Half-Year Financial Report
Porsche AG Group

January – June 2023

CONTENTS

KEY FIGURES

		H1 2023	H1 2022[1]
Most important key performance indicators			
Porsche AG Group			
Sales revenue	€ million	20,431	17,922
Return on sales	in %	18.9	19.4
Automotive segment			
Automotive EBITDA margin	in %	25.6	26.4
Automotive net cash flow margin	in %	11.7	14.5
Automotive BEV share	in %	10.8	13.0
Other financial performance indicators			
Porsche AG Group			
Operating profit	€ million	3,852	3,480
Profit before tax	€ million	3,982	3,694
Profit after tax	€ million	2,768	2,510
Earnings per ordinary share/preferred share	in €	3.03/3.04	2.74/2.75
Automotive segment			
Automotive operating profit	€ million	3,653	3,261
Automotive return on sales	in %	19.3	19.9
Automotive EBITDA[2]	€ million	4,829	4,341
Automotive net cash flow	€ million	2,217	2,389
Automotive cash flows from operating activities	€ million	4,392	4,182
Automotive net liquidity[3]	€ million	6,432	5,597
Automotive research and development costs[4]	€ million	1,545	1,304
Automotive capital expenditure[5]	€ million	866	427
Financial services segment			
Financial services operating profit	€ million	174	216
Financial services return on sales	in %	10.5	13.4
Other non-financial performance indicators			
Deliveries[6]	Vehicles	167,354	145,860

1 The prior-year figures were adjusted (see explanations on IFRS 17).
2 Automotive operating profit before depreciation/amortization and changes in value of property, plant and equipment, capitalized development costs and other intangible assets in the automotive segment.
3 Total of cash and cash equivalents, securities and time deposits as well as loans net of third-party borrowings in the automotive segment.
4 Research costs, non-capitalizable development costs and investments in development costs that have to be capitalized in the automotive segment.
5 Additions (cost) to intangible assets (excluding capitalized development costs) and property, plant and equipment (excluding right-of-use assets) in the automotive segment.
6 Number of vehicles handed over to end customers.

INTERIM GROUP MANAGEMENT REPORT

BUSINESS DEVELOPMENT

In the first half of the year, the Porsche AG Group celebrated "75 years of Porsche sports cars" and continued to perform well.

In the first six months, the Porsche AG Group recorded a significant increase in both sales revenue and operating profit. Sales revenue increased by 14.0% to €20,431 million. Operating profit rose by 10.7% to €3,852 million. As of the first half of 2023, the return on sales of the Porsche AG Group stood at 18.9% (prior year: 19.4%) and the automotive EBITDA margin stood at 25.6% (prior year: 26.4%).

The automotive net cash flow stood at €2,217 million (prior year: €2,389 million). The automotive net cash flow margin stood at 11.7% (prior year: 14.5%).

Deliveries increased by 14.7% in the first half of 2023 to 167,354 vehicles. Due to the continued challenging situation regarding supply chains and ensuring the supply of parts, the automotive BEV share stood at 10.8% (prior year: 13.0%).

SIGNIFICANT EVENTS

At its first Annual General Meeting, Porsche AG reaffirmed its claim of being a "brand for those who follow their dreams." To achieve this, the focus of the Porsche AG Group is on high-quality and exclusive products, electromobility and sustainability.

At Porsche AG's first Annual General Meeting on June 28, 2023, a resolution was passed on the appropriation of the net retained profit for the fiscal year 2022, resulting in a distribution of €1.00 per ordinary share and €1.01 per preferred share. The total distribution amounts to €916 million and will be paid out in July 2023.

The domination and profit and loss transfer agreement in place between Porsche AG and Porsche Holding Stuttgart GmbH ended pursuant to section 307 of the German Stock Corporation Act (AktG) as of the end of the past fiscal year on December 31, 2022. The resulting cash outflows of €3,979 million from the profit transfer for the fiscal year 2022 already affected the net liquidity in March 2023.

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

The Russia-Ukraine conflict continued to cause increased uncertainty as to the further development of the global economy. Large sections of the community of Western states imposed an extensive trade embargo on Russia and partially excluded Russia from the global financial market. In its role as energy exporter, Russia in turn restricted supplies to Europe, in particular of gas.

In recent months, the energy and commodity markets have started to steady, although there is a risk of high inflation continuing as commodity prices remain high and in the face of ongoing supply shortages and wage developments on the labor markets.

In the reporting period, economic growth for the advanced economies and emerging markets continued to recover on average, albeit with less momentum than in the prior year.

Regional developments depended on the extent to which the central banks implemented restrictive monetary policies to curb high inflation. This was mainly done by raising interest rates and reducing bond purchases, which had a negative impact on private consumption and investment. The other decisive factor was how hard the advanced economies were hit by the consequences of the Russia-Ukraine conflict.

Prices for energy and many other commodities were down on the prior year, with shortages of intermediates and commodities easing somewhat. Global nominal goods trade declined in the reporting period.

MARKET DEVELOPMENT FOR THE AUTOMOTIVE SEGMENT

From January to June 2023, the volume of the global passenger car market increased moderately to 36.6 million vehicles compared to the prior-year period, with most passenger vehicle markets developing well. Exceptions were certain sales markets in Central and Eastern Europe and the rest of the world.

The number of new registrations of passenger cars on the German market was up significantly compared to the prior-year period. Shortages and disruptions in global supply chains restricted vehicle availability at the beginning of the year. Most recently, the availability of intermediates and for semiconductor deliveries increased significantly, which had a positive effect on domestic production.

In Western Europe, new passenger car registrations were up significantly from the prior-year level. In Central and Eastern Europe, the passenger car market grew moderately despite a significant slump in the Russian market in response to the sanctions imposed in connection with the Russia-Ukraine conflict.

In the first half of the year, the number of new registrations in the region North America excl. Mexico increased significantly overall, which was primarily attributable to the US market volume.

In the region China incl. Hong Kong, new passenger car registrations were up slightly compared to the prior-year period. Here, government support and incentive programs expired at the end of 2022, which led to pull-forward effects in vehicle purchases and, as a result, to falling registration numbers in early 2023. After that, demand initially recovered due to price discounts and new incentive programs, before tailing off again towards the end of the reporting period.

MARKET DEVELOPMENT FOR THE FINANCIAL SERVICES SEGMENT

Demand for the products and services of the financial services segment, which is calculated as the ratio of leased or financed new vehicles to the total number of deliveries in the markets of the segment (penetration rate), stood at 40.8% as of June 30, 2023 (prior year: 43.2%). While demand for financial services products decreased in the regions China incl. Hong Kong and Europe without Germany compared to the prior-year period, demand developed positively in the region North America and rest of the world. In the region Germany, the share remained stable at the prior-year level.

