly operated company in early 2022 for the development and manufacture of complete seat units, seat structures and components, and solutions for vehicle interiors. As part of this arrangement, Brose acquired half of the shares in the previous Volkswagen Group company SITECH Sp. z o.o., Polkowice/Poland. Brose and Volkswagen each hold 50% of the jointly operated company – Brose Sitech Sp. z o.o. – with Brose taking the industrial lead and controlling the company. Given its significant influence, Volkswagen accounts for Brose Sitech as an associate using the equity method. The change in the accounting policy did not have any material effect on the Volkswagen Group's profit or loss.

ACQUISITION OF NAVISTAR

On July 1, 2021, a TRATON GROUP company acquired all of the outstanding shares in Navistar International Corporation (Navistar), a US manufacturer of commercial vehicles based in Lisle, Illinois/USA. Due to the size of the transaction, it was not possible to complete the in-house reviews of the information underlying the purchase price allocation until the current fiscal year. The update to the purchase price allocation did not materially affect the results of operations, financial position and net assets of the Volkswagen Group.

IMPAIRMENT OF ARGO AI

Volkswagen will make no further investments in Argo AI to develop autonomous driving and will cease to be a shareholder of the company. An impairment loss on the entire interest in the Argo AI joint venture was therefore recognized as of September 30, 2022. This resulted in an expense of €1.9 billion, which was recognized in the other financial result.

RUSSIA-UKRAINE CONFLICT

In the reporting period, the ongoing Russia-Ukraine conflict, Russia's partial mobilization and additional, more stringent sanctions imposed on Russia by the community of Western states led to the risk assessment of the situation in Russia being adjusted in the third quarter.

On the basis of this reassessment, comprehensive loss allowances on assets of production facilities and financial services companies were recognized, as were risk provisions, especially for third-party expenses expected from the discontinuation of activities in Russia. In addition, the intention is to sell certain companies in Russia.

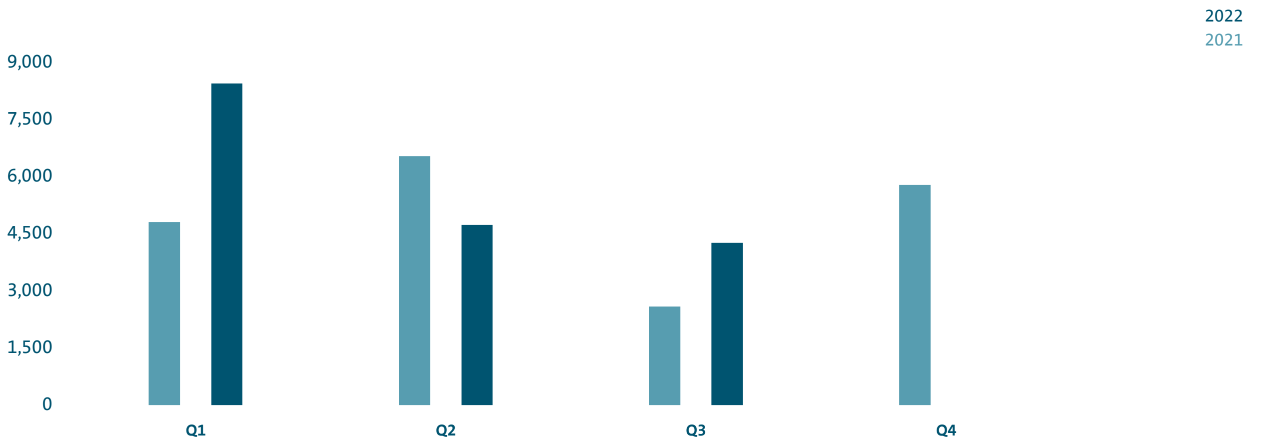
In this context, additional expenses of around €1.3 billion were recognized in the third quarter of 2022. In total, the direct effects of the Russia-Ukraine conflict resulted in expenses of around €2 billion in the reporting period, which are reported in cost of sales and in the net other operating result.

SPECIAL ITEMS

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

The operating result in the Passenger Cars Business Area was affected by negative special items of €–0.4 (–0.2) billion in connection with the diesel issue in the reporting period. These special items were mainly attributable to additional expenses for legal risks.

OPERATING PROFIT BEFORE SPECIAL ITEMS BY QUARTER
Volkswagen Group in € million



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

€ million	2022	2021
Passenger Cars		
Sales revenue	137,702	129,226
Operating result	11,744	9,534
Operating return on sales (%)	8.5	7.4
Commercial Vehicles[1]		
Sales revenue	27,964	21,305
Operating result	956	453
Operating return on sales (%)	3.4	2.1
Power Engineering		
Sales revenue	2,517	2,338
Operating result	207	–1
Operating return on sales (%)	8.2	0.0

1 As of July 1, 2021, the figures include Navistar.

RESULTS OF OPERATIONS OF THE GROUP

In the first three quarters of 2022, the Volkswagen Group generated sales revenue of €203.0 (186.6) billion, up distinctly on the prior-year level. Improved price positioning, positive mix and exchange rate effects and the good business performance of the Financial Services Division were set against the fact that vehicle availability continued to be limited due to parts supply shortages. Navistar is included in the Group's sales revenue in an amount of €7.8 (1.7) billion; the company has been consolidated since July 1, 2021. In the reporting period, the Volkswagen Group generated 82.6 (82.7)% of its sales revenue abroad. Gross profit improved to €39.2 (33.8) billion. The gross margin increased to 19.3 (18.1)%.

At €17.5 billion, the Volkswagen Group's operating result before special items exceeded the prior-year figure by €3.3 billion in the period from January to September 2022. The operating return on sales before special items climbed to 8.6 (7.6)%. Positive effects resulted mainly from the price positioning and the mix. The Financial Services Division's good business performance and positive effects of €0.7 billion from derivatives in the Financial Services Division to which hedge accounting is not applied (interest rate hedges) contributed to higher Group earnings. These factors were offset in the reporting period by higher product costs, especially for commodities, as well as expenses of around €2 billion relating to loss allowances and risk provisions as a consequence of the direct impact of the Russia-Ukraine conflict. In the period from January to September 2022, the Passenger Cars Business Area reported one-off expenses for restructuring measures at SEAT in an amount of €0.2 billion. In the previous year, one-off expenses for restructuring measures (€0.7 million) had been recognized in the Commercial Vehicles Business Area. An expense of €0.1 billion was recognized for transaction costs in connection with the IPO of Porsche AG. In addition, the employees of Volkswagen AG and Volkswagen Sachsen GmbH are to participate in the economic success of the sale of shares in Porsche AG in the amount of €2,000 per employee; to this end, an amount of €0.3 billion was recognized in personnel costs.

Special items in connection with the diesel issue weighed on the operating result, reducing this item by €–0.4 (–0.2) billion. In the first nine months of 2022, the Volkswagen Group's operating result improved by a total of €3.1 billion to €17.1 billion, and the operating return on sales rose to 8.4 (7.5)%.

The financial result was down €0.4 billion to €–0.1 billion. The interest expenses included in the financial result decreased by €1.1 billion due to measurement-related factors resulting primarily from a change in the discount rates used in the measurement of provisions. The other financial result was negatively impacted by the impairment loss of €1.9 billion recognized on the equity investment in Argo AI, which weighed on net other investment income, and by changes in share prices, mainly as a result of the Russia-Ukraine conflict, which affected net income from securities and funds. Both factors were offset by favorable exchange rate effects. The previous year had also been negatively impacted by measurement effects on forward purchase agreements for new shares in QuantumScape.

The Volkswagen Group's earnings before tax improved by €2.7 billion to €17.0 billion in the period from January to September 2022. Earnings after tax climbed by €1.4 billion year-on-year to €12.8 billion.

Results of operations in the Automotive Division

In the first nine months of 2022, the Automotive Division recorded sales revenue of €168.2 (152.9) billion. The rise was attributable to improvements, above all in the price positioning, the mix and exchange rate trends. Lower vehicle sales due to parts supply shortages had an adverse effect. The sales revenue generated by the Passenger Cars Business Area in the reporting period was moderately up on the prior year. In the Commercial Vehicles Business Area, sales revenue rose sharply by 31.3% compared with the previous year; it should, however, be noted that the prior-year figure had included the Navistar business only from July 2021 onward. Sales revenue in the Power Engineering Business Area was distinctly higher than in the prior-year period. As our Chinese joint ventures are accounted for using the equity method, the Group's business performance in the Chinese passenger car market is essentially reflected in the Group's sales revenue only through deliveries of vehicles and vehicle parts.

Cost of sales was up on the previous year, as were the research and development costs recognized in profit or loss included in this figure. The ratio of cost of sales to sales revenue decreased. At 8.2 (7.5)%, total research and development costs as a percentage of the Automotive Division's sales revenue (research and development ratio or R&D ratio) were higher than in the first nine months of the previous year, driven by a sharp increase in total research and development costs.

In the period from January to September 2022, distribution expenses were virtually on a level with the previous year. Their ratio to sales revenue decreased, while administrative expenses and their ratio to sales revenue went up in the same period. The net other operating result declined by €0.3 billion to €0.8 billion. Negative special items of €–0.4 (–0.2) billion in connection with the diesel issue as well as one-off expenses for restructuring measures weighed on both periods.

In the period from January to September 2022, the Automotive Division's operating result amounted to €12.9 billion, up €2.9 billion on the prior-year figure. The operating return on sales increased to 7.7 (6.5)%. The year-on-year increase resulted primarily from favorable price positioning and changes in the mix, offset by a decline in unit sales as a result of parts supply shortages, higher product costs (especially for commodities), negative impacts from the Russia-Ukraine conflict, expenses in connection with the IPO of Porsche AG, and the recognition of negative special items in the reporting period. The operating result before special items improved by €3.1 billion to €13.3 (10.2) billion; the operating return on sales before special items went up to 7.9 (6.7)%.

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

Results of operations in the Financial Services Division

In the period from January to September 2022, the Financial Services Division's sales revenue amounted to €34.8 billion, 3.2% more than in the same period of the previous year. Cost of sales was similar to the previous year. There was an increase in sales revenue in the leasing business, with the cost of sales rising more slowly than sales revenue.

Due to its improved business performance, driven primarily by the fact that demand continued to be strong for used vehicles, and by positive effects from derivatives to which hedge accounting is not applied (interest rate hedges), the Financial Services Division's operating result rose by a total of €0.2 billion to €4.2 billion. This was offset in the first nine months of 2022 mainly by expenses relating to loss allowances and risk provisions due to the direct impact of the Russia-Ukraine conflict, which were recognized in the net other operating result. The operating return on sales increased to 12.0 (11.8)%.

FINANCIAL POSITION OF THE GROUP

In the period from January to September 2022, the Volkswagen Group's gross cash flow was €37.5 billion, €4.9 billion higher than in the first nine months of the previous year. The increase was mainly attributable to improved earnings. The change in working capital amounted to €–10.6 (–3.7) billion, resulting mainly from a smaller increase in lease assets and a higher increase in liabilities, which were unable to offset a rise in inventories and receivables and a decline in other provisions. Cash outflows resulting from the diesel issue were higher than in the prior-year period. The payment of the fine arising from the EU antitrust proceedings against Scania led to a cash outflow of €0.9 billion in the reporting period.

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

€ million	2022	2021
Passenger Cars		
Gross cash flow	22,260	19,564
Change in working capital	–78	1,995
Cash flows from operating activities	22,182	21,559
Cash flows from investing activities attributable to operating activities	–15,409	–11,647
Net cash flow	6,772	9,912
Commercial Vehicles[1]		
Gross cash flow	2,907	2,210
Change in working capital	–3,050	–1,271
Cash flows from operating activities	–143	939
Cash flows from investing activities attributable to operating activities	–1,238	–3,780
Net cash flow	–1,381	–2,842
Power Engineering		
Gross cash flow	286	270
Change in working capital	–69	–65
Cash flows from operating activities	217	205
Cash flows from investing activities attributable to operating activities	–32	–56
Net cash flow	185	150

1 As of July 1, 2021, the figures include Navistar.

Consequently, cash flows from operating activities were down €2.0 billion, to €26.9 billion.

Investing activities attributable to operating activities increased by €1.1 billion to €16.9 billion. This also includes the full portion of the purchase price payable by Volkswagen for the acquisition of Europcar, amounting to €1.7 billion, which was contributed to Green Mobility Holding.

Financing activities led to a cash outflow of €14.9 (10.0) billion, reflecting mainly the issuance and redemption of bonds and other financial liabilities, the redemption of the hybrid note called in February 2022, the issuance of the hybrid notes successfully placed in March 2022, and the payment of the €3.8 billion dividend to the shareholders of Volkswagen AG.

On September 30, 2022, the Volkswagen Group's cash and cash equivalents reported in the cash flow statement stood at €33.0 (36.0) billion.

At the end of September 2022, the Volkswagen Group's net liquidity amounted to €–134.8 billion, compared with €–136.6 billion at the end of 2021.

Financial position of the Automotive Division

The Automotive Division recorded gross cash flow of €25.5 billion in the reporting period, increasing by €3.4 billion year-on-year for earnings-related reasons. The change in working capital amounted to €–3.2 (0.7) billion. A higher increase in liabilities was insufficient to offset a rise in inventories and a decline in other provisions year-on-year. Cash outflows resulting from the diesel issue were higher than in the prior-year period. The payment of the fine arising from the EU antitrust proceedings against Scania led to a cash outflow in the reporting period. As a result, cash flows from operating activities went down by €0.4 billion to €22.3 billion.

In the first nine months of 2022, investing activities attributable to operating activities in the Automotive Division amounted to €16.7 billion, €1.2 billion up on the same period of the previous year. Investments in property, plant and equipment, investment property and intangible assets excluding capitalized development costs (capex) grew by €1.3 billion to €7.2 billion. The ratio of capex to sales revenue rose to 4.3 (3.9)%. A considerable portion of capex was allocated primarily to our production facilities and to models to be launched this year and next, the electrification and digitalization of our products, and our modular toolkits and platforms. In the reporting period, additions to capitalized development costs increased by €1.7 billion to €7.1 billion. Despite strategic investments in a variety of companies, especially in Europcar, the "Acquisition and disposal of equity investments" item was down on the previous year. The sale of Sitech Sp. z o.o. was included in this item. In the prior-year period, it had included, among other factors, the acquisition of Navistar.

Between January and September 2022, the Automotive Division's net cash flow decreased by €1.6 billion to €5.6 billion.

Financing activities relate to the issuance and redemption of bonds, as well as to changes in other financial liabilities; in the reporting period, they resulted in a total cash outflow of €4.9 (8.7) billion. Hybrid notes with a total nominal amount of €2.25 billion, which were successfully issued via Volkswagen International Finance N.V. in March 2022, led to a cash inflow. They comprise a €1.0 billion note with a coupon of 3.748%, which is noncallable for five years and nine months, and a €1.25 billion note with a coupon of 4.375%, which is noncallable for nine years. Both notes are perpetual and increase net liquidity and equity by the nominal amount less transaction and other costs. The repayment of the hybrid note called in February 2022 resulted in a cash outflow of €1.1 billion in the reporting period. The dividend payment to shareholders of Volkswagen AG was made in May 2022. It was set against cash inflows from the dividends paid by the financial services companies. The prior-year figure had included the repayment of a hybrid note.

As of September 30, 2022, the Automotive Division's net liquidity went up to €31.6 billion, compared with €26.7 billion at the end of December 2021. This figure does not yet include the cash generated by the IPO of Porsche AG.

Financial position of the Financial Services Division

The Financial Services Division generated gross cash flow of €12.0 billion in the period from January to September 2022, an increase of 14.3% on the prior-year figure. The change in working capital amounted to €–7.4 (–4.3) billion. A smaller rise in lease assets was set in comparison to the prior year against an increase in receivables and a smaller decline in inventories. Consequently, cash flows from operating activities decreased by €1.6 billion to €4.6 billion.

Investing activities attributable to operating activities were lower than in the previous year, at €0.2 (0.4) billion.

Financing activities in the Financial Services Division led to cash outflows of €–10.0 (–1.3) billion in the reporting period. This figure relates primarily to the issuance and redemption of bonds and to other financial liabilities, as well as dividend payments by the financing companies.

At the end of September, the Financial Services Division's negative net liquidity, which is common in the industry, was €–166.4 billion, compared with €–163.3 billion on December 31, 2021.

CONSOLIDATED BALANCE SHEET STRUCTURE

The Volkswagen Group had total assets of €574.0 billion on September 30, 2022, 8.6% more than at the end of 2021. The increase was mainly attributable to the proceeds of the successful IPO of Porsche AG, higher earnings, changes in interest and exchange rates and the successful placement of the hybrid notes in the reporting period. The Group's equity amounted to €189.0 billion at the end of the third quarter of 2022, up €42.9 billion from December 31, 2021. The IPO of Porsche AG led to a €19.2 billion rise in equity, of which €10.8 billion is reported as noncontrolling interests. The equity ratio rose to 32.9 (27.6)%.

Automotive Division balance sheet structure

The Automotive Division's intangible assets were up at the end of September 2022, due mainly to higher capitalized development costs. Property, plant and equipment declined slightly, due primarily to depreciation in excess of additions. Equity-accounted investments increased as a result of the rise stemming from capital increases, especially at Green Mobility Holding, and the positive results of the Chinese joint venture companies. This was offset by the dividends of the joint ventures adopted in the reporting period and the impairment loss recognized on the equity investment in Argo AI. Noncurrent other receivables and financial assets were up on the previous year, due mainly to positive effects from the measurement of derivatives. Overall, noncurrent assets rose by €8.3 billion to €178.7 billion.

On September 30, 2022, current assets climbed by €32.5 billion to €134.0 billion compared with December 31, 2021. The inventories included in this figure increased, primarily for production-related reasons, and were attributable, among other factors, to disruptions in the logistics chain. In addition, changes in exchange rates had a negative effect. Current other receivables and financial assets went up by €24.0 billion to €42.3 billion. They include above all the right to payments of €19.2 billion from the IPO of Porsche AG (partial sale of ordinary and preferred shares), which was recognized as a receivable in the balance sheet on September 30, 2022. Other factors affecting this item in the reporting period were higher trade receivables and positive effects from the measurement of derivatives. The Automotive Division's cash and cash equivalents were €1.1 billion lower, at €24.4 billion.

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

€ million	Sept. 30, 2022	Dec. 31, 2021
Passenger Cars		
Noncurrent assets	141,812	133,857
Current assets	115,809	86,362
Total assets	**257,621**	**220,218**
Equity	130,780	93,894
Noncurrent liabilities	73,790	80,621
Current liabilities	53,051	45,704
Commercial Vehicles		
Noncurrent assets	34,984	34,730
Current assets	14,928	12,264
Total assets	**49,912**	**46,994**
Equity	14,405	12,807
Noncurrent liabilities	17,910	17,778
Current liabilities	17,596	16,409
Power Engineering		
Noncurrent assets	1,855	1,804
Current assets	3,268	2,914
Total assets	**5,123**	**4,718**
Equity	2,596	2,322
Noncurrent liabilities	395	524
Current liabilities	2,132	1,872

At the end of the third quarter of 2022, assets held for sale comprised primarily the carrying amounts of the assets intended for derecognition of subsidiaries of TRATON and Porsche in Russia that are being held for sale. The “Liabilities held for sale” item comprises the carrying amount of the corresponding liabilities intended for derecognition.

In the Automotive Division, equity increased by €38.8 billion to €147.8 billion as of the end of September 2022. The proceeds of the successful IPO of Porsche AG, good earnings performance, lower actuarial losses from the remeasurement of pension plans, positive currency translation effects and the hybrid notes issued in March 2022 pushed equity higher, while the redemption of the hybrid note called in the first quarter of 2022 and the dividend paid to the shareholders of Volkswagen AG reduced this item. Noncontrolling interests were up by €10.8 billion as a result of the sale of shares in Porsche AG. They are now primarily held by the noncontrolling interest shareholders of Porsche AG and the TRATON GROUP.

Noncurrent liabilities decreased by €6.8 billion to €92.1 (98.9) billion. The pension provisions included in this figure decreased, driven primarily by actuarial remeasurement following a change in the discount rate. Noncurrent other liabilities were driven higher by factors such as the effects of derivatives measurement included in other financial liabilities. Current liabilities rose significantly to €72.8 (64.0) billion as of September 30, 2022. Current financial liabilities stood at €–15.3 (–10.2) billion. The figures for the Automotive Division also contain the elimination of intragroup transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was disclosed in both periods. Trade payables exceeded the figure at the end of 2021. Current other liabilities were up on the prior-year period and, due among other things to the effects of the measurement of derivatives, the other financial liabilities included in this item increased compared with December 31, 2021.

At the end of the reporting period, the Automotive Division’s total assets amounted to €312.7 billion, 15.0% more than at the end of 2021.

Financial Services Division balance sheet structure

On September 30, 2022, the Financial Services Division reported total assets of €261.4 billion, an increase of €4.7 billion compared with December 31, 2021.

Overall, noncurrent assets were 3.3% higher than at the end of 2021. The lease assets contained in this item increased due to exchange rate movements.

Current assets totaled €98.4 (98.8) billion and were on a level with the previous year. The current financial services receivables, current other receivables and financial assets included in this item were higher, while cash and cash equivalents declined.

At the end of September 2022, the Financial Services Division accounted for 45.5 (48.6)% of the Volkswagen Group’s assets.

The Financial Services Division’s equity stood at €41.2 billion at the end of September 2022, a rise of €4.1 billion compared with December 31, 2021. The equity ratio was 15.8 (14.5)%.

At €117.5 (119.1) billion, noncurrent liabilities were almost the same as on the previous year’s balance sheet date. Noncurrent financial liabilities declined, while noncurrent other liabilities increased.

A rise in current financial liabilities, offset by a drop in current other liabilities, led to total current liabilities of €102.6 billion, an increase of €2.2 billion compared with December 31, 2021.

On September 30, 2022, the Financial Services Division recorded deposits from the direct banking business in an amount of €26.7 (26.7) billion.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

As a result of the Russia-Ukraine conflict and the spread of the Omicron variant of the coronavirus in China, combined with the restrictions imposed as part of the zero-Covid strategy in place there, our risk exposure has increased.

The Russia-Ukraine conflict has created considerable uncertainty, particularly with regard to the potential impact of the actions of the political players, primarily where the duration, intensity and allocation of energy supplies and their impact on the supply chain are concerned.

Particularly, the supply of energy, other raw materials and parts for the production process could result in greater constraints, especially in Europe, where a gas shortage is possible. Higher energy and commodity prices plus greater volatility could add to the strain. Furthermore, rising inflation rates could reduce purchasing power, adversely affect consumer behavior and put a damper on demand for our products. Moreover, the need might arise to recognize further impairment losses on assets and additional risk provisions.

Based on developments in the first nine months of the year, we have adjusted our forecast for the following core performance indicators:

In view of the global economic slowdown, the limited availability of parts and disruptions in logistics, we believe that deliveries to customers will be similar to the previous year. We expect the sales revenue of the Passenger Cars Business Area to be 5% to 10% higher than the prior-year figure.

In terms of operating result for the Group before and after special items, we are confirming an operating return on sales in the range of 7.0% to 8.5% and expect it to be in the upper third.

We are keeping to our forecast for the Passenger Cars and Commercial Vehicles Business Areas as well as for the Financial Services Division that was adjusted for the 2022 half-yearly report: for the operating result for Passenger Cars before and after special items the higher operating return on sales of between 8% and 9%; for Commercial Vehicles the lower operating return on sales of 4% to 5%; and for Financial Services the higher operating result of around €5 billion.

In the Automotive Division, we are still assuming higher upfront investment in new technologies and therefore anticipate increasing primary research and development costs and an R&D ratio of around 8%. For the ratio of capex to sales revenue, we now expect to return to our original forecast of 5.5%. Net cash flow in the Automotive Division is expected to remain at the prior-year level. Working capital may be strained by unstable production supply and disruptions in logistics within the sales organization. Excluding the effects from the IPO of Porsche AG, net liquidity in the Automotive Division is still anticipated to be at up to 15% higher than the prior-year figure.

The forecast for all other core performance indicators remains unchanged.

The outlook for fiscal year 2022 can be found on page 29.

Diesel issue

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

The criminal investigation conducted by the Stuttgart Office of the Public Prosecutor against a member of the Board of Management of Dr. Ing. h.c. F. Porsche AG and others on suspicion of fraud and illegal advertising relating to the diesel issue has in the interim been terminated at the end of April 2022, as regards inter alia the Board of Management member, against payment of a sum set by the court.

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

In Brazil, the Superior Court of Justice in August 2022 rejected in part the appeal filed by Volkswagen do Brasil in the first consumer protection class action against the judgment at the first appeals level. Volkswagen do Brasil has appealed this decision. The plaintiff in the second pending Brazilian consumer protection class action has appealed the trial court's October 2021 judgment dismissing the complaint.

In England and Wales, roughly 91 thousand claims of the group litigation against the Volkswagen Group were settled out of court in May 2022 for the sum of £ 193 million (€231 million) as well as a separate amount for attorney fees and other costs.

In the Netherlands, the court hearing the class action brought by the Diesel Emissions Justice Foundation (DEJF) rendered an interlocutory judgment in March 2022 holding the new class action regime – which permits damage awards in addition to declaratory judgment on the existence of claims – to be inapplicable to the instant lawsuit. The interlocutory judgment further finds that the Amsterdam court lacks jurisdiction to hear lawsuits brought by consumers outside the Netherlands. The DEJF has appealed this judgment.

In Germany, the Bundesgerichtshof (BGH – Federal Court of Justice) rendered a judgment in June 2022 holding, in a case involving the damage claims of Swiss vehicle purchasers, that the assignment of claims to financialright GmbH was valid. The BGH did not address the merits of the claims. In an additional fundamental judgment concerning vehicles with EA 189 engines rendered in July 2022, the BGH held that buyers of new vehicles of other Group brands have no claim for residual damages against Volkswagen AG.

In July 2022, the European Court of Justice (ECJ) ruled that a so-called thermal window (i.e. a built-in temperature-dependent emissions control feature) in the range of 15°C and 33°C outside temperature represents a defeat device. In this context, the ECJ has developed a new, unwritten criterion according to which a thermal window, even if it serves to prevent sudden and extraordinary damage, is inadmissible if it is active for the "largest part of a year under the driving conditions which are actually prevailing in the European Union area." Volkswagen is assessing the effects of this decision and is in discussion with the authorities.

3. Proceedings in the USA/Canada

As to private civil law matters, the Superior Court of Quebec approved the settlement of an environmental class action lawsuit seeking punitive damages on behalf of the residents of the Province of Quebec in June 2022; an appeal of that approval on the limited subject of counsel fees is pending.