The Porsche AG Group increased the overall number of contracts for financing and leasing by 3.5% to 343 thousand contracts as of June 30, 2023 (December 31, 2022: 331 thousand contracts).

RESEARCH AND DEVELOPMENT

In the first half of 2023, the Porsche AG Group spent €1,545 million on research and development (R&D), compared to €1,304 million in the prior-year period. The R&D ratio, i.e., the ratio of total research and development expenses to automotive sales revenue, stood at 8.2% (prior year: 7.9%). Investment in capitalized development costs stood at € 1,201 million, greatly exceeding the level of the prior-year period (prior year: €985 million). The increase was driven primarily by rising expenses for projects that were close to the start of series production. Overall, this caused the capitalization ratio to increase compared to the prior-year period from 75.6% to 77.7%. Amortization of capitalized development costs amounted to €427 million (prior year: €380 million). The total spend on research and development related to the automotive segment.

DELIVERIES

At the end of the first quarter of 2023, Porsche AG increased its deliveries[1] by 14.7% compared to the prior-year period. Overall, the sports car manufacturer delivered 167,354 vehicles.

Deliveries rose in all sales regions. In the domestic market of Germany, the Porsche AG Group delivered 17,118 vehicles – an increase of 24.2%. In Europe without Germany, deliveries grew by 22.6% to 36,574 vehicles. In the region North America excl. Mexico, the number of deliveries increased by 11.5% to 41,937 vehicles. Despite a continued challenging environment, in the region China incl. Hong Kong the Porsche AG Group delivered 43,832 vehicles – an increase of 7.7% compared to the prior-year period. Deliveries in the sales region rest of the world grew 16.4% to 27,893 vehicles compared to the prior-year period.

Deliveries by region

Units	H1 2023	H1 2022
Germany	17,118	13,785
Europe without Germany	36,574	29,833
North America[2]	41,937	37,605
China[3]	43,832	40,681
Rest of the world	27,893	23,956
Deliveries	**167,354**	**145,860**

[2] excl. Mexico

[3] incl. Hong Kong

Again in the first half of 2023, the models in greatest demand were the SUVs, with 47,755 customers (up 25.5%) receiving a Porsche Macan, followed by the Porsche Cayenne with 46,884 units delivered (up 11.8%). With 26,124 deliveries, the Porsche 911 achieved growth of 20.9% compared to the prior-year period. The Porsche AG Group delivered the sports car limousine Panamera to 17,565 customers (up 12.6%). Deliveries of the 718 Boxster and 718 Cayman models of 11,035 were up 12.9%. In the first half of the year, the all-electric Taycan was delivered to 17,991 customers (down 4.7%). The electric sports car continued to be particularly affected by the limited availability of parts.

In the reporting period, the proportion of purely battery-powered electric vehicles (automotive BEV share) stood at 10.8% (prior year: 13.0%).

Deliveries of the Porsche AG Group

Units	H1 2023	H1 2022
911	26,124	21,616
718 Boxster/Cayman	11,035	9,777
Macan	47,755	38,039
Cayenne	46,884	41,947
Panamera	17,565	15,604
Taycan	17,991	18,877
Deliveries	**167,354**	**145,860**

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[1] The performance indicator "deliveries" reflects the number of vehicles handed over to end customers. This may take place via group companies or independent importers and dealers. In the Porsche AG Group, this differs from unit sales as a relevant driver of sales revenue. Unit sales in the Porsche AG Group are designated as those sales of new and group used vehicles of the Porsche brand, which have left the automotive segment for the first time, provided there is no legal repurchase obligation by a company in the automotive segment.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

The Porsche AG Group generated sales revenue of €20,431 million in the first half of 2023. This is an increase of 14.0% on the prior-year period (prior year: €17,922 million) and is largely due to higher vehicle sales coupled with constant pricing.

In the first half of 2023, the Porsche AG Group sold 170,802 vehicles. This corresponds to a 15.0% increase in unit sales compared to the prior-year period (prior year: 148,568 vehicles).

The Macan was the bestselling series with 46,842 vehicles sold and an increase of 18.9%, followed by the Cayenne with 46,399 vehicles. The largest relative growth was recorded for the 911 (up 6,367 vehicles; up 29.6%) and the Panamera (up 3,465 vehicles; up 22.3%). With 19,009 vehicles, the Taycan recorded a noticeable increase in unit sales of 8.8% compared to the comparative period.

In regional terms, with a total of 45,349 vehicles sold, North America excl. Mexico is the largest market, with a strong 22.3% increase in unit sales, followed by China incl. Hong Kong with 43,207 vehicles sold (prior year: 46,664 vehicles sold). The Porsche AG Group recorded further growth in the regions Europe without Germany (up 7,832 vehicles), rest of the world (up 6,667 vehicles) and Germany (up 2,929 vehicles).

Vehicle sales of the Porsche AG Group

Units	H1 2023	H1 2022
911	27,856	21,489
718 Boxster/Cayman	11,703	10,091
Macan	46,842	39,386
Cayenne	46,399	44,600
Panamera	18,993	15,528
Taycan	19,009	17,474
Vehicle sales	**170,802**	**148,568**

The cost of sales rose by €1,653 million to €14,522 million (prior year: €12,868 million), and is therefore on a par with the prior year in proportion to sales revenue (71.1%; prior year: 71.8%).

Gross profit increased accordingly by 16.9% to €5,909 million (prior year: €5,054 million), therefore resulting in a gross margin of 28.9% (prior year: 28.2%).

Distribution expenses increased by €337 million to €1,293 million. In proportion to sales revenue, these increased to 6.3% (prior year: 5.3%). Increased sales activities, the digitalization strategy and a stronger involvement in motor sports were among the reasons for the increase. Administrative expenses increased from €766 million to €875 million. In proportion to sales revenue, these were on a par with the prior year at 4.3% (prior year: 4.3%).

Net other operating result decreased by €38 million to €111 million (prior year: €149 million). The decrease is mainly attributable to the development of currency and interest rate hedges as well as derivatives outside of hedge accounting.

Accordingly, the operating profit of the Porsche AG Group increased by €372 million to €3,852 million in the first half of 2023 (prior year: €3,480 million). The operating return on sales of the Porsche AG Group of 18.9% (prior year: 19.4%) was due to the increase in distribution expenses, among other things.