In January 2017, Volkswagen entered into a Third Partial Consent Decree with the US Department of Justice (DOJ) and the US Environmental Protection Agency (EPA), which the federal court in the multidistrict litigation in California approved in April 2017. The Third Partial Consent Decree resolved claims for civil penalties and injunctive relief under the Clean Air Act related to the 2.0 l and 3.0 l TDI vehicles, and imposed a civil penalty as well as monitoring, auditing, and compliance obligations. In July 2017, the court furthermore approved the Third California Partial Consent Decree, in which Volkswagen agreed with the California Attorney

General and the California Air Resources Board (CARB) to pay civil penalties and cost reimbursements. Subsequently, Volkswagen sought to terminate both consent decrees on the basis that all requirements had been met, and the US and California authorities agreed to the termination, which the court granted in September 2022.

4. Special audit
Volkswagen AG had previously filed an action before the Braunschweig Regional Court against the special auditor appointed by the Celle Higher Regional Court; Volkswagen AG was seeking an injunction enjoining the special auditor from performing the audit as long as he has not furnished sufficient proof of his independence. The Braunschweig Regional Court dismissed the action for injunctive relief in the summer of 2022; Volkswagen AG has appealed this decision to the Braunschweig Higher Regional Court.

Additional important legal cases

In the investor action for model declaratory judgment filed by ARFB Anlegerschutz UG (with limited liability) against Volkswagen AG and Porsche SE for allegedly violating disclosure requirements under capital market law in connection with the acquisition of ordinary shares in Volkswagen AG by Porsche SE, the 1st Antitrust Chamber of the Higher Regional Court of Celle issued a model case ruling in late September 2022 by which all of the plaintiffs' objects of declaratory judgment were either dismissed or declared to be irrelevant. The legal positions of the model case defendant were thus upheld in their entirety. Under the court's decision, Volkswagen AG is not liable because, among other things, the plaintiffs failed to make a sufficient showing that the Board of Management of Volkswagen AG had knowledge of the capital market information that was allegedly incorrect or subject to disclosure. The court further held that, even assuming members of the Supervisory Board to have had knowledge as alleged, such knowledge could not be imputed to the Board of Management. The plaintiffs may appeal the model case ruling to the Federal Court of Justice by filing a petition alleging error of law within one month after service of the ruling.

In April 2022, Scania filed an appeal with the European Court of Justice against the February 2022 judgment of the European General Court (Court of First Instance) in connection with the monetary fine imposed by the European Commission for the alleged illegal information exchange between certain truck manufacturers.

In connection with the amended antitrust class action, which was initially dismissed with prejudice by the Northern District of California and which alleged that several automobile manufacturers, including Volkswagen AG and other Group companies, had conspired to unlawfully increase vehicle prices in violation of US antitrust and consumer protection law, the Ninth Circuit Court of Appeals in January 2022 dismissed plaintiffs' motion (filed at the end of 2021) for a new hearing on the decision in which the court had affirmed the judgment of the US District Court. In February 2022, the District Court also denied plaintiffs' motion to set aside its judgment and to be allowed to file a new complaint. In June 2022, the US Supreme Court definitively rejected the petition filed by the plaintiffs against this decision.

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. In the Volkswagen Group, the investigation affects Volkswagen Group UK, which was searched by the CMA, and Volkswagen AG, which has received a Group-wide information request from the European Commission. The investigation relates to European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA), which are suspected of having agreed from 2001/2002 to the present to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV) (specifically passenger cars and vans up to 3.75 tons). Also alleged is an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data (recyclates, recyclability, recovery) for competetive purposes. The violation under investigation is alleged to have taken place in particular in the "ACEA" Working Group

Recycling and related sub-groups thereof. Volkswagen AG has responded to the European Commission's information request. Volkswagen Group UK is cooperating with the CMA. In this matter, CMA has furthermore issued requests for information to Volkswagen AG.

The final Profit Sharing Settlement Agreement entered into by Navistar in December 2021 to resolve disputes concerning the calculation of profit sharing amounts for purposes of Navistar's corporate retiree healthcare commitments received final approval from the relevant court in June 2022. Navistar has paid the entire amount of all remaining sums required to fulfill the agreement of about €0.4 billion.

In September 2022, GT Gettaxi Ltd. discontinued the lawsuit it had filed against Volkswagen AG and another defendant, alleging in particular large damage claims. In August 2021, the lawsuit had been dismissed at the trial level on the grounds that the Cypriot courts lacked jurisdiction, but GT Gettaxi Ltd. appealed this decision to the Supreme Court, the court of final appeal in Cyprus.

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

Beyond these events, there were no significant changes in the reporting period compared with the disclosure on the Volkswagen Group's expected development in fiscal year 2022 contained in the combined management report of the 2021 Annual Report in the sections "Report on Expected Developments" and "Report on Risks and Opportunities", including in section "Legal Risks".

Outlook

Our planning is based on the assumption that global economic output will continue to grow in 2022, albeit at a lower level overall, after the recovery observed in the past fiscal year – provided that the Covid-19 pandemic does not flare up and that shortages of intermediates and commodities become less intense. We believe that risks will arise from protectionist tendencies, turbulence in the financial markets, structural deficits in individual countries and the effects of high inflation and rising interest rates worldwide on the economy. In addition, growth prospects will be negatively impacted by ongoing geopolitical tensions and conflicts, with risks arising especially from the Russia-Ukraine conflict, including in relation to the security of supply of energy resources in Europe. We anticipate that both the advanced economies and the emerging markets will experience declining yet positive momentum.

We predict that trends in the markets for passenger cars in the individual regions will be mixed in 2022. Overall, the global volume of new vehicle sales is expected to be on a par with the previous year without reaching the pre-pandemic level. This prediction assumes that the Covid-19 pandemic does not flare up and that shortages of intermediates, especially semiconductors, and commodities become less intense. For 2022, we anticipate that the volume of new passenger car registrations in Western Europe will be moderately lower than the previous year's level. In the German passenger car market, we expect the volume of new registrations in 2022 to fall slightly short of the prior-year figure. We expect a very sharp drop in the sales of passenger cars in Central and Eastern Europe in 2022 compared to the prior year, due in particular to the slump in the Russian market as a consequence of the sanctions imposed. Sales volume in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America in 2022 is forecast to be moderately below the previous year's level. We anticipate a slight increase overall in new registrations in the South American markets in 2022 compared with the previous year. The passenger car markets in the Asia-Pacific region are expected to be moderately up on the prior-year level in 2022.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed; on the whole, we anticipate a sales volume for 2022 of slightly below the previous year. This assumes that the Covid-19 pandemic does not flare up and that shortages of intermediates, especially semiconductors, and commodities become less intense.

For 2022, we expect an overall slightly positive development in new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes compared with the previous year, with variations from region to region, in the markets that are relevant for the Volkswagen Group. A distinct increase in overall demand, with regional variations, is expected for 2022 in the bus markets relevant for the Volkswagen Group.

We anticipate that automotive financial services will continue to prove highly important to global vehicle sales in 2022.

We believe we are well prepared overall for the future challenges pertaining to automotive business activities and for the mixed development of the regional automotive markets. Our brand diversity, our presence in all major world markets, our broad and selectively expanded product range, and our technologies and services put us in a good competitive position worldwide. As part of the transformation of our core business, we are positioning our Group brands with an even stronger focus on their individual characteristics, and are optimizing our vehicle and drive portfolio. The focus is primarily on our vehicle fleet's carbon footprint and on the most attractive and fastest-growing market segments. In addition, we are working to leverage the advantages of our multibrand Group even more effectively with the ongoing development of new technologies and the enhancement of our toolkits.

We anticipate that, given the continuing challenging market conditions, deliveries to customers of the Volkswagen Group in 2022 will be similar to the previous year. This assumes that the Covid-19 pandemic will not flare up and that shortages of intermediates and commodities will become less intense. The 2022 fiscal year will continue to be affected by shortfalls in supply due to the structural shortage of semiconductors. We anticipate that the supply of semiconductors will improve further in the fourth quarter. Disruptions in logistics may additionally have an adverse impact.

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

We expect the sales revenue of the Volkswagen Group in 2022 to be 8% to 13% higher than the prior-year figure. It is also anticipated that the 2022 sales revenue of the Passenger Cars Business Area will be 5% to 10% higher year-on-year. In terms of operating result for the Group before and after special items, we forecast an operating return on sales in the range of 7.0% to 8.5% in 2022. In terms of operating result for the Passenger Cars Business Area before and after special items, we expect an operating return on sales in the range of 8% to 9% in 2022. For the Commercial Vehicles Business Area, we anticipate an operating return on sales of 4% to 5% amid a strong year-on-year increase in sales revenue, including Navistar. In the Power Engineering Business Area, we expect sales revenue to be moderately above the prior-year figure and operating result to be in the positive low triple-digit million euro range. For the Financial Services Division, we forecast that sales revenue will be noticeably higher than the prior-year figure and that the operating result will be around €5 billion.

Brands and Business Fields

SALES REVENUE AND OPERATING RESULT BY BRAND AND BUSINESS FIELD

At the beginning of 2022, we aligned the reporting structure by brand and business field with the Group's current strategy and management structure.

The Volkswagen Group generated sales revenue of €203.0 (186.6) billion from January to September 2022 despite a decline in volumes caused by the Covid-19 pandemic, the Russia-Ukraine conflict and the still limited vehicle availability due to parts supply shortages. The operating result before special items improved to €17.5 (14.2) billion. The diesel issue gave rise to special items of €–0.4 (–0.2) billion in the first nine months of this year.

The Volume brand group sold 3.0 (3.2) million vehicles during the reporting period, generating sales revenue of €81.4 (74.9) billion. The operating result before special items amounted to €3.7 (2.5) billion.

In the first three quarters of 2022, the Volkswagen Passenger Cars brand sold 1.9 (2.1) million vehicles. This decline largely resulted from limited vehicle availability due to parts supply shortages. ID. family models and the T-Roc were increasingly sought-after, and the new Taigo was also very popular. Sales revenue improved by 6.1% to €52.0 billion year-on-year. The operating result before special items doubled to €2.5 (1.2) billion, which was attributable above all to reduced sales incentives, improved price positioning and positive mix effects. Increased commodity prices adversely affected earnings. The diesel issue gave rise to negative special items.

Unit sales by the ŠKODA brand in the reporting period exceeded the previous year's level at 646 (596) thousand vehicles. Growth was recorded particularly by the Enyaq iV and the Kushaq. Sales revenue increased to €15.2 (13.3) billion. The Russia-Ukraine conflict weighed on the operating result with an amount in the mid-three-digit millions, bringing it down to €856 (900) million. Negative effects resulting from product costs and exchange rates were offset by an improvement in the mix.

Between January and September of this year, 333 thousand SEAT and CUPRA vehicles were sold, a decrease of 13.4% on the prior-year period. This figure includes the A1 manufactured for Audi. The CUPRA Formentor saw rising demand, and the CUPRA Born was well received by the market. Sales revenue of €7.8 billion was 7.7% higher than in the previous year. Positive mix effects, improved price positioning and cost reductions drove SEAT's operating result clearly into the black, although one-off expenses for restructuring measures of €244 million led to an operating loss of €–10 (–159) million.

In the reporting period, Volkswagen Commercial Vehicles' unit sales fell short of the prior-year level at 237 (246) thousand worldwide. Sales revenue increased to €8.0 (7.3) billion. The operating result rose to €356 (55) million, due mainly to price- and mix-related factors. Markedly higher CO_2 emissions premiums had to be taken into account in the previous year.

Sales revenue for Tech. Components in the period from January to September 2022 amounted to €12.7 (12.8) billion. At €–7 (382) million, the operating result was lower than in 2021, primarily due to a decline in volumes and increased product costs.

VOLKSWAGEN GROUP REPORTING STRUCTURE

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

In the first nine months of 2022, unit sales at Audi (Premium brand group) amounted to 766 (806) thousand vehicles globally. A further 452 (486) thousand Audi vehicles were sold by the Chinese joint ventures FAW-Volkswagen and SAIC VOLKSWAGEN. Alongside the Audi A3, the fully electric Audi e-tron, Audi Q4 e-tron and Audi e-tron GT in particular experienced growth. Despite the decline in volumes, sales revenue amounted to €44.6 (42.3) billion, thus exceeding the figure in the same period of 2021. The operating result before special items increased to €6.3 (4.2) billion, mainly attributable to a strong performance in the new and used car market and solid results from the Lamborghini, Bentley and Ducati brands. The diesel issue resulted in low negative special items. Ducati sold 53,353 (47,393) motorbikes in the first nine months of this year.

In the first three quarters of 2022, Porsche Automotive (Sport & Luxury brand group) sold 221 (209) thousand vehicles worldwide. Unit sales of the 911, Panamera and Cayenne models were higher than a year earlier. Sales revenue improved to €24.5 (21.0) billion. The operating result increased to €4.7 (3.4) billion, due primarily to higher earnings contributions and positive exchange rate effects.

The Navistar brand has been a member of the TRATON GROUP since July 1, 2021, which resulted in higher figures in the reporting period than in the previous year. Unit sales of TRATON Commercial Vehicles went up to 218 (196) thousand vehicles and sales revenue of €28.0 billion was 31.3% higher than in the same period of 2021. Despite negative effects resulting from the Russia-Ukraine conflict, the operating result of €954 (476) million was higher than in the prior-year period, which had been impacted by the restructuring measures at MAN Commercial Vehicles in Europe. Additionally, mix and exchange rate effects had a positive effect.

MAN Energy Solutions generated sales revenue of €2.5 (2.3) billion in the period from January to September 2022. The operating result rose to €210 (123) million due to mix-related factors.