Income statement of the Porsche AG Group

€ million	H1 2023	H1 2022[1]
Sales revenue	**20,431**	**17,922**
Cost of sales	–14,522	–12,868
Gross profit	**5,909**	**5,054**
Distribution expenses	–1,293	–956
Administrative expenses	–875	–766
Net other operating result	111	149
Operating profit	**3,852**	**3,480**
Return on sales (%)	18.9	19.4
Financial result	130	214
Profit before tax	**3,982**	**3,694**
Income tax expense	–1,215	–1,184
Profit after tax	**2,768**	**2,510**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

In the first half of 2023, the financial result decreased by €84 million to €130 million (prior year: €214 million). The decrease primarily results from lower interest income due to the spin-off of the loan receivable from Porsche Holding Stuttgart GmbH as well as lower interest income due to changes in the interest rates used to measure provisions. The current market price and interest rate development had an offsetting effect, which had a particularly positive effect on the securities held in special funds. Additionally, the financial result was positively impacted by a reversal of an impairment loss on Bertrandt AG that has been accounted for using the equity method.

Due to the lower effective tax rate of 30.5% (prior year: 32.1%), income tax did not increase in proportion to the profit before tax, rising to €1,215 million (prior year: €1,184 million). The decrease in the effective tax rate is primarily attributable to effects from the elimination of intercompany profits. As a result, profit after tax increased by €257 million to €2,768 million in the current reporting period.

Earnings per ordinary share came to €3.03 and per preferred share to €3.04. Earnings per ordinary share and per preferred share have been determined on the basis of a total of 455,500,000 shares in each category.

Automotive results of operations

Automotive operating profit of €3,653 million in the first half of 2023 exceeded the figure of the prior-year period by €392 million (prior year: €3,261 million). With automotive sales revenue of €18,892 million, automotive return on sales stood at 19.3% (prior year: 19.9%). Automotive EBITDA increased by €488 million to €4,829 million (prior year: €4,341 million). The automotive EBITDA margin decreased to 25.6% (prior year: 26.4%) due to, among other things, the increase in distribution expenses.

Automotive EBITDA margin

€ million	H1 2023	H1 2022[1]
Automotive operating profit	3,653	3,261
Depreciation and amortization and impairment losses	1,176	1,080
Automotive EBITDA	**4,829**	**4,341**
Automotive sales revenue	18,892	16,425
Automotive EBITDA margin (%)	**25.6**	**26.4**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

Financial services results of operations

Financial services sales revenue increased to €1,652 million (prior year: €1,616 million). Financial services operating profit decreased to €174 million in the first half of 2023 (prior year: €216 million). The decrease was largely due to the measurement of interest rate hedges and of derivatives outside of hedge accounting as a part of regular refinancing activities. Furthermore, there were fewer reversals of provisions for credit risks compared to the prior-year period. Financial services return on sales came to 10.5% (prior year: 13.4%).

FINANCIAL POSITION

In the first half of 2023, cash flows from operating activities of the Porsche AG Group at €3,932 million remained on a par with the prior year (prior year: €3,937 million). This was attributable to the increase in profit before tax and offsetting cash outflows from income tax payments of €1,018 million (prior year: cash outflows of €1,113 million). The reduction in outflows in the form of income tax payments compared to the prior-year period continues to be influenced by the trade tax maturities at Porsche AG being pushed back.

Cash outflows in working capital of €600 million (prior year: cash outflows of €72 million) comprised the positive contribution from the automotive segment and offsetting effects from the financial services segment in the changes in leased assets of €638 million (prior year: cash outflows of €181 million) and receivables from financial services of €271 million (prior year: cash outflows of €520 million).

Cash outflows from investing activities came to €2,339 million (prior year: cash outflows of €913 million). Cash outflows due to changes in investments in securities and time deposits and loans of €153 million (prior year: cash inflows of €1,932 million) also had an effect on cash outflows from the investing activities of current operations in the automotive segment.

Cash outflows from financing activities of €3,646 million (prior year: cash outflows of €2,049 million) were largely influenced by the final profit transfer made to Porsche Holding Stuttgart GmbH of €3,979 million (prior year: €1,864 million). Cash inflows from the change in other financing activities amounted to €341 million (prior year: cash outflows of €442 million).

Automotive financial position

Automotive cash flows from operating activities increased significantly by €210 million to €4,392 million (prior year: €4,182 million).

In the first half of the year, cash inflows in automotive working capital decreased by €411 million to €346 million (prior year: cash inflows of €757 million). This decrease in the automotive working capital was largely attributable to the cash outflows of €1,146 million caused by the change in inventories (prior year: cash outflows of €592 million). The launch of the new Cayenne had an impact on this change, as did the continued challenging supply chain situation and the associated supply of parts. Cash inflows from the change in liabilities (excluding financial liabilities) of €1,577 million remained unchanged at the level of the prior-year period (prior year: cash inflows of €1,559 million). The change in other provisions of €343 million, on the other hand, had a positive impact on the cash inflows in working capital (prior year: cash outflows of €101 million).

Compared to the prior-year period, cash outflows from the investing activities of current operations increased from €1,793 million to €2,175 million. The increase was largely attributable to the higher automotive capital expenditure of €866 million (prior year: €427 million) and higher capitalized development costs. The Porsche AG Group continued to invest in various vehicle projects, the electrification and digitalization of products and in production sites. In the first half of the year, the change in equity investments largely constituted investments in already existing financial assets.

In the first half of 2023, the automotive net cash flow decreased to €2,217 million (prior year: €2,389 million). The automotive net cash flow margin of 11.7% (prior year: 14.5%) was influenced by the positive effects from the development of earnings and the income tax payment. This was counterbalanced by the change in inventories in working capital and the increase in investing activities of current operations compared to the prior-year period.

Automotive net cash flow

€ million	H1 2023	H1 2022[1]
Cash flows from operating activities	**4,392**	**4,182**
Change in working capital	346	757
Change in inventories	–1,146	–592
Change in receivables (excluding financial services)	–428	–108
Change in liabilities (excluding financial liabilities)	1,577	1,559
Change in other provisions	343	–101
Investing activities of current operations	**–2,175**	**–1,793**
Investments in intangible assets (excluding capitalized development costs) and property, plant and equipment	–866	–427
Additions to capitalized development costs	–1,201	–985
Changes in equity investments	–112	–382
Automotive net cash flow	**2,217**	**2,389**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

As of June 30, 2023, automotive net liquidity decreased by €1,850 million to €6,432 million compared to the end of the fiscal year. This development is attributable to the cash outflows for the payment of the profit transfer for the fiscal year 2022 that was partly offset by the contribution from net cash flow.

In the first half of 2023, cash and cash equivalents at the end of the period decreased by €2,466 million to €2,244 million (December 31, 2022: €4,710 million). By contrast, securities and time deposits as well as loans increased by €417 million in the first six months of 2023 to €6,831 million. Automotive third-party borrowings decreased by €199 million to €2,644 million (December 31, 2022: €2,843 million).