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

	VEHICLE SALES		SALES REVENUE		OPERATING RESULT	
Thousand vehicles/€ million	2022	2021	2022	2021	2022	2021
Volume brand group	2,957	3,171	81,356	74,876	3,720	2,478
Volkswagen Passenger Cars	1,882	2,088	52,026	49,055	2,462	1,211
ŠKODA	646	596	15,181	13,329	856	900
SEAT	333	384	7,820	7,259	–10	–159
Volkswagen Commercial Vehicles	237	246	7,956	7,276	356	55
Tech. Components	–	–	12,655	12,803	–7	382
Consolidation	–141	–143	–14,281	–14,847	64	90
Audi (Premium brand group)[1]	766	806	44,561	42,325	6,282	4,169
Porsche Automotive (Sport & Luxury brand group)[2]	221	209	24,456	20,979	4,746	3,356
TRATON Commercial Vehicles[3]	218	196	27,964	21,305	954	476
Equity-accounted companies in China[4]	2,339	2,156	–	–	–	–
MAN Energy Solutions	–	–	2,517	2,338	210	123
CARIAD	–	–	422	255	–1,427	–750
Volkswagen Financial Services	–	–	32,859	32,044	4,399	3,688
Other[5]	–258	–74	–11,137	–7,521	–1,428	617
Volkswagen Group before special items	**–**	**–**	**–**	**–**	**17,457**	**14,157**
Special items	–	–	–	–	–360	–203
Volkswagen Group	**6,243**	**6,466**	**202,997**	**186,599**	**17,097**	**13,953**
Automotive Division[6]	6,243	6,466	168,183	152,869	12,907	9,986
of which: Passenger Cars Business Area	6,025	6,269	137,702	129,226	11,744	9,534
Commercial Vehicles Business Area	218	196	27,964	21,305	956	453
Power Engineering Business Area	–	–	2,517	2,338	207	–1
Financial Services Division	–	–	34,814	33,730	4,190	3,967

1 The previous year's figures were calculated by means of the simple addition of the figures for Bentley.
2 Porsche (including Financial Services): sales revenue €26,741 (23,115) million, operating result €5,048 (3,559) million.
3 Includes Navistar as of July 1, 2021.
4 The sales revenue and operating result of the equity-accounted companies in China are not included in the consolidated figures; the share of the operating result generated by these companies amounted to €2,558 (1,962) million.
5 In the operating result, mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation, as well as companies not allocated to the brands.
6 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

CARIAD pools the Volkswagen Group's software expertise and to this end has also purchased services and acquired rights from the brands. Sales revenue for CARIAD between January and September of this year increased to €422 (255) million. However, due to upfront expenditures for software platforms, the operating loss increased to €–1.4 (–0.8) billion.

During the reporting period, the number of new financing, leasing, service and insurance contracts signed with Volkswagen Financial Services stood at 5.7 million (–5.4%). The penetration rate, expressed as the ratio of leased or financed vehicles to relevant Group deliveries, came to 31.9 (35.7)% with credit eligibility criteria remaining unchanged. The total number of contracts at the end of September 2022 was on a level with December 31, 2021 at 22.0 (22.0) million. The number of contracts in the customer financing/leasing area amounted to 10.4 (10.9) million, and in the service/insurance area to 11.5 (11.1) million. On September 30, 2022, Volkswagen Bank managed 1.3 (1.4) million deposit accounts. The operating result improved to €4.4 (3.7) billion, which was especially attributable to the strong demand for used vehicles and positive effects from derivatives. However, expenses relating to loss allowances and risk provisions as a consequence of the direct impact of the Russia-Ukraine conflict reduced the operating result.

UNIT SALES AND SALES REVENUE BY MARKET

In the first nine months of this year, the Volkswagen Group sold 2.5 million vehicles in the Europe/Other Markets region, 13.2% fewer than in the previous year. Sales revenue increased to €111.3 (109.4) billion. Improved price positioning and mix effects had a positive impact.

Unit sales by the Volkswagen Group in the North American markets in the reporting period declined by 5.6% to 654 thousand vehicles. Sales revenue increased to €44.2 (33.1) billion, due mainly to the inclusion of Navistar as of July 1, 2021, as well as exchange rate effects.

In the period from January to September 2022, unit sales in South America were down on the prior-year level at 344 (380) thousand vehicles. Driven by mix and exchange rate effects, sales revenue rose to €11.0 (7.8) billion.

At 2.7 million vehicles, the number of units sold by the Volkswagen Group in the Asia-Pacific region – including the equity-accounted companies in China – was 6.4% higher in the first nine months of 2022 than in 2021. Sales revenue amounted to €38.1 (36.4) billion. Negative effects resulting from lower volumes – not including the Chinese Joint Ventures – were offset by positive exchange rate effects. The sales revenue of our equity-accounted companies in China is not included.

Hedging transactions relating to the Volkswagen Group's sales revenue in foreign currency made a negative contribution of €–1.6 (–0.1) billion in the reporting period.

KEY FIGURES BY MARKET FROM JANUARY 1 TO SEPTEMBER 30

	VEHICLE SALES		SALES REVENUE	
Thousand vehicles/€ million	2022	2021	2022	2021
Europe/Other Markets	2,532	2,917	111,256	109,354
North America	654	619	44,219	33,117
South America	344	380	10,989	7,838
Asia-Pacific[1]	2,712	2,550	38,099	36,438
Hedges on sales revenue	–	–	–1,566	–148
Volkswagen Group[1]	**6,243**	**6,466**	**202,997**	**186,599**

1 The sales revenue of the equity-accounted companies in China is not included in the figures for the Group and the Asia-Pacific market.

Interim Consolidated Financial Statements (Condensed)

Income Statement for the Period January 1 to September 30

€ million	VOLKSWAGEN GROUP 2022	VOLKSWAGEN GROUP 2021	DIVISIONS: AUTOMOTIVE[1] 2022	AUTOMOTIVE[1] 2021	FINANCIAL SERVICES 2022	FINANCIAL SERVICES 2021
Sales revenue	**202,997**	**186,599**	**168,183**	**152,869**	**34,814**	**33,730**
Cost of sales	–163,843	–152,830	–136,295	–125,471	–27,549	–27,358
Gross result	**39,154**	**33,770**	**31,888**	**27,398**	**7,266**	**6,372**
Distribution expenses	–13,913	–13,839	–13,070	–12,856	–843	–983
Administrative expenses	–8,688	–7,456	–6,671	–5,626	–2,017	–1,830
Other operating result	544	1,478	760	1,071	–216	408
Operating result	**17,097**	**13,953**	**12,907**	**9,986**	**4,190**	**3,967**
Share of the result of equity-accounted investments	1,794	1,797	1,731	1,755	63	42
Interest result and other financial result	–1,921	–1,518	–1,869	–1,444	–52	–74
Financial result	**–127**	**279**	**–138**	**311**	**11**	**–32**
Earnings before tax	**16,970**	**14,232**	**12,769**	**10,297**	**4,201**	**3,935**
Income tax expense	–4,199	–2,875	–2,937	–1,545	–1,262	–1,330
Earnings after tax	**12,771**	**11,357**	**9,832**	**8,753**	**2,939**	**2,605**
of which attributable to						
Noncontrolling interests	88	88	–27	22	115	66
Volkswagen AG hybrid capital investors	431	404	431	404	–	–
Volkswagen AG shareholders	12,253	10,865	9,428	8,327	2,825	2,539
Basic/diluted earnings per ordinary share in €[2]	**24.42**	**21.65**				
Basic/diluted earnings per preferred share in €[2]	**24.48**	**21.71**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Explanatory information on earnings per share is presented in the “Earnings per share” section.

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

€ million	2022	2021
Earnings after tax	**12,771**	**11,357**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	15,412	5,749
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–4,605	–1,641
Pension plan remeasurements recognized in other comprehensive income, net of tax	10,807	4,109
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	–389	–1
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	1	–3
Items that will not be reclassified to profit or loss	**10,419**	**4,105**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	4,090	2,101
Transferred to profit or loss	15	0
Exchange differences on translating foreign operations, before tax	4,105	2,102
Deferred taxes relating to exchange differences on translating foreign operations	2	–1
Exchange differences on translating foreign operations, net of tax	4,107	2,100
Hedging		
Fair value changes recognized in other comprehensive income (OCI I)	–929	–1,038
Transferred to profit or loss (OCI I)	852	–341
Cash flow hedges (OCI I), before tax	–77	–1,379
Deferred taxes relating to cash flow hedges (OCI I)	59	457
Cash flow hedges (OCI I), net of tax	–19	–922
Fair value changes recognized in other comprehensive income (OCI II)	–1,380	–430
Transferred to profit or loss (OCI II)	564	923
Cash flow hedges (OCI II), before tax	–816	493
Deferred taxes relating to cash flow hedges (OCI II)	237	–144
Cash flow hedges (OCI II), net of tax	–579	350
Fair value valuation of debt instruments that may be reclassified to profit or loss		
Fair value changes recognized in other comprehensive income	–414	–29
Transferred to profit or loss	0	0
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	–413	–29
Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income	111	9
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	–303	–21
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	442	465
Items that may be reclassified to profit or loss	**3,649**	**1,972**
Other comprehensive income, before tax	18,265	7,398
Deferred taxes relating to other comprehensive income	–4,197	–1,320
Other comprehensive income, net of tax	**14,068**	**6,077**
Total comprehensive income	**26,839**	**17,435**
of which attributable to		
Noncontrolling interests	213	153
Volkswagen AG hybrid capital investors	431	404
Volkswagen AG shareholders	26,196	16,878

Income Statement for the Period July 1 to September 30

€ million	VOLKSWAGEN GROUP 2022	VOLKSWAGEN GROUP 2021	DIVISIONS: AUTOMOTIVE[1] 2022	AUTOMOTIVE[1] 2021	FINANCIAL SERVICES 2022	FINANCIAL SERVICES 2021
Sales revenue	**70,712**	**56,931**	**59,117**	**45,842**	**11,595**	**11,089**
Cost of sales	–58,036	–48,009	–48,850	–39,161	–9,186	–8,848
Gross result	**12,676**	**8,922**	**10,267**	**6,682**	**2,409**	**2,240**
Distribution expenses	–4,836	–4,774	–4,596	–4,462	–240	–312
Administrative expenses	–3,123	–2,522	–2,451	–1,911	–672	–612
Other operating result	–448	970	–39	837	–409	133
Operating result	**4,269**	**2,595**	**3,181**	**1,146**	**1,088**	**1,450**
Share of the result of equity-accounted investments	719	899	702	859	17	39
Interest result and other financial result	–2,052	–415	–2,037	–408	–15	–7
Financial result	**–1,333**	**484**	**–1,335**	**451**	**2**	**33**
Earnings before tax	**2,936**	**3,079**	**1,846**	**1,597**	**1,090**	**1,482**
Income tax expense	–803	–176	–299	515	–503	–690
Earnings after tax	**2,133**	**2,903**	**1,547**	**2,111**	**586**	**792**
of which attributable to						
Noncontrolling interests	25	7	–3	–14	28	21
Volkswagen AG hybrid capital investors	151	135	151	135	–	–
Volkswagen AG shareholders	1,957	2,761	1,399	1,990	558	771
Basic/diluted earnings per ordinary share in €[2]	**3.90**	**5.51**				
Basic/diluted earnings per preferred share in €[2]	**3.90**	**5.51**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Explanatory information on earnings per share is presented in the "Earnings per share" section.

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

€ million	2022	2021
Earnings after tax	**2,133**	**2,903**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	970	949
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–284	–223
Pension plan remeasurements recognized in other comprehensive income, net of tax	687	726
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	–13	–365
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	0	0
Items that will not be reclassified to profit or loss	**674**	**361**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	1,361	609
Transferred to profit or loss	0	0
Exchange differences on translating foreign operations, before tax	1,361	609
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	1,361	609
Hedging		
Fair value changes recognized in other comprehensive income (OCI I)	–652	–113
Transferred to profit or loss (OCI I)	500	–15
Cash flow hedges (OCI I), before tax	–152	–128
Deferred taxes relating to cash flow hedges (OCI I)	61	39
Cash flow hedges (OCI I), net of tax	–91	–88
Fair value changes recognized in other comprehensive income (OCI II)	–700	–107
Transferred to profit or loss (OCI II)	163	245
Cash flow hedges (OCI II), before tax	–536	137
Deferred taxes relating to cash flow hedges (OCI II)	159	–40
Cash flow hedges (OCI II), net of tax	–377	97
Fair value valuation of debt instruments that may be reclassified to profit or loss		
Fair value changes recognized in other comprehensive income	–141	–3
Transferred to profit or loss	0	–1
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	–141	–4
Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income	38	1
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	–103	–3
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	176	161
Items that may be reclassified to profit or loss	**967**	**777**
Other comprehensive income, before tax	1,666	1,361
Deferred taxes relating to other comprehensive income	–26	–223
Other comprehensive income, net of tax	**1,641**	**1,138**
Total comprehensive income	**3,774**	**4,041**
of which attributable to		
Noncontrolling interests	66	–13
Volkswagen AG hybrid capital investors	151	135
Volkswagen AG shareholders	3,557	3,919

Balance Sheet as of September 30, 2022 and December 31, 2021

€ million	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
	2022	2021	2022	2021	2022	2021
Assets						
Noncurrent assets	**341,664**	**328,261**	**178,651**	**170,391**	**163,013**	**157,871**
Intangible assets	82,171	77,689	81,779	77,290	392	399
Property, plant and equipment	62,763	63,695	61,737	62,684	1,025	1,011
Lease assets	61,125	59,699	1,577	2,316	59,548	57,383
Financial services receivables	86,299	84,954	–698	–781	86,998	85,735
Investment Property, equity-accounted investments and other equity investments, other receivables and financial assets	49,307	42,224	34,256	28,882	15,050	13,342
Current assets	**232,362**	**200,347**	**134,004**	**101,539**	**98,358**	**98,808**
Inventories	51,753	43,725	48,504	40,361	3,249	3,363
Financial services receivables	60,255	56,498	–828	–936	61,083	57,434
Other receivables and financial assets	63,419	37,195	42,274	18,275	21,145	18,921
Marketable securities and time deposits	23,496	22,532	19,102	17,674	4,394	4,858
Cash and cash equivalents	32,896	39,723	24,415	25,491	8,481	14,232
Assets held for sale	543	674	538	674	5	–
Total assets	**574,026**	**528,609**	**312,655**	**271,930**	**261,371**	**256,679**
Equity and liabilities						
Equity	**189,021**	**146,154**	**147,780**	**109,022**	**41,241**	**37,131**
Equity attributable to Volkswagen AG shareholders	160,938	130,009	120,701	93,592	40,238	36,417
Equity attributable to Volkswagen AG hybrid capital investors	15,531	14,439	15,531	14,439	–	–
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	176,469	144,449	136,231	108,031	40,238	36,417
Noncontrolling interests	12,552	1,705	11,549	991	1,003	714
Noncurrent liabilities	**209,624**	**218,062**	**92,095**	**98,923**	**117,529**	**119,139**
Financial liabilities	127,312	131,618	25,982	24,639	101,331	106,978
Provisions for pensions	26,982	41,550	26,588	40,769	394	781
Other liabilities	55,330	44,894	39,525	33,515	15,805	11,379
Current liabilities	**175,381**	**164,393**	**72,780**	**63,984**	**102,601**	**100,409**
Financial liabilities	76,431	78,584	–15,293	–10,237	91,724	88,821
Trade payables	29,258	23,624	26,544	20,977	2,714	2,647
Other liabilities	69,486	61,948	61,324	53,007	8,162	8,940
Liabilities associated with assets held for sale	206	238	205	238	0	–
Total equity and liabilities	**574,026**	**528,609**	**312,655**	**271,930**	**261,371**	**256,679**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.

Statement of Changes in Equity

€ million	Subscribed capital	Capital reserve	Retained earnings	OTHER RESERVES Currency translation reserve
Balance at Jan. 1, 2021	**1,283**	**14,551**	**100,772**	**–5,659**
Earnings after tax	–	–	10,865	–
Other comprehensive income, net of tax	–	–	4,075	2,071
Total comprehensive income	**–**	**–**	**14,940**	**2,071**
Disposal of equity instruments	–	–	57	–
Capital increases/Capital decreases	–	–	–	–
Dividend payments	–	–	–2,419	–
Capital transactions involving a change in ownership interest	–	–	–270	–32
Other changes	–	–	209	–
Balance at Sept. 30, 2021	**1,283**	**14,551**	**113,290**	**–3,620**
Balance at Jan. 1, 2022	**1,283**	**14,551**	**117,342**	**–2,351**
Earnings after tax	–	–	12,253	–
Other comprehensive income, net of tax	–	–	10,736	4,016
Total comprehensive income	**–**	**–**	**22,989**	**4,016**
Disposal of equity instruments	–	–	–53	–
Capital increases/Capital decreases[1]	–	–	–	–
Dividend payments[2]	–	–	–3,772	–
Capital transactions involving a change in ownership interest[2]	–	–	8,180	–214
Other changes	–	–	31	–
Balance at Sept. 30, 2022	**1,283**	**14,551**	**144,716**	**1,451**

1 For details on capital increases/decreases, see the “Equity” section.
2 For information on dividend payments and capital transactions involving a change in ownership interest, see the “Equity” section and the “Key events” section.

HEDGING							
Cash flow hedges (OCI I)	Deferred costs of hedging (OCI II)	Equity and debt instruments	Equity-accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Equity attributable to noncontrolling interest	Total equity
1,287	**–708**	**–219**	**30**	**15,713**	**127,049**	**1,734**	**128,783**
–	–	–	–	404	11,270	88	11,357
–924	350	–10	450	–	6,012	65	6,077
–924	**350**	**–10**	**450**	**404**	**17,282**	**153**	**17,435**
–	–	–57	–	–	–	–	–
–	–	–	–	–1,237	–1,237	170	–1,068
–	–	–	–	–535	–2,954	–23	–2,977
–1	0	0	–1	–	–304	–283	–587
–	–	–	–110	–	99	–27	71
363	**–358**	**–287**	**368**	**14,345**	**139,935**	**1,723**	**141,658**
–635	**–367**	**–355**	**541**	**14,439**	**144,449**	**1,705**	**146,154**
–	–	–	–	431	12,684	88	12,771
–21	–579	–651	442	–	13,943	125	14,068
–21	**–579**	**–651**	**442**	**431**	**26,626**	**213**	**26,839**
–	–	53	–	–	–	–	–
–	–	–	–	1,153	1,153	103	1,256
–	–	–	–	–493	–4,265	–258	–4,523
339	175	–3	0	–	8,477	10,805	19,282
–	–	–	–2	–	28	–16	13
–317	**–771**	**–956**	**981**	**15,531**	**176,469**	**12,552**	**189,021**

Cash flow statement for the Period January 1 to September 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2022	2021	2022	2021	2022	2021
Cash and cash equivalents at beginning of period	**39,123**	**33,432**	**24,899**	**23,758**	**14,224**	**9,674**
Earnings before tax	16,970	14,232	12,769	10,297	4,201	3,935
Income taxes paid	–3,255	–3,295	–2,397	–2,659	–858	–636
Depreciation and amortization expense[2]	23,307	20,291	16,082	13,265	7,225	7,026
Change in pension provisions	522	687	476	653	46	35
Share of the result of equity-accounted investments	800	1,270	818	1,300	–18	–30
Other noncash income/expense and reclassifications[3]	–846	–600	–2,296	–813	1,451	212
Gross cash flow	**37,498**	**32,586**	**25,453**	**22,044**	**12,045**	**10,542**
Change in working capital	**–10,612**	**–3,683**	**–3,197**	**659**	**–7,415**	**–4,342**
Change in inventories	–6,603	1,680	–6,796	115	193	1,565
Change in receivables	–2,424	723	–1,717	–1,247	–707	1,970
Change in liabilities	7,695	2,168	7,012	1,639	683	529
Change in other provisions	–1,642	432	–1,738	269	95	163
Change in lease assets (excluding depreciation)	–6,240	–12,980	258	98	–6,498	–13,078
Change in financial services receivables	–1,397	4,295	–215	–215	–1,182	4,510
Cash flows from operating activities	**26,886**	**28,904**	**22,256**	**22,703**	**4,630**	**6,201**
Cash flows from investing activities attributable to operating activities	**–16,903**	**–15,837**	**–16,679**	**–15,483**	**–224**	**–354**
of which: Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property	–7,309	–6,023	–7,177	–5,891	–132	–132
capitalized development costs	–7,085	–5,396	–7,085	–5,396	–	–
acquisition and disposal of equity investments	–2,751	–4,709	–2,629	–4,453	–121	–256
Net cash flow[4]	***9,983***	***13,067***	***5,576***	***7,220***	***4,406***	***5,846***
Change in investments in securities, time deposits and loans	–2,018	–1,110	–1,578	–494	–440	–616
Cash flows from investing activities	**–18,921**	**–16,947**	**–18,258**	**–15,977**	**–664**	**–970**
Cash flows from financing activities	**–14,858**	**–9,998**	**–4,899**	**–8,698**	**–9,959**	**–1,299**
of which: capital transactions with noncontrolling interests	123	–587	123	–587	–	–
capital contributions/capital redemptions	1,262	–1,071	1,261	–1,567	0	497
Effect of exchange rate changes on cash and cash equivalents	796	587	549	524	248	63
Change of loss allowance within cash and cash equivalents	0	0	0	0	0	0
Net change in cash and cash equivalents	**–6,097**	**2,546**	**–352**	**–1,447**	**–5,745**	**3,994**
Cash and cash equivalents at September 30[5]	**33,025**	**35,978**	**24,547**	**22,311**	**8,479**	**13,668**
Securities, loans and time deposits	35,893	34,047	17,701	16,148	18,192	17,899
Gross liquidity	**68,919**	**70,025**	**42,248**	**38,458**	**26,671**	**31,567**
Total third-party borrowings	–203,749	–205,873	–10,694	–12,816	–193,055	–193,057
Net liquidity at September 30[6]	**–134,831**	**–135,848**	**31,553**	**25,642**	**–166,384**	**–161,491**
For information purposes: at Jan. 1	–136,576	–137,380	26,685	26,796	–163,261	–164,176

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

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

Notes to the Consolidated Financial Statements

Accounting in accordance with International Financial Reporting Standards (IFRSs)

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2021 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These interim consolidated financial statements for the period ended September 30, 2022 were therefore also prepared in accordance with IAS 34 (Interim Financial Reporting) and are condensed in scope compared with the consolidated financial statements.

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

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

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

Accounting policies

Volkswagen AG has applied all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2022.

OTHER ACCOUNTING POLICIES

A discount rate of 3.7% (December 31, 2021: 1.2%) was applied to German pension provisions in the accompanying interim consolidated financial statements. Because of the sustained increase in inflation expectations, the pension trend was adjusted to 2.2% as of September 30, 2022 (December 31, 2021: 1.7%). These changes are the main factors responsible for the actuarial gain of €15.4 billion presented in the statement of comprehensive income. In addition, adjustments to the discount rates used in the measurement of provisions benefited the financial result by €1.1 billion.

The income tax expense for the interim consolidated financial statements is always calculated on the basis of the best estimate of the average annual income tax rate that is expected for the entire fiscal year, in accordance with IAS 34 (Interim Financial Reporting). The write-down as of September 30, 2022 of an equity investment not included in the business plan is not included in the estimated average income tax rate for the full year. This non-recurring effect was recognized directly in the third quarter of 2022 rather than by adjusting the planned tax rate.

In other respects, the same accounting policies and consolidation methods that were used for the 2021 consolidated financial statements are generally applied to the preparation of the interim consolidated financial statements and the measurement of the prior-year comparatives. A detailed description of the policies and methods applied is published in the “Accounting policies” section of the notes to the 2021 consolidated financial statements.

In addition, details of the effects of new standards can be found in the “New and amended IFRSs not applied” section. The 2021 consolidated financial statements can also be accessed on the internet at www.volkswagenag.com/en/InvestorRelations.html.

Key events

Diesel issue

On September 18, 2015, the US Environmental Protection Agency (EPA) publicly announced in a “Notice of Violation” that irregularities in relation to nitrogen oxide (NO_X) emissions had been discovered in emissions tests on certain Volkswagen Group vehicles with type 2.0 l diesel engines in the USA. This was followed by further reports on the scope of the diesel issue. Detailed information can be found in the “Key events” section of the 2021 consolidated financial statements.

Between January and September 2022, special items in connection with the diesel issue amounted to €360 million; they were recognized in the other operating result. These special items were mainly attributable to additional expenses for legal risks.

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

Russia-Ukraine conflict / Covid-19 pandemic / semiconductor shortages

The start of the Russia-Ukraine conflict in February 2022 led not only to a humanitarian crisis but also brought market upheaval around the world. There have been substantial price rises, particularly on the energy and commodity markets, and significant increases in interest and inflation rates have been observed internationally. In addition, the parts supply shortages intensified in this context directly after the start of the conflict. In the Volkswagen Group, this particularly affected the supply of cable harnesses from Ukraine. Volkswagen took immediate action to clear these supply bottlenecks from Ukraine, with the result that there are no material bottlenecks in this regard at present.

Moreover, different sanctions have been imposed on Russia as a result of the conflict, especially by the EU and the USA. They restrict economic transactions with Russia and have an impact on the Russian companies and plants of the Volkswagen Group and on sales of vehicles to Russia. The sanctions also affect the new financial services business in Russia and lead to impairment risks to existing lease assets and financial receivables. Against the backdrop of the Russia-Ukraine conflict and the resulting consequences, Volkswagen has decided to suspend vehicle production in Russia until further notice. Vehicle exports to Russia have also been halted. In addition, the respective sanction requirements are also being complied with in relation to parts supplies and the provision of technical information. To date, only an insignificant number of complaints has been received from customers, service providers, or other contract partners about any non-fulfillment of contracts in Russia. It is not clear at present how the situation will develop further. In addition, Russia itself, in its role as an energy exporter, has restricted gas deliveries to Europe. The resulting increase in commodity prices and intensified supply shortages are reinforcing the threat of persistently high inflation.

Russia’s partial mobilization on September 21, 2022 and the ensuing tightening of sanctions led to adjustments to the risk assessment in relation to the situation in Russia in the third quarter and to the potential future development of the Group’s business activities in Russia.

On the basis of this reassessment, comprehensive impairment losses on assets of production facilities and financial services companies as well as risk provisions, especially for third-party expenses expected from the discontinuation of activities in Russia, were recognized. In addition, some companies are intended to be sold (see the “Basis of consolidation” section).

In this context, additional expenses of around €1.3 billion were recognized in the third quarter. In total, the direct effects of the Russia-Ukraine conflict resulted in expenses of around €2 billion in the reporting period, which are reported in cost of sales and in the other operating result.

In connection with inflation rate trends, the weighted average cost of capital (WACC) used in testing the different cash-generating units for impairment were also subject to significant change. Compared with December 31, 2021, the cost of capital used for the different cash-generating units changed by between – 0.2 and 2.3 percentage points as of September 30, 2022. In light of this change, further impairment tests were conducted on certain material assets, especially goodwill, brand names, capitalized development costs and property, plant and equipment, as of September 30, 2022. The latest planning for the cash-generating units was used in this process. The assumptions used here relate in particular to the medium-term effects expected from the parts supply shortages with the corresponding expected losses of production volume and from the suspension of vehicle deliveries to Russia and the discontinuation of vehicle production in Russia. Given the continuing very dynamic development, it was not possible to make a reliable assessment of the many different effects of the growing supply insecurity affecting energy resources in Europe (e.g. the gas deficit situation) at the level of the individual cash-generating units. Apart from the impairment losses recognized in response to the direct effects described above, the tests conducted to establish recoverability have not resulted in any further need at present to recognize impairment losses on those Volkswagen Group's cash-generating units subjected to testing.