Automotive net liquidity

€ million	June 30, 2023	Dec. 31, 2022
Cash and cash equivalents	2,244	4,710
Securities and time deposits as well as loans	6,831	6,415
Gross liquidity	**9,076**	**11,125**
Total third-party borrowings	–2,644	–2,843
Automotive net liquidity	**6,432**	**8,282**

Cash flows of the Porsche AG Group

€ million	H1 2023	H1 2022[1]
Cash and cash equivalents at beginning of period	**3,745**	**4,327**
Profit before tax	3,982	3,694
Income taxes paid	–1,018	–1,113
Depreciation and amortization[2]	1,570	1,504
Gain/loss on disposal of non-current assets	–9	–35
Share of profit or loss of equity-accounted investments	5	27
Change in pension provisions	123	183
Other non-cash expense/income	–122	–251
Change in working capital	**–600**	**–72**
Change in inventories	–1,151	–582
Change in receivables (excluding financial services)	–477	–244
Change in liabilities (excluding financial liabilities)	1,606	1,556
Change in other provisions	331	–103
Change in leased assets	–638	–181
Change in financial services receivables	–271	–520
Cash flows from operating activities	**3,932**	**3,937**
Investing activities of current operations	–2,186	–1,879
Change in investments in securities and time deposits as well as loans	–153	1,932
Cash flows from investing activities	**–2,339**	**–913**
Capital contributions	–	257
Profit transfer and dividends	–3,979	–1,864
Change in other financing activities	341	–442
Cash flows from financing activities	**–3,646**	**–2,049**
Effect of exchange rate changes on cash and cash equivalents	–28	38
Net change in cash and cash equivalents	**–2,081**	**1,013**
Cash and cash equivalents at end of period	**1,664**	**5,340**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

2 Offset against reversals of impairment losses.

NET ASSETS

In the first half of 2023, the Porsche AG Group reported total assets of €49,125 million, that is a 3.1% increase compared to December 31, 2022. As of the reporting date, total assets take into account the implementation of the new regulations on the accounting treatment of insurance contracts (IFRS 17), which led to a reduction in total assets. Accordingly, the figure as of year-end 2022 was adjusted retrospectively.

In connection with the agreement to sell three Russian subsidiaries, assets of €17 million and liabilities of €5 million were disclosed as held for sale pursuant to IFRS 5 in separate lines of the statement of financial position as of June 30, 2023.

Intangible assets increased from €7,473 million to €8,188 million. The increase was largely attributable to capitalized development costs, with the largest additions relating to the Cayenne, 911 and Macan series.

Property, plant and equipment increased by €194 million to €9,118 million compared to 2022. The increase primarily resulted from additions to furniture and fixtures as well as advance payments made and assets under construction, while plant and machinery as well as land and buildings decreased. Leased assets increased by €177 million to €4,031 million compared to 2022. This item includes vehicles leased to customers under operating leases.

Non-current and current financial services receivables increased from €5,920 million to €6,040 million. These mainly include receivables from finance leases as well as receivables from customer and dealer financing. The number of financing and leasing contracts increased in the first half of 2023.

Equity-accounted investments, other equity investments, other financial assets, other receivables and deferred tax assets increased from €2,855 million in the prior year to €3,474 million.

The equity-accounted investments increased primarily due to a reversal of the impairment loss on the carrying amount of the investment in Bertrandt AG.

The increase in other financial assets of €113 million was largely spread across the acquisition of shares in existing investments.

In total, non-current assets increased by €1,813 million to €29,301 million. Non-current assets expressed as a percentage of total assets amounted to 59.6% (December 31, 2022: 57.7%).

Compared to December 31, 2022, inventories increased from €5,504 million to €6,501 million. The increase related in particular to the launch of the new Cayenne, as did the continued challenging supply chain situation and the associated supply of parts.

Current other financial assets and other receivables increased by €725 million to €8,206 million. This was largely due to the increase from marking derivative financial instruments to market, prepaid expenses, trade receivables and other financial assets, in particular restricted cash. On the other hand, there was a change in the investment of surplus liquidity in loan receivables. The loan receivable from Volkswagen AG of €2,800 million as of December 31, 2022 was released while the loan granted by VW International Belgium S.A. was increased by €2,700 million to €3,700 million in the reporting year.

Statement of financial position of the Porsche AG Group as of June 30, 2023

€ million	June 30, 2023	in %	Dec. 31, 2022[1]	in %
Assets				
Non-current assets	**29,301**	**59.6**	**27,488**	**57.7**
Intangible assets	8,188	16.7	7,473	15.7
Property, plant and equipment	9,118	18.6	8,924	18.7
Leased assets	4,031	8.2	3,854	8.1
Financial services receivables	4,489	9.1	4,382	9.2
Equity-accounted investments, other equity investments, other financial assets, other receivables and deferred tax assets	3,474	7.1	2,855	6.0
Current assets	**19,824**	**40.4**	**20,154**	**42.3**
Inventories	6,501	13.2	5,504	11.6
Financial services receivables	1,551	3.2	1,538	3.2
Other financial assets and other receivables	8,206	16.7	7,480	15.7
Tax receivables	116	0.2	87	0.2
Securities and time deposits	1,788	3.6	1,795	3.8
Cash and cash equivalents	1,646	3.4	3,719	7.8
Assets held for sale	17	0.0	31	0.1
Total assets	**49,125**	**100.0**	**47,642**	**100.0**
Equity and liabilities				
Equity	**19,433**	**39.6**	**17,035**	**35.8**
Non-current liabilities	**14,873**	**30.3**	**14,027**	**29.4**
Provisions for pensions and similar obligations	3,877	7.9	3,668	7.7
Financial liabilities	6,296	12.8	6,016	12.6
Other liabilities	4,700	9.6	4,343	9.1
Current liabilities	**14,819**	**30.2**	**16,579**	**34.8**
Financial liabilities	3,315	6.7	3,464	7.3
Trade payables	4,347	8.8	2,899	6.1
Other liabilities	7,152	14.6	10,204	21.4
Liabilities associated with assets held for sale	5	0.0	12	0.0
Total equity and liabilities	**49,125**	**100.0**	**47,642**	**100.0**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

Securities and time deposits as well as cash and cash equivalents decreased by €2,079 million to €3,435 million compared to 2022.

As of June 30, 2023, the equity of the Porsche AG Group increased by €2,398 million to €19,433 million compared to the figure from December 31, 2022. Profit after tax as well as other comprehensive income, net of tax, caused equity to increase by €3,392 million. Within other comprehensive income, net of tax, the increase was mainly due to the measurement of derivative financial instruments through other comprehensive income, while effects from currency translation as well as the remeasurement of pension plans, net of tax, led to a decrease.