As a result of the turbulence on the commodity and capital markets, gains totaling €2.4 billion had to be recognized in the other operating result, primarily from the fair value measurement and realization of derivatives to which hedge accounting is not applied (especially commodity, currency and interest rate hedges).

Apart from the effects of the Russia-Ukraine conflict, the global spread of the Omicron variant of coronavirus SARS-CoV-2 continued to lead to considerable disruption to everyday life and the economy in a number of regions in the reporting period. In China particularly, local infection outbreaks during the reporting period led to tight restrictions under the zero-Covid strategy being pursued there, resulting in economic constraints and disruption to international supply chains.

In addition to the uncertainty and measures being taken around the world to deal with the Covid-19 pandemic, persistent semiconductor shortages and the resulting limited availability of Group models meant that demand could not be adequately met in some regions.

Material Transactions

On September 28, 2022, as part of the IPO of Dr. Ing. h.c. F. Porsche AG, Stuttgart (Porsche AG), a total of 113,875,000 preferred shares of Porsche AG were successfully placed with investors at a placement price of €82.50, totaling around €9.4 billion – including 14,853,260 preferred shares to cover potential additional allocations. The no-par value bearer shares came from the portfolio of Porsche Holding Stuttgart GmbH, Stuttgart – a wholly owned subsidiary of Volkswagen AG. The total number of preferred shares offered in the IPO corresponds to up to 25% of the preference share capital of Porsche AG. The non-voting preferred shares of Porsche AG are traded on the Regulated Market of the Frankfurt Stock Exchange. Up to the early termination of the stabilization period on October 11, 2022, a total of 3,794,199 preferred shares had been bought back on the market; of this total, 3,248,460 preferred shares were attributable to the third quarter. The free float of the preferred shares after the end of the stabilization period is therefore 24.2% and comprises 110,080,801 preferred shares.

In connection with the IPO, Volkswagen additionally sold an interest of 25% of Porsche's ordinary shares plus one ordinary share to Porsche Automobil Holding SE, Stuttgart (Porsche SE). As consideration, Porsche SE has undertaken to pay a purchase price of around €10.1 billion to Volkswagen; this purchase price includes a premium of 7.5% on the placement price of the preferred shares. The purchase of the ordinary shares will be completed in two tranches of 79,712,501 and 34,162,500 shares respectively.

As a result of the transactions, the Volkswagen Group's equity increased by €19.2 billion as of September 30, 2022, of which €10.8 billion is reported as noncontrolling interests. The right to payments from the sale of the ordinary and preferred shares in the amount of €19.2 billion was recognized in the balance sheet as a receivable as of September 30, 2022; the cash inflow for the preferred shares and the first tranche of the ordinary shares occurred at the beginning of the fourth quarter. Payment for the second tranche of the ordinary shares is expected in January 2023.

The employees of Volkswagen AG and Volkswagen Sachsen GmbH are to participate in the economic success of the sale of shares in Porsche AG in the amount of €2,000 per employee. A provision of €0.3 billion was recognized to this end as of the balance sheet date.

Volkswagen will make no further investments in Argo AI to develop autonomous driving and will cease to be a shareholder of the company. An impairment loss on the entire interest in the Argo AI joint venture was therefore recognized as of September 30, 2022. This resulted in an expense of €1.9 billion, which was recognized in the other financial result.

On July 1, 2021, a TRATON GROUP company acquired all of the outstanding shares in Navistar International Corporation (Navistar), a US manufacturer of commercial vehicles based in Lisle, Illinois/USA. Due to the size of the transaction, it was not possible to complete the internal reviews of the information underlying the purchase price allocation until the current fiscal year. The update to the purchase price allocation did not materially affect the Volkswagen Group's net assets, financial position and results of operations.

In 2021, together with investment firm Attestor Limited and Pon Holdings B.V., Volkswagen made a joint public takeover offer for the shares of Europcar Mobility Group S.A., Paris/France through the consortium company Green Mobility Holding S.A. (GMH) based in Strassen/Luxembourg. The European Commission issued final antitrust approval at the end of May 2022. During the extended offer period, the French Financial Markets Authority gave Europcar shareholders the opportunity to tender their shares to the consortium company. In total, 93.6% of Europcar's shareholders accepted the offer. The consortium jointly assumed control of Europcar in mid-June 2022. Because the acceptance rate was over 90%, a squeeze-out was initiated for the remaining Europcar shares in July 2022, and the company was delisted. As a result, the consortium company has held 100% of the shares in Europcar since July 13, 2022. The purchase price was 51 cents per Europcar share.

At the end of June 2022, the entire portion of the purchase price attributable to Volkswagen, amounting to €1.7 billion, was contributed to GMH. The company, in which Volkswagen holds 66% of the shares, will be accounted for using the equity method in the Volkswagen consolidated financial statements. In addition, Volkswagen is the writer of put options held by the other members of the consortium, and the other members have granted Volkswagen call options on their shares in the consortium company. The measurement of the options led to a non-cash gain of €30 million in the period from January to September 2022, which was recognized in the financial result.

The completion of the Europcar transaction marks another important milestone for Volkswagen in the Group's Mobility Solutions initiative under the NEW AUTO strategy. With this transaction, the Volkswagen Group intends to secure a significant share of the global market for mobility services. Europcar Mobility Group is to become one of the cornerstones of the mobility platform planned by Volkswagen.

Basis of consolidation

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

INVESTMENTS IN ASSOCIATES

Following the fulfillment of all closing conditions, Brose Fahrzeugteile SE & Co. Kommanditgesellschaft (Brose) and Volkswagen Finance Luxemburg S.A., a subsidiary of Volkswagen AG, created a jointly operated company in early 2022 for the development and manufacture of complete seat units, seat structures and components, and solutions for vehicle interiors. As part of this arrangement, Brose acquired half of the shares in the previous Volkswagen Group company SITECH Sp. z o.o., Polkowice/Poland. Brose and Volkswagen each hold 50% of the jointly operated company – Brose Sitech Sp. z o.o. – with Brose taking the industrial lead and controlling the company. Given its significant influence following the transaction, Volkswagen will account for Brose Sitech as an associate using the equity method. The change in the accounting policy did not have any material effect on the Volkswagen Group’s profit or loss.

IFRS 5 – NONCURRENT ASSETS HELD FOR SALE

In April 2022, TRATON entered into a definitive agreement with Tupy S.A., Brazil for the sale of International Indústria Automotiva Da América Do Sul Ltda. (MWM). MWM specializes in the manufacture of diesel engines. The transaction is subject to customary closing conditions, including regulatory approvals. The transaction is currently expected to be completed in the fourth quarter of 2022.

In addition, TRATON entered into an agreement with MAN Truck Chelny LLC, Russian Federation, in the third quarter of 2022 for the sale of 100% of the shares of MAN Truck and Bus Rus LLC, Russian Federation. The transaction is currently expected to be completed in 2022.

The classification as a disposal group resulted in an expense, of which €41 million was attributable to impairment of assets and €43 million to a provision recognized in addition. The provision is recognized separately outside of the disposal group. Of the total expense, €79 million was attributable to other operating expenses and €5 million to the tax result.

In addition, TRATON has signed a declaration of intent under which 100% of the shares in Scania-Rus LLC, Russian Federation, are to be sold. The transaction is currently expected to be completed within the next twelve months.

The classification as a disposal group resulted in an expense, of which €58 million was attributable to impairment of assets and €30 million to a provision recognized in addition. The provision is recognized separately outside of the disposal group. Of the total expense, €79 million was attributable to other operating expenses and €9 million to the tax result.

In the third quarter, Porsche AG moreover considered the options for its market presence in Russia, including the sale of its three subsidiaries in Russia to an independent third-party investor. To this end, the sale negotiations with potential interested buyers were intensified. The transaction is currently expected to be completed within the next twelve months.

In this context, assets of €543 million and liabilities of €206 million were classified as held for sale as of September 30, 2022 and presented in a separate line item of the balance sheet in accordance with IFRS 5. The assets and liabilities held for sale have been recognized at a lower of their carrying amount and fair value less expected costs of disposal.

Disclosures on the interim consolidated financial statements

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE: Q1 – Q3 2022

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total Segments	Reconciliation	Volkswagen Group
Vehicles	115,900	17,674	–	–	133,574	–10,267	123,307
Genuine parts	11,209	5,010	–	–	16,219	–115	16,104
Used vehicles and third-party products	8,604	1,701	–	15,503	25,808	–2,722	23,086
Engines, powertrains and parts deliveries	8,964	622	–	–	9,586	–48	9,538
Power Engineering	–	–	2,516	–	2,516	–1	2,516
Motorcycles	739	–	–	–	739	–	739
Leasing business	535	1,269	0	12,412	14,217	–896	13,321
Interest and similar income	204	1	–	6,303	6,509	–330	6,179
Hedges sales revenue	–1,568	–18	–	–	–1,586	20	–1,566
Other sales revenue	8,195	1,705	–	596	10,495	–721	9,774
	152,782	**27,964**	**2,517**	**34,814**	**218,077**	**–15,080**	**202,997**

STRUCTURE OF GROUP SALES REVENUE: Q1 – Q3 2021

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total Segments	Reconciliation	Volkswagen Group
Vehicles[1]	108,691	13,447	–	–	122,138	–11,103	111,035
Genuine parts	9,787	3,301	–	–	13,089	–99	12,989
Used vehicles and third-party products[1]	9,244	1,346	–	15,671	26,261	–2,493	23,769
Engines, powertrains and parts deliveries	8,967	529	–	–	9,496	–42	9,454
Power Engineering	–	–	2,338	–	2,338	–1	2,337
Motorcycles	608	–	–	–	608	–	608
Leasing business[1]	638	1,238	0	11,624	13,499	–1,321	12,179
Interest and similar income	154	6	–	5,873	6,032	–194	5,838
Hedges sales revenue	–151	–31	–	0	–182	34	–148
Other sales revenue[1]	6,882	1,469	–	562	8,912	–374	8,538
	144,819	**21,305**	**2,338**	**33,730**	**202,192**	**–15,592**	**186,599**

1 Beginning in the fourth quarter of fiscal year 2021, all sales of used vehicles that were presented in the vehicles, leasing business and other sales revenue line items in the previous year were allocated to the used vehicles and third-party products line item. Previously, for example, the transfer of a leased vehicle from the lessee had been reported in the leasing business line item. The figures were adjusted accordingly.

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

2. Cost of sales

Cost of sales includes interest expenses of €2,108 million (previous year: €1,464 million) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on capitalized development costs, property, plant and equipment, and lease assets. The impairment losses totaled €778 million (previous year: €603 million); they are mostly recognized in other operating expenses and in cost of sales.

3. Research and development costs

€ million	Q1 – 3 2022	Q1 – 3 2021	%
Total research and development costs	13,826	11,401	21.3
of which: capitalized development costs	7,085	5,392	31.4
Capitalization ratio in %	51.2	47.3	
Amortization of capitalized development costs	3,814	3,808	0.1
Research and development costs recognized in profit or loss	**10,555**	**9,817**	7.5

4. Earnings per share

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

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

		Q3 2022	Q3 2021	Q1 – 3 2022	Q1 – 3 2021
Weighted average number of:					
Ordinary shares – basic/diluted	Shares	295,089,818	295,089,818	295,089,818	295,089,818
Preferred shares – basic/diluted	Shares	206,205,445	206,205,445	206,205,445	206,205,445
Earnings after tax	€ million	2,133	2,903	12,771	11,357
Noncontrolling interests	€ million	25	7	88	88
Earnings attributable to Volkswagen AG hybrid capital investors	€ million	151	135	431	404
Earnings attributable to Volkswagen AG shareholders	€ million	1,957	2,761	12,253	10,865
of which: basic/diluted earnings attributable to ordinary shares	€ million	1,152	1,625	7,205	6,389
of which: basic/diluted earnings attributable to preferred shares	€ million	805	1,136	5,047	4,477
Earnings per ordinary share – basic/diluted	€	3.90	5.51	24.42	21.65
Earnings per preferred share – basic/diluted	€	3.90	5.51	24.48	21.71

5. Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND SEPTEMBER 30, 2022

€ million	Carrying amount at Jan. 1, 2022	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at Sept. 30, 2022
Intangible assets	77,689	8,369	−811	4,698	82,171
Property, plant and equipment	63,695	7,409	−811	9,153	62,763
Lease assets	59,699	17,691	8,353	7,912	61,125

6. Inventories

€ million	Sept. 30, 2022	Dec. 31, 2021
Raw materials, consumables and supplies	9,949	9,331
Work in progress	8,942	6,559
Finished goods and purchased merchandise	27,086	22,201
Current lease assets	5,328	5,291
Prepayments	476	344
Hedges on inventories	−28	−2
	51,753	**43,725**

It was not necessary to recognize or reverse significant impairment losses on inventories in the reporting period.

7. Current other receivables and financial assets

€ million	Sept. 30, 2022	Dec. 31, 2021
Trade receivables	17,705	15,521
Miscellaneous other receivables and financial assets	45,714	21,675
	63,419	**37,195**

Miscellaneous other receivables include receivables from the sale of ordinary and preferred shares of Dr. Ing. h.c. F. Porsche AG (Porsche AG) in an amount of €19 billion. Additional disclosures on the IPO of Porsche AG can be found in the section “Key events”.

In the period January 1 to September 30, 2022, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €1,512 million (previous year: €62 million). The rise in impairment losses is primarily the result of increased default risks due to the crisis situation in connection with the Russia-Ukraine conflict.

8. Equity

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

In February 2022, Volkswagen AG called a hybrid note (maturity: 7 years) with a principal amount of €1,100 million, which had been placed in 2015 via Volkswagen International Finance N.V., Amsterdam, the Netherlands (issuer). Once called, the note had to be classified as debt in accordance with IAS 32, thus reducing the equity and net liquidity of the Volkswagen Group. The hybrid note was redeemed on March 21, 2022. From the hybrid capital issued on March 28, 2022, Volkswagen AG recorded a cash inflow of €2,250 million less transaction costs of €11 million. In addition, the recognition of deferred taxes led to noncash effects of €3 million. The hybrid capital is to be classified as equity granted.

The dividend payments of €258 million included in noncontrolling interests also comprise the dividends (€226 million) arising from the contractual obligations in connection with the IPO of Dr. Ing. h.c. F. Porsche AG (Porsche AG), even though they will only be distributed after the Annual General Meeting of Porsche AG in 2023. Additional disclosures on the IPO of Porsche AG can be found in the "Key events" section.

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

9. Noncurrent financial liabilities

€ million	Sept. 30, 2022	Dec. 31, 2021
Bonds, commercial paper and notes	92,482	97,113
Liabilities to banks	26,416	25,904
Deposit business	2,393	2,588
Lease liabilities	5,063	5,137
Other financial liabilities	959	875
	127,312	**131,618**

10. Current financial liabilities

€ million	Sept. 30, 2022	Dec. 31, 2021
Bonds, commercial paper and notes	33,310	38,503
Liabilities to banks	17,049	12,786
Deposit business	24,362	24,243
Lease liabilities	1,122	1,108
Other financial liabilities	587	1,944
	76,431	**78,584**

11. Fair value disclosures

Generally, the principles and techniques used for fair value measurement remained unchanged year-on-year. Detailed explanations of the measurement principles and techniques can be found in the "Accounting policies" section of the 2021 consolidated financial statements.

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

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

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

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

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

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

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

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

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF SEPTEMBER 30, 2022

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING	NOT ALLOCATED TO A MEASUREMENT CATEGORY	BALANCE SHEET ITEM AT SEPT. 30, 2022
	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Noncurrent assets						
Equity-accounted investments	–	–	–	–	12,751	12,751
Other equity investments	521	–	–	–	2,686	3,207
Financial services receivables	214	52,100	51,149	–	33,985	86,299
Other financial assets	5,183	5,119	4,982	4,377	–	14,679
Tax receivables	–	–	–	–	816	816
Current assets						
Trade receivables	5	17,700	17,700	–	0	17,705
Financial services receivables	25	41,161	41,161	–	19,069	60,255
Other financial assets	2,813	30,480	30,480	1,713	–	35,006
Tax receivables	–	0	0	–	1,756	1,756
Marketable securities and time deposits	22,329	1,168	1,168	–	–	23,496
Cash and cash equivalents	–	32,896	32,896	–	–	32,896
Assets held for sale	–	279	279	–	264	543
Noncurrent liabilities						
Financial liabilities	–	122,249	119,125	–	5,063	127,312
Other financial liabilities	1,780	2,504	2,485	6,401	–	10,685
Current liabilities						
Financial liabilities	–	75,309	75,309	–	1,122	76,431
Trade payables	–	29,258	29,258	–	–	29,258
Other financial liabilities	1,301	12,003	12,003	3,161	–	16,464
Tax payables	–	2	2	–	762	764
Liabilities associated with assets held for sale	–	97	97	–	109	206

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2021

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING	NOT ALLOCATED TO A MEASUREMENT CATEGORY	BALANCE SHEET ITEM AT DEC. 31 , 2021
	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Noncurrent assets						
Equity-accounted investments	–	–	–	–	12,531	12,531
Other equity investments	760	–	–	–	2,240	3,000
Financial services receivables	290	50,146	51,326	–	34,519	84,954
Other financial assets	2,830	4,950	5,031	1,377	–	9,156
Tax receivables	–	–	–	–	635	635
Current assets						
Trade receivables	8	15,513	15,513	–	–	15,521
Financial services receivables	26	37,204	37,204	–	19,268	56,498
Other financial assets	1,996	10,046	10,046	543	–	12,584
Tax receivables	–	9	9	–	1,608	1,618
Marketable securities	22,495	37	37	–	–	22,532
Cash, cash equivalents and time deposits	–	39,723	39,723	–	–	39,723
Assets held for sale	–	142	142	–	532	674
Noncurrent liabilities						
Financial liabilities	–	126,481	131,359	–	5,137	131,618
Other financial liabilities	728	2,419	2,437	1,320	–	4,466
Current liabilities						
Financial liabilities	–	77,476	77,476	–	1,108	78,584
Trade payables	–	23,624	23,624	–	–	23,624
Other financial liabilities	1,009	10,112	10,112	1,880	–	13,002
Tax payables	–	27	27	–	588	614
Liabilities associated with assets held for sale	–	142	142	–	96	238

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

The carrying amount of lease receivables was €53.1 billion (previous year: €53.8 billion) and their fair value was €52.1 billion (previous year: €54.8 billion).

Due to increasing investments in long-term time deposits (maturities of more than 3 months), these time deposits are reported together with securities in the current fiscal year.

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

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY LEVEL

€ million	Sept. 30, 2022	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	521	180	0	341
Financial services receivables	214	–	–	214
Other financial assets	5,183	–	3,512	1,671
Current assets				
Trade receivables	5	–	–	5
Financial services receivables	25	–	–	25
Other financial assets	2,813	–	2,275	538
Marketable securities and time deposits	22,329	22,252	77	–
Noncurrent liabilities				
Other financial liabilities	1,780	–	1,644	136
Current liabilities				
Other financial liabilities	1,301	–	1,279	22

€ million	Dec. 31, 2021	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	760	579	0	181
Financial services receivables	290	–	–	290
Other financial assets	2,830	–	1,477	1,353
Current assets				
Trade receivables	8	–	–	8
Financial services receivables	26	–	–	26
Other financial assets	1,996	–	1,733	263
Marketable securities	22,495	22,406	89	–
Noncurrent liabilities				
Other financial liabilities	728	–	529	199
Current liabilities				
Other financial liabilities	1,009	–	905	104

DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING BY LEVEL

€ million	Sept. 30, 2022	Level 1	Level 2	Level 3
Noncurrent assets				
Other financial assets	4,377	–	4,377	–
Current assets				
Other financial assets	1,713	–	1,713	–
Noncurrent liabilities				
Other financial liabilities	6,401	–	6,401	–
Current liabilities				
Other financial liabilities	3,161	–	3,161	–

€ million	Dec. 31, 2021	Level 1	Level 2	Level 3
Noncurrent assets				
Other financial assets	1,377	–	1,377	–
Current assets				
Other financial assets	543	–	543	–
Noncurrent liabilities				
Other financial liabilities	1,320	–	1,320	–
Current liabilities				
Other financial liabilities	1,880	–	1,880	–

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

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

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

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2022	**2,119**	**303**
Foreign exchange differences	148	–6
Total comprehensive income	1,201	–79
recognized in profit or loss	1,179	–79
recognized in other comprehensive income	22	–
Additions (purchases)	74	–
Sales and settlements	–268	–42
Transfers into Level 2	–479	–17
Balance at Sept. 30, 2022	**2,795**	**158**
Total gains or losses recognized in profit or loss	**1,179**	**79**
Other operating result	1,138	79
of which attributable to assets/liabilities held at the reporting date	634	–25
Financial result	42	–
of which attributable to assets/liabilities held at the reporting date	–	–

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2021	**1,383**	**908**
Foreign exchange differences	30	9
Changes in consolidated Group	–300	–
Total comprehensive income	730	–220
recognized in profit or loss	403	–121
recognized in other comprehensive income	327	–99
Additions (purchases)	507	–
Sales and settlements	–121	–193
Transfers into Level 1	–333	–
Transfers into Level 2	–139	–17
Balance at Sept. 30, 2021	**1,756**	**487**
Total gains or losses recognized in profit or loss	**403**	**121**
Other operating result	420	121
of which attributable to assets/liabilities held at the reporting date	109	144
Financial result	–17	–
of which attributable to assets/liabilities held at the reporting date	–	–

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

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

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of September 30, 2022, earnings after tax would have been €285 million (previous year: €225 million) higher (lower). Beyond that, equity would not be affected.

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

If the assumed enterprise values at September 30, 2022 had been 10% higher, earnings after tax would have been €6 million (previous year: €4 million) higher. If the assumed enterprise values as of September 30, 2022 had been 10% lower, earnings after tax would have been €6 million (previous year: €4 million) lower.

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

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

If the prices of the used cars covered by the residual value protection model had been 10% higher as of September 30, 2022, earnings after tax would have been €454 million (previous year: €403 million) higher. If the prices of the used cars covered by the residual value protection model had been 10% lower as of September 30, 2022, earnings after tax would have been €489 million (previous year: €453 million) lower.

If the risk-adjusted interest rates applied to receivables measured at fair value had been 100 basis points higher as of September 30, 2022, earnings after tax would have been €8 million (previous year: €2 million) lower. If the risk-adjusted interest rates as of September 30, 2022 had been 100 basis points lower, earnings after tax would have been €5 million (previous year: €2 million) higher.

If the corresponding vehicle price used in the vehicle financing programs had been 10% higher as of September 30, 2022, earnings after tax would have been €9 million (previous year: €4 million) higher. If the corresponding vehicle prices used in the vehicle financing programs had been 10% lower as of September 30, 2022, earnings after tax would have been €9 million (previous year: €4 million) lower.

If the result of operations of equity investments measured at fair value had been 10% better as of September 30, 2022, equity would have been €16 million (previous year: €6 million) higher, and earnings after tax would have been €4 million (previous year: €4 million) higher. If the result of operations of equity investments measured at fair value had been 10% worse, equity would have been 16 million (previous year: €6 million) lower, and earnings after tax would have been €4 million (previous year: €4 million) lower.

12. Cash flow statement

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

€ million	Sept. 30, 2022	Sept. 30, 2021
Cash and cash equivalents as reported in the balance sheet	32,896	36,608
Cash and cash equivalents held for sale	165	4
Time deposits[1]	–36	–633
Cash and cash equivalents as reported in the cash flow statement	**33,025**	**35,978**

1 In the current fiscal year, time deposits with maturities of more than three months are presented in the securities and time deposits item in the balance sheet.

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

	Q1 – 3	
€ million	2022	2021
Capital contributions/Capital redemptions	1,262	–1,071
Dividends paid	–4,297	–2,977
Capital transactions with noncontrolling interest shareholders	123	–587
Proceeds from issuance of bonds	15,391	24,992
Repayments of bonds	–20,745	–23,803
Changes in other financial liabilities	–5,671	–5,651
Repayments of lease liabilities	–921	–901
	–14,858	**–9,998**

13. Segment reporting

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

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

The Commercial Vehicles segment primarily comprises the development, production and sale of trucks and buses, the corresponding genuine parts business and related services. As in the case of the passenger car brands, there is collaboration within the areas procurement, development and sales. The aim is to create closer cooperation within the business areas. As from the second half of 2021, this segment also includes Navistar.

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

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

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

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

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

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

REPORTING SEGMENTS: Q1 – Q3 2022

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	140,446	27,086	2,516	32,635	202,683	314	202,997
Intersegment sales revenue	12,335	878	1	2,180	15,394	–15,394	–
Total sales revenue	152,782	27,964	2,517	34,814	218,077	–15,080	202,997
Segment result (operating result)	14,531	956	207	4,190	19,883	–2,787	17,097

REPORTING SEGMENTS: Q1 – Q3 2021

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	132,454	20,509	2,337	31,034	186,333	266	186,599
Intersegment sales revenue	12,365	796	1	2,697	15,858	–15,858	–
Total sales revenue	144,819	21,305	2,338	33,730	202,192	–15,592	186,599
Segment result (operating result)	11,069	453	–1	3,967	15,489	–1,535	13,953

RECONCILIATION

€ million	Q1 – 3 2022	2021
Segment result (operating result)	**19,883**	**15,489**
Unallocated activities	36	–5
Group financing	–21	–5
Consolidation/Holding company function	–2,802	–1,525
Operating result	**17,097**	**13,953**
Financial result	**–127**	**279**
Consolidated earnings before tax	**16,970**	**14,232**

14. Related party disclosures

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

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

On September 28, 2022, Volkswagen placed 25% of the preferred shares of its subsidiary Dr. Ing. h.c. F. Porsche AG, Stuttgart (Porsche AG) with investors at a placement price of €82.50. These preferred shares have been traded on the stock exchange since the day after the placement. The basis for the IPO was a comprehensive agreement to enter into a number of contracts between Volkswagen and Porsche SE. In this context, the two parties agreed, among other things, that Porsche SE would acquire 25% of the ordinary shares of Porsche AG plus one ordinary share. The price per ordinary share equaled the placement price per preferred share plus a premium of 7.5%. The remaining shares of the preference and ordinary share capital continue to be held by Volkswagen Group companies. Under the purchase agreement, Volkswagen AG as warrantor provides several warranties to Porsche SE, which essentially puts Porsche SE in the same position as holders of the preferred shares sold under the IPO. In addition, Volkswagen AG assumes a small number of other standard market guarantees, most of them limited to positive knowledge of Volkswagen AG.