Dividend payments of €916 million, which were resolved by the Annual General Meeting of Porsche AG on June 28, 2023, caused equity to decrease.

Pension provisions increased by €209 million in the first six months of 2023 compared the comparative period of 2022. The increase is attributable to the decrease in the discount rate from 3.6% to 3.5% as well as the increase in qualifying employees.

Furthermore, non-current other liabilities increased by €357 million to €4,700 million compared to December 31, 2022. The increase largely resulted from deferred tax liabilities. In total, non-current liabilities increased by €846 million to €14,873 million. Non-current liabilities expressed as a percentage of total capital amount to 30.3% (December 31, 2022: 29.4%).

Non-current and current financial liabilities increased from €9,480 million to €9,611 million. This increase mainly related to the refinancing of the financial services business through asset-backed securities, while the Schuldschein loans decreased as a result of partial repayment.

Trade payables increased from €2,899 million to €4,347 million compared to year-end 2022 in the ordinary course of business.

Current other liabilities decreased by €3,052 million compared to December 31, 2022. The decrease is largely due to the last payment of the profit transfer of €3,979 million for fiscal year 2022 to Porsche Holding Stuttgart GmbH. The dividend distribution of €916 million, on the other hand, was recognized under liabilities until its payout in July 2023. Overall, current liabilities decreased by €1,761 million to €14,819 million. Current liabilities expressed as a percentage of total capital amounted to 30.2% (December 31, 2022: 34.8%).

As of June 30, 2023, there were off-balance-sheet contingent liabilities of €94 million. This is a €35 million decrease compared to the prior-year period as a result of a reduced scope of legal and product-related matters.

Unrecognized other financial obligations increased by €316 million to €3,707 million and essentially comprised obligations from development, supply and service agreements.

REPORT ON EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

REPORT ON EXPECTED DEVELOPMENTS

The assumptions used in preparing the forecast report are based, inter alia, on current estimates by external institutions; these include economic research institutes, banks, multinational organizations and consultancy firms.

The forecast, which extends until the end of the fiscal year 2023 in line with the group's internal control system, contains forward-looking statements based on the estimates and expectations of the Porsche AG Group. These can be influenced by unforeseeable events, as a result of which the actual business development may deviate, both positively and negatively, from the expectations described below.

In December 2022, an agreement was made to sell the remaining business entities in Russia to an independent investor outside the group.

The Porsche AG Group continues to face a challenging macroeconomic environment with supply chain security and parts availability, generally rising cost levels and geopolitical tensions posing additional challenges. At the same time, Porsche AG is investing extensively in its development and in innovations for future products and services.

Despite a challenging overall situation worldwide, the Porsche AG Group has confirmed the outlook for the fiscal year 2023 published in the combined management report subject to the conditions also described there – provided the global and supply situation does not become significantly worse.
↗ **Annual and sustainability report 2022 – Report on expected developments**

At the end of the fiscal year 2023, the Porsche AG Group expects operating return on sales to range between 17% and 19%. This forecast is based on assumed sales revenue in a range of €40 billion to €42 billion.

In the automotive segment, the net cash flow is expected to range between 10% and 12% and the EBITDA margin is expected to range between 25% and 27%.

For our sales revenue forecast for 2023, the company expects fully electric vehicles (BEV share) to account for 12-14% of the total number of new vehicles delivered to customers.

OPPORTUNITIES AND RISK REPORT

A presentation of the opportunities and risks as well as the presentation of the opportunities and risk management of the Porsche AG Group can be found in the combined management report as of December 31, 2022.

↗ **Annual and sustainability report 2022 – Opportunities and risk report**

Opportunities and risks are constantly monitored and assessed and, where necessary, taken into account in planning and forecasts.

The challenging situation in the supply chains in connection with the supply of parts and the quality of bought-in parts was the main reason for the increase in “Supply risks and opportunities” at the Porsche AG Group. In addition, “Cost risks and opportunities from vehicle projects” increased due to, among other things, other price increases in connection with manufacturing.

By contrast, “Risks and opportunities from the gas shortage” at the Porsche AG Group decreased thanks to the stabilization of the gas supply as well as the “Risks and opportunities from the Russia-Ukraine conflict”.

The explanations on the liquidity risks presented in the risk reporting section of the 2022 combined management report remain unchanged. As of June 26, 2023, Porsche AG terminated the undrawn credit facility with Volkswagen AG of €4 billion. On June 23, 2023, Porsche AG entered into a revolving credit facility of €2.5 billion with a syndicate of 21 national and international banks. The revolving credit facility serves to secure liquidity and was undrawn as of the reporting date. The facility has an initial term of five years and may be extended twice by one additional year each time. In line with Porsche AG's group strategy, a sustainability component has been built into the credit facility, and the financing costs are pegged to the development of the share of all-electric vehicles in total deliveries to customers of the Porsche AG Group.

The overall conclusion that, based on the information and assessments currently available, a development jeopardizing the group's ability to continue as a going concern is sufficiently improbable in the fiscal year 2023, remains unchanged.

INTERIM CONSOLIDATED FINANCIAL REPORT (CONDENSED)

INTERIM CONSOLIDATED FINANCIAL REPORT (CONDENSED)

CONSOLIDATED INCOME STATEMENT OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FROM JANUARY 1 TO JUNE 30, 2023 (CONDENSED)

€ million	H1 2023	H1 2022[1]
Sales revenue	**20,431**	**17,922**
Cost of sales	–14,522	–12,868
Gross profit	**5,909**	**5,054**
Distribution expenses	–1,293	–956
Administrative expenses	–875	–766
Net other operating result	111	149
Operating profit	**3,852**	**3,480**
Share of profit or loss of equity-accounted investments	7	12
Interest result and other financial result	123	202
Financial result	**130**	**214**
Profit before tax	**3,982**	**3,694**
Income tax income/expense	–1,215	–1,184
Profit after tax	**2,768**	**2,510**
thereof profit attributable to shareholders	2,768	2,505
thereof profit attributable to non-controlling interests	0	5
Basic/diluted earnings per ordinary share in €	**3.03**	**2.74**
Basic/diluted earnings per preferred share in €	**3.04**	**2.75**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FROM JANUARY 1 TO JUNE 30, 2023

€ million	H1 2023	H1 2022[1]
Profit after tax	**2,768**	**2,510**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	–86	2,062
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	27	–617
Pension plan remeasurements recognized in other comprehensive income, net of tax	–59	1,445
Fair value valuation of equity instruments that will not be reclassified to profit or loss		
Fair value valuation of equity instruments that will not be reclassified to profit or loss, before tax	8	12
Deferred taxes relating to fair value valuation of equity instruments that will not be reclassified to profit or loss	–	–
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	8	12
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	–	–
Items that will not be reclassified to profit or loss	**–51**	**1,457**
Foreign exchange differences		
Unrealized currency translation gains/losses	–150	451
Transferred to profit or loss	–	–
Exchange differences on translating foreign operations, before tax	–150	451
Deferred taxes relating to exchange differences on translating foreign operations	–	–
Exchange differences on translating foreign operations, net of tax	–150	451
Hedging		
Fair value changes recognized in other comprehensive income (OCI I)	1,076	–1,237
Transferred to profit or loss (OCI I)	29	364
Cash flow hedges (OCI I), before tax	1,105	–873
Deferred taxes relating to cash flow hedges (OCI I)	–336	269
Cash flow hedges (OCI I), net of tax	769	–604
Fair value changes recognized in other comprehensive income (OCI II)	–152	–307
Transferred to profit or loss (OCI II)	233	206
Cash flow hedges (OCI II), before tax	81	–101
Deferred taxes relating to cash flow hedges (OCI II)	–24	30
Cash flow hedges (OCI II), before tax	56	–71
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	–	0
Items that may be reclassified subsequently to profit or loss	**676**	**–224**
Other comprehensive income, before tax	958	1,551
Deferred taxes relating to other comprehensive income	–333	–318
Other comprehensive income, net of tax	**625**	**1,233**
Total comprehensive income	**3,392**	**3,743**
thereof profit attributable to shareholders	3,393	3,738
thereof profit attributable to non-controlling interests	0	5

1 The prior-year figures were adjusted (see explanations on IFRS 17).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT AS OF JUNE 30, 2023 AND AS OF DECEMBER 31, 2022 (CONDENSED)

€ million	June 30, 2023	Dec. 31. 2022[1]
Assets		
Non-current assets	**29,301**	**27,488**
Intangible assets	8,188	7,473
Property, plant and equipment	9,118	8,924
Leased assets	4,031	3,854
Financial services receivables	4,489	4,382
Equity-accounted investments, other equity investments, other financial assets, other receivables and deferred tax assets	3,474	2,855
Current assets	**19,824**	**20,154**
Inventories	6,501	5,504
Financial services receivables	1,551	1,538
Other financial assets and other receivables	8,206	7,480
Tax receivables	116	87
Securities and time deposits	1,788	1,795
Cash and cash equivalents	1,646	3,719
Assets held for sale	17	31
Total assets	**49,125**	**47,642**
Equity and liabilities		
Equity	**19,433**	**17,035**
Equity attributable to Porsche AG shareholders	19,432	17,027
Non-controlling interests	1	8
Non-current liabilities	**14,873**	**14,027**
Provisions for pensions and similar obligations	3,877	3,668
Financial liabilities	6,296	6,016
Other liabilities	4,700	4,343
Current liabilities	**14,819**	**16,579**
Financial liabilities	3,315	3,464
Trade payables	4,347	2,899
Other liabilities	7,152	10,204
Liabilities associated with assets held for sale	5	12
Total equity and liabilities	**49,125**	**47,642**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FROM JANUARY 1 TO JUNE 30, 2023

				OTHER RESERVES
€ million	Subscribed capital	Capital reserves	Retained earnings	Currency translation
Balance at Jan. 1, 2022	**45**	**14,225**	**9,146**	**223**
Changes in accounting policy to reflect IFRS 17	–	–	–2	–
Balance after adjustment at Jan. 1, 2022	45	14,225	9,144	223
Profit after tax[1]	–	–	2,505	–
Other comprehensive income, net of tax[1]	–	–	1,445	451
Total comprehensive income[1]	**–**	**–**	**3,950**	**451**
Disposal of equity instruments	–	–	–	–
Capital contribution	–	257	–	–
Profit transfer and dividends payment	–	–	0	–
Capital transactions involving a change in ownership interest	–	–	–	–
Change from distribution in kind due to spin-off assets[2]	–	–11,679	–201	–
Other changes	–	–	–	–
Balance at June 30, 2022[1]	**45**	**2,803**	**12,893**	**674**
Balance at Jan. 1, 2023	**911**	**3,822**	**12,387**	**454**
Changes in accounting policy to reflect IFRS 17	–	–	8	–
Balance after adjustment at Jan. 1, 2023	911	3,822	12,395	454
Profit after tax	–	–	2,768	–
Other comprehensive income, net of tax	–	–	–59	–150
Total comprehensive income	**–**	**–**	**2,710**	**–150**
Disposal of equity instruments	–	–	17	–
Capital contribution	–	–	–	–
Profit transfer and dividends payment[3]	–	–	–916	–
Capital transactions involving a change in ownership interest[3]	–	–	–72	0
Other changes	–	–	–	–
Balance at June 30, 2023	**911**	**3,822**	**14,135**	**303**

1 The prior-year figures were adjusted (see explanations on IFRS 17).
2 Disclosed under “Other changes” as of June 30, 2022.
3 Please see explanations in section → **8. EQUITY**.

OTHER RESERVES							
	HEDGING						
	Cash flow hedges (OCI I)	Deferred costs of hedging (OCI II)	Equity and debt instruments	Equity-accounted investments	Equity before non-controlling interests	Non-controlling interests	Total equity
	–361	**–340**	**–11**	**0**	**22,927**	**8**	**22,935**
	–	–	–	–	–2	–	**–2**
	–361	–340	–11	0	22,925	8	**22,933**
	–	–	–	–	2,505	5	**2,510**
	–604	–71	12	0	1,233	0	**1,234**
	–604	**–71**	**12**	**0**	**3,739**	**5**	**3,744**
	–	–	–	–	–	–	**–**
	–	–	–	–	257	–	**257**
	–	–	–	–	0	–6	**–6**
	–	–	–	–	–	–	**–**
	–	–	–	–	–11,881	–	**–11,881**
	–	–	–	–	–	–	**–**
	–965	**–410**	**1**	**–1**	**15,040**	**7**	**15,047**
	238	**–804**	**11**	**0**	**17,019**	**8**	**17,027**
	–	–	–	–	8	–	**8**
	238	–804	11	0	17,027	8	**17,035**
	–	–	–	–	2,768	0	**2,768**
	769	56	8	–	625	0	**625**
	769	**56**	**8**	**–**	**3,393**	**0**	**3,392**
	–	–	–17	–	–	–	**–**
	–	–	–	–	–	–	**–**
	–	–	–	–	–916	–	**–916**
	–	–	–	–	–72	–8	**–80**
	–	–	–	–	–	–	**–**
	1,008	**–748**	**1**	**0**	**19,432**	**1**	**19,433**