Porsche SE will acquire the ordinary shares in two tranches of 79,712,501 and 34,162,500 shares respectively, but the voting rights attached to the 113,875,001 ordinary shares will already be transferred to Porsche SE on delivery of the first tranche. Completion of the first tranche was conditional on the full placement of the preferred shares within the price range as part of the IPO as well as on the book transfer of the placement shares against payment of the placement price. Completion of the second tranche of ordinary shares is conditional on the completion of the first tranche and distribution of the special dividend of 49% of the total gross proceeds from the placement of the preferred shares (including any additional allocations) and the sale of the ordinary shares. As of the balance sheet date, Volkswagen recognized a receivable of €10.1 billion from Porsche SE arising from the transaction because access to the returns associated with these ordinary shares had already been transferred. Payment for the first tranche of the ordinary shares was received at the beginning of the fourth quarter. Porsche SE is expected to pay the purchase price for the second tranche in January 2023. Once the transaction has been completed, Porsche SE will hold 25% plus one share of the ordinary share capital of Porsche AG.

Volkswagen AG and Porsche SE have agreed in this context that representatives of Porsche SE will have a significant presence on the Supervisory Board of Porsche AG. Ultimate decision rights of the shareholder representatives determined by Volkswagen on the Supervisory Board with regard to the ability to direct the relevant activities at Porsche AG within the meaning of IFRS 10 will ensure continued control by Volkswagen AG.

Volkswagen AG intends to let its shareholders participate directly in the successful placement of the preferred shares and the sale of the ordinary shares. In the shareholders' agreement with Porsche SE, Volkswagen AG agreed in this context that the distribution of a special dividend be proposed to its shareholders in an amount equal to 49% of total gross proceeds from the placement of the preferred shares as part of the IPO of Porsche AG and from the sale of the block of ordinary shares to Porsche SE. Against this backdrop, the Board of Management and Supervisory Board have called an extraordinary General Meeting for December 16, 2022.

€ million	SUPPLIES AND SERVICES RENDERED Q1 – 3 2022	2021	SUPPLIES AND SERVICES RECEIVED Q1 – 3 2022	2021
Porsche SE and its majority interests	2	4	0	0
Supervisory Board members	1	2	1	1
Unconsolidated subsidiaries	754	732	1,053	980
Joint ventures and their majority interests	12,260	13,126	488	478
Associates and their majority interests	222	160	1,282	993
State of Lower Saxony, its majority interests and joint ventures	10	9	7	3

€ million	RECEIVABLES FROM Sept. 30, 2022	Dec. 31, 2021	LIABILITIES (INCLUDING OBLIGATIONS) TO Sept. 30, 2022	Dec. 31, 2021
Porsche SE and its majority interests	10,100	2	0	1
Supervisory Board members	0	0	281	252
Unconsolidated subsidiaries	1,416	1,442	1,904	1,715
Joint ventures and their majority interests	13,371	12,303	2,162	2,029
Associates and their majority interests	658	533	1,237	965
State of Lower Saxony, its majority interests and joint ventures	280	232	1	2

The tables above do not contain the dividend payments (net of withholding tax) of €2,079 million (previous year: €2,071 million) received from joint ventures and associates.

Receivables from joint ventures are primarily attributable to loans granted in an amount of €9,414 million (December 31, 2021: €8,756 million) as well as trade receivables in an amount of €3,314 million (December 31, 2021: €3,289 million). Receivables from non-consolidated subsidiaries also result primarily from loans granted in an amount of €863 million (December 31, 2021: €737 million) as well as trade receivables in an amount of €181 million (December 31, 2021: €344 million).

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

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

In addition, the Volkswagen Group has furnished guarantees to external banks on behalf of related parties in the amount of €202 million (December 31, 2021: €391 million).

Impairment losses of €46 million (previous year: €22 million) were recognized on the outstanding related party receivables. This incurred expenses of €27 million (previous year: €1 million) in the first three quarters of 2022.

Between January and September 2022, the Volkswagen Group made capital contributions of €2,668 million (previous year: €985 million) at related parties. The increase relates mainly to the acquisition of Europcar Mobility Group S.A. by GMH (see "Key events" section for more information).

15. Litigation

Diesel issue

1. Criminal and administrative proceedings worldwide (excluding the USA/Canada)
The criminal investigation conducted by the Stuttgart Office of the Public Prosecutor against a member of the Board of Management of Dr. Ing. h.c. F. Porsche AG and others on suspicion of fraud and illegal advertising relating to the diesel issue has in the interim been terminated at the end of April 2022, as regards *inter alia* the Board of Management member, against payment of a sum set by the court.

2. Product-related lawsuits worldwide (excluding the USA/Canada)
In Brazil, the Superior Court of Justice in August 2022 rejected in part the appeal filed by Volkswagen do Brasil in the first consumer protection class action against the judgment at the first appeals level. Volkswagen do Brasil has appealed this decision. The plaintiff in the second pending Brazilian consumer protection class action has appealed the trial court's October 2021 judgment dismissing the complaint.

In England and Wales, roughly 91 thousand claims of the group litigation against the Volkswagen Group were settled out of court in May 2022 for the sum of £ 193 million (€231 million) as well as a separate amount for attorney fees and other costs.

In the Netherlands, the court hearing the class action brought by the Diesel Emissions Justice Foundation (DEJF) rendered an interlocutory judgment in March 2022 holding the new class action regime – which permits damage awards in addition to declaratory judgment on the existence of claims – to be inapplicable to the instant lawsuit. The interlocutory judgment further finds that the Amsterdam court lacks jurisdiction to hear lawsuits brought by consumers outside the Netherlands. The DEJF has appealed this judgment.

In Germany, the Bundesgerichtshof (BGH – Federal Court of Justice) rendered a judgment in June 2022 holding, in a case involving the damage claims of Swiss vehicle purchasers, that the assignment of claims to financialright GmbH was valid. The BGH did not address the merits of the claims. In an additional fundamental judgment concerning vehicles with EA 189 engines rendered in July 2022, the BGH held that buyers of new vehicles of other Group brands have no claim for residual damages against Volkswagen AG.

In July 2022, the European Court of Justice (ECJ) ruled that a so-called thermal window (i.e. a built-in temperature-dependent emissions control feature) in the range of 15°C and 33°C outside temperature represents a defeat device. In this context, the ECJ has developed a new, unwritten criterion according to which a thermal window, even if it serves to prevent sudden and extraordinary damage, is inadmissible if it is active for the "largest part of a year under the driving conditions which are actually prevailing in the European Union area." Volkswagen is assessing the effects of this decision and is in discussion with the authorities.

3. Proceedings in the USA/Canada
As to private civil law matters, the Superior Court of Quebec approved the settlement of an environmental class action lawsuit seeking punitive damages on behalf of the residents of the Province of Quebec in June 2022; an appeal of that approval on the limited subject of counsel fees is pending.

In January 2017, Volkswagen entered into a Third Partial Consent Decree with the US Department of Justice (DOJ) and the US Environmental Protection Agency (EPA), which the federal court in the multidistrict litigation in California approved in April 2017. The Third Partial Consent Decree resolved claims for civil penalties and injunctive relief under the Clean Air Act related to the 2.0 l and 3.0 l TDI vehicles, and imposed a civil penalty as well as monitoring, auditing, and compliance obligations. In July 2017, the court furthermore approved the Third California Partial Consent Decree, in which Volkswagen agreed with the California Attorney General and the California Air Resources Board (CARB) to pay civil penalties and cost reimbursements. Subsequently, Volkswagen sought to terminate both consent decrees on the basis that all requirements had been met, and the US and California authorities agreed to the termination, which the court granted in September 2022.

4. Special audit
Volkswagen AG had previously filed an action before the Braunschweig Regional Court against the special auditor appointed by the Celle Higher Regional Court; Volkswagen AG was seeking an injunction enjoining the special auditor from performing the audit as long as he has not furnished sufficient proof of his independence. The Braunschweig Regional Court dismissed the action for injunctive relief in the summer of 2022; Volkswagen AG has appealed this decision to the Braunschweig Higher Regional Court.

Additional important legal cases

In the investor action for model declaratory judgment filed by ARFB Anlegerschutz UG (with limited liability) against Volkswagen AG and Porsche SE for allegedly violating disclosure requirements under capital market law in connection with the acquisition of ordinary shares in Volkswagen AG by Porsche SE, the 1st Antitrust Chamber of the Higher Regional Court of Celle issued a model case ruling in late September 2022 by which all of the plaintiffs' objects of declaratory judgment were either dismissed or declared to be irrelevant. The legal positions of the model case defendant were thus upheld in their entirety. Under the court's decision, Volkswagen AG is not liable because, among other things, the plaintiffs failed to make a sufficient showing that the Board of Management of Volkswagen AG had knowledge of the capital market information that was allegedly incorrect or subject to disclosure. The court further held that, even assuming members of the Supervisory Board to have had knowledge as alleged, such knowledge could not be imputed to the Board of Management. The plaintiffs may appeal the model case ruling to the Federal Court of Justice by filing a petition alleging error of law within one month after service of the ruling.

In April 2022, Scania filed an appeal with the European Court of Justice against the February 2022 judgment of the European General Court (Court of First Instance) in connection with the monetary fine imposed by the European Commission for the alleged illegal information exchange between certain truck manufacturers.

In connection with the amended antitrust class action, which was initially dismissed with prejudice by the Northern District of California and which alleged that several automobile manufacturers, including Volkswagen AG and other Group companies, had conspired to unlawfully increase vehicle prices in violation of US antitrust and consumer protection law, the Ninth Circuit Court of Appeals in January 2022 dismissed plaintiffs' motion (filed at the end of 2021) for a new hearing on the decision in which the court had affirmed the judgment of the US District Court. In February 2022, the District Court also denied plaintiffs' motion to set aside its judgment and to be allowed to file a new complaint. In June 2022, the US Supreme Court definitively rejected the petition filed by the plaintiffs against this decision.

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. In the Volkswagen Group, the investigation affects Volkswagen Group UK, which was searched by the CMA, and Volkswagen AG, which has received a Group-wide information request from the European Commission. The investigation relates to European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA), which are suspected of having agreed from 2001/2002 to the present to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV) (specifically passenger cars and vans up to 3.75 tons). Also alleged is an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data (recyclates, recyclability, recovery) for competitive purposes. The violation under investigation is alleged to have taken place in particular in the "ACEA" Working Group Recycling and related sub-groups thereof. Volkswagen AG has responded to the European Commission's information request. Volkswagen Group UK is cooperating with the CMA. In this matter, CMA has furthermore issued requests for information to Volkswagen AG.

The final Profit Sharing Settlement Agreement entered into by Navistar in December 2021 to resolve disputes concerning the calculation of profit sharing amounts for purposes of Navistar's corporate retiree healthcare commitments received final approval from the relevant court in June 2022. Navistar has paid the entire amount of all remaining sums required to fulfill the agreement of about €0.4 billion.

In September 2022, GT Gettaxi Ltd. discontinued the lawsuit it had filed against Volkswagen AG and another defendant, alleging in particular large damage claims. In August 2021, the lawsuit had been dismissed at the trial level on the grounds that the Cypriot courts lacked jurisdiction, but GT Gettaxi Ltd. appealed this decision to the Supreme Court, the court of final appeal in Cyprus.

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

Beyond these events, there were no significant changes in the reporting period compared with the disclosure on the Volkswagen Group's expected development in fiscal year 2022 contained in the combined management report of the 2021 Annual Report in the sections “Report on Expected Developments” and “Report on Risks and Opportunities”, including in section “Legal Risks”.

16. Contingent liabilities

Driven in particular by the inclusion of additional legal and product-related items and of currency translation effects, contingent liabilities went up to €10.8 billion, an increase of €1.1 billion compared with the 2021 consolidated financial statements.

17. Other financial obligations

Compared with the 2021 consolidated financial statements, other financial obligations went up by €2.9 billion to €37.6 billion. The rise was mainly due to higher purchase commitments for property, plant and equipment.

Significant events after the balance sheet date

There were no events with a significant effect on the net assets, financial position and results of operations after September 30, 2022.

Wolfsburg, October 25, 2022

Volkswagen Aktiengesellschaft

The Board of Management

Review Report

To VOLKSWAGEN AKTIENGESELLSCHAFT

We have reviewed the condensed interim consolidated financial statements of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, – comprising the condensed income statement, condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement as well as selected explanatory notes – and the interim group management report for the period from January 1, 2022 to September 30, 2022, which are part of the interim financial report pursuant to Sec. 115 (7) in conjunction with (2) Nos. 1 and 2 and (3) and (4) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with IFRSs (International Financial Reporting Standards) on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's executive directors. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

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

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

Hanover, October 26, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Meyer
Wirtschaftsprüfer
[German Public Auditor]

Matischiok
Wirtschaftsprüfer
[German Public Auditor]

Glossary

Selected terms at a glance

Hybrid notes

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

Modular Electric Drive Toolkit (MEB)

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

Plug-in hybrid

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

Premium Platform Electric (PPE)

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

Capitalization ratio

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

Equity ratio

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

Gross margin

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

Net cash flow

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

Net liquidity

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

Operating result

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

Operating return on sales

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

Ratio of capex to sales revenue

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

Research and development ratio

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

Return on sales before tax

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

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FINANCIAL CALENDAR

December 16, 2022 Volkswagen AG Extraordinary General Meeting
March 14, 2023 Volkswagen AG Annual Media Conference and Investor Conference
May 4, 2023 Interim Report January – March 2023
May 10, 2023 Volkswagen AG Annual General Meeting
July 27, 2023 Half-Yearly Financial Report 2023
October 26, 2023 Interim Report January – September 2023

This Interim Report is also available on the Internet, in German and English, at:
www.volkswagenag.com/en/InvestorRelations.html

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