CONSOLIDATED STATEMENT OF CASH FLOWS OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FROM JANUARY 1 TO JUNE 30, 2023 (CONDENSED)

€ million	H1 2023	H1 2022[1]
Cash and cash equivalents at beginning of period	**3,745**	**4,327**
Profit before tax	3,982	3,694
Income taxes paid	–1,018	–1,113
Depreciation and amortization[2]	1,570	1,504
Gain/loss on disposal of non-current assets	–9	–35
Share of profit or loss of equity-accounted investments	5	27
Other non-cash expense/income	–122	–251
Change in inventories	–1,151	–582
Change in receivables (excluding financial services)	–477	–244
Change in liabilities (excluding financial liabilities)	1,606	1,556
Change in pension provisions	123	183
Change in other provisions	331	–103
Change in leased assets	–638	–181
Change in financial services receivables	–271	–520
Cash flows from operating activities	**3,932**	**3,937**
Investments in intangible assets (excluding capitalized development costs) and property, plant and equipment	–876	–456
Additions to capitalized development costs	–1,201	–985
Change in equity investments	–113	–440
Cash received from disposal of intangible assets and property, plant and equipment	4	3
Change in investments in securities and time deposits as well as loans	–153	1,932
Cash flows from investing activities	**–2,339**	**–913**
Capital contributions	–	257
Profit transfer and dividends	–3,979	–1,864
Proceeds from issuance of bonds	2,692	2,457
Repayments of bonds	–2,186	–2,705
Changes in other financial liabilities	–109	–138
Repayments of lease liabilities	–56	–56
Cash flows from financing activities	**–3,646**	**–2,049**
Effect of exchange rate changes on cash and cash equivalents	–28	38
Net change in cash and cash equivalents	**–2,081**	**1,013**
Cash and cash equivalents at end of period	**1,664**	**5,340**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

2 Offset against reversals of impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT AS OF JUNE 30, 2023

ACCOUNTING UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

Pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, Dr. Ing. h.c. F. Porsche Aktiengesellschaft ("Porsche AG") has prepared its consolidated financial statements for the fiscal year 2022 in accordance with the international accounting standards adopted by the European Union, the International Financial Reporting Standards (IFRSs). Accordingly, these interim consolidated financial statements as of June 30, 2023 have also been prepared in accordance with IAS 34 (Interim Financial Reporting) and have a reduced scope of reporting compared to the consolidated financial statements.

All amounts are rounded in line with common business practice; this can lead to minor differences in total amounts. Figures of €0.00 are presented as "€– million"; figures between €0.00 and €500,000.00 are rounded in line with common business practice and presented as "€0 million".

ACCOUNTING POLICIES

The Porsche AG Group has applied all accounting pronouncements adopted by the EU and effective for periods beginning from January 1, 2023.

Other accounting policies

For these interim consolidated financial statements, a discount rate of 3.5% (December 31, 2022: 3.6%) was used for pension provisions in Germany.

The income tax expense for the interim consolidated financial statements is calculated pursuant to IAS 34 (Interim Financial Reporting) based on the best estimate of the annual average income tax rate expected for the entire fiscal year. In some countries in which the Porsche AG Group is active, legal minimum taxation regulations were introduced in line with the guidelines of the OECD for a new global minimum tax framework. With reference to the changes to IAS 12 adopted by the IASB in May 2023, the Porsche AG Group does not take into account any resulting potential effects on deferred taxes.

Taking the condensed presentation into account, generally the same accounting policies and consolidation principles have been used when preparing the interim consolidated financial statements and determining the comparative figures for the prior year as those used in the 2022 consolidated financial statements. A detailed description of these methods can be found in the notes to the 2022 consolidated financial statements under → **Accounting policies.**

In addition, the effects of new standards are described in more detail in the notes to the 2022 consolidated financial statements under ↗ **New and amended standards and interpretations.**

IFRS 17 – INSURANCE CONTRACTS

IFRS 17 provides new guidance on accounting for insurance contracts. The Porsche AG Group applied IFRS 17 for the first time as of January 1, 2023 using the full retrospective method. First-time application resulted in a slight change in equity both as of January 1, 2023 of €8 million and January 1, 2022 of €2 million. In addition, the first-time application as of January 1, 2023 resulted in a reduction in total assets of €31 million. This is due primarily due to the changed system for calculating provisions relating to the insurance business. The change in the system for recognizing income and expenses does not have any material effect on the income statement. Prior-year figures have been adjusted accordingly.

SIGNIFICANT EVENTS

Russia-Ukraine conflict/Russian business (IFRS 5)/Covid-19 pandemic/Parts supply

The start of the Russia-Ukraine conflict in February 2022 led not only to a humanitarian crisis but also brought market upheaval around the world. There were significant price rises, particularly on the energy and commodity markets, and significant increases in interest and inflation rates were observed internationally. In the first half of 2023, the markets were beginning to return to normal.

Moreover, various sanctions have been imposed on Russia as a result of the conflict, especially by the EU and the USA. These sanctions restrict economic transactions with Russia and have an impact on the Russian companies of the Porsche AG Group and on sales of vehicles to Russia. The sanctions also affect new financial services business in Russia and could potentially lead to impairment risks for existing leased assets and financial receivables. In light of the EU sanctions, Porsche AG decided to discontinue vehicle exports for the time being. In addition, the respective sanction requirements are also being complied with in relation to the supply of spare parts and the provision of technical information. To date, very few complaints has been received from customers, service providers, or other contract partners. It is not clear at present how the situation will develop further.

In December 2022, Porsche AG came to an arrangement with an independent external investor for the sale of three subsidiaries in Russia that were classified as a disposal group held for sale pursuant to IFRS 5 (↗ **Annual and sustainability report 2022 – IFRS 5 – Assets held for sale**). As of December 31, 2022, a need to recognize an impairment loss of €25 million was identified for the disposal group. In the first half of 2023, a small additional impairment and offsetting currency translation effects were identified and reported in the other operating result.

The pandemic in connection with the coronavirus SARS-CoV-2 eased significantly during the first half of the year, although there was still a shortage of parts.

BASIS OF CONSOLIDATION

In addition to Porsche AG, which has its registered offices in Stuttgart and is registered at the Stuttgart Local Court under HRB 730623, the consolidated financial statements include all material German and foreign subsidiaries, including structured entities, that are controlled directly or indirectly by Porsche AG. Control exists if Porsche AG obtains power over the potential subsidiary directly or indirectly from voting rights or other rights, participates in positive or negative variable returns from the potential subsidiary and is able to influence those returns. There are no significant restrictions.

EXPLANATIONS ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. SALES REVENUE

Structure of the group's sales revenue H1 2023

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Vehicles	16,258	–	**16,258**	–35	**16,222**
Genuine parts	972	–	**972**	0	**972**
Used vehicles and third-party products	708	761	**1,469**	–43	**1,425**
Rental and leasing business	1	676	**676**	–28	**648**
Interest and similar income from financial services business	1	205	**205**	–2	**204**
Hedges sales revenue	–334	–	**–334**	–	**–334**
Other revenue	1,287	11	**1,298**	–5	**1,293**
	18,892	**1,652**	**20,544**	**–113**	**20,431**

Structure of the group's sales revenue H1 2022

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Vehicles	14,208	–	**14,208**	–50	**14,158**
Genuine parts	837	–	**837**	0	**837**
Used vehicles and third-party products	647	809	**1,456**	–48	**1,408**
Rental and leasing business	0	642	**642**	–16	**626**
Interest and similar income from financial services business	0	145	**145**	–1	**143**
Hedges sales revenue	–539	–	**–539**	–	**–539**
Other revenue	1,271	21	**1,292**	–4	**1,288**
	16,425	**1,616**	**18,042**	**–120**	**17,922**

Other revenue mainly contains income from mobile services, consulting, development services and workshop services. It also contains insurance premiums from warranty insurance for used vehicles.

2. COST OF SALES

Cost of sales amounted to €14,522 million (prior year: €12,868 million) and mainly comprises production materials, personnel expenses, non-staff overheads and depreciation and amortization.

Cost of sales also contains interest expenses attributable to the financial services business amounting to €73 million (prior year: €37 million), impairment losses on leased assets amounting to €75 million (prior year: €84 million) and expenses for indemnification payments from warranty insurance for used vehicles amounting to €40 million (prior year (adjusted): €35 million).

3. RESEARCH AND DEVELOPMENT COSTS

€ million	H1 2023	H1 2022	%
Total research and development costs	1,545	1,304	18.5
of which: capitalized development costs	1,201	985	21.9
Capitalization ratio in %	77.7	75.6	
Amortization of capitalized development costs	427	380	12.4
Research and development costs recognized in the income statement	**770**	**699**	**10.3**

4. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the share of the result of Porsche AG's shareholders by the weighted average number of ordinary and preferred shares outstanding during the fiscal year. By amendment to the Articles of Association of Porsche AG that took effect on August 15, 2022 upon entry in the commercial register, the number of issued shares changed to 455,500,000 ordinary shares and 455,500,000 preferred shares. As this change was made in the prior year before the half-year financial statements were approved for publication, this change has been taken into account retrospectively for all periods presented in the half-year financial statements. Since there were no transactions in the years 2023 and 2022 that had a dilutive effect on the number of shares, diluted earnings per share correspond to the basic earnings per share.

Pursuant to article 28 (4) of the Articles of Association of Porsche AG, the preferred shareholders are entitled to an additional dividend of €0.01 per preferred share above the dividend allocable to the ordinary share:

		H1 2023	H1 2022[1]
Weighted average number of:			
Ordinary shares – basic/diluted	Shares	455,500,000	455,500,000
Preferred shares – basic/diluted	Shares	455,500,000	455,500,000
Earnings after tax	€ million	2,768	2,510
Non-controlling interests	€ million	0	5
Earnings attributable to Porsche AG shareholders	€ million	2,768	2,505
of which: basic/diluted earnings attributable to ordinary shares	€ million	1,382	1,250
of which: basic/diluted earnings attributable to preferred shares	€ million	1,386	1,255
Earnings per ordinary share – basic/diluted	€	3.03	2.74
Earnings per preferred share – basic/diluted	€	3.04	2.75

1 The prior-year figures were adjusted (see explanations on IFRS 17).

5. NON-CURRENT ASSETS

Development of selected non-current assets from January 1 to June 30, 2023

€ million	Carrying amount at Jan. 1, 2023	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at June 30, 2023
Intangible assets	7,473	1,296	–4	585	8,188
Property, plant and equipment	8,924	834	41	599	9,118
Leased assets	3,854	1,402	740	485	4,031
Other equity investments	636	111	–2	1	749

6. INVENTORIES

€ million	June 30, 2023	Dec. 31, 2022
Raw materials, consumables and supplies	389	481
Work in progress	497	387
Finished goods and merchandise	5,331	4,362
Current rental and leasing assets	30	29
Advance payments made	255	244
	6,501	**5,504**

The write-downs recognized in profit or loss in the reporting period amounted to € 61 million (prior year: € 62 million) and resulted from the remeasurement of used vehicles. Reversals of write-downs of €1 million (prior year: €1 million) were recognized in profit or loss in the reporting period, also resulting primarily from the remeasurement of used vehicles.

7. CURRENT OTHER FINANCIAL ASSETS AND OTHER RECEIVABLES

€ million	June 30, 2023	Dec. 31, 2022[1]
Trade receivables	1,361	1,268
Other financial assets and miscellaneous other receivables	6,845	6,212
	8,206	**7,480**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

In the period from January 1 to June 30, 2023, operating profit was negatively impacted by impairment losses and reversals of impairment losses on non-current and current financial assets amounting to €7 million (prior year: €4 million).

Other financial assets contain receivables from Volkswagen AG of €– million (prior year: €2,800 million) and VW International Belgium S.A. of €3,700 million (prior year: 1,000 million).

No significant valuation allowances were recognized for other financial assets.

8. EQUITY

On August 1, 2022, the Annual General Meeting of Porsche AG resolved to increase the company's share capital by €866 million from company funds from €45 million to €911 million. The 2022 capital increase was entered in the company's commercial register at the Stuttgart Local Court on August 15, 2022.

The subscribed capital of Porsche AG is composed of no-par value bearer shares. One share grants a notional share of €1.00 in share capital. Porsche AG's share capital amounts to €911 million and is divided into 455,500,000 no-par value ordinary shares and 455,500,000 no-par value preferred shares. Each share grants a notional share of €1.00 in share capital. Compared to the ordinary shares, the preferred shares carry the right to an additional dividend that is €0.01 higher than the ordinary shares but are non-voting.

On June 28, 2023, Porsche AG's Annual General Meeting passed a resolution on the appropriation of the net retained profit for the fiscal year 2022, resulting in a distribution of €1.00 per ordinary share and €1.01 per preferred share. This brings the total amount distributed to €916 million.

Capital transactions involving a change in ownership interest within the statement of changes in equity relate to the acquisition of the non-controlling interests in Porsche Taiwan Motors Ltd., Taipei.

9. NON-CURRENT FINANCIAL LIABILITIES

€ million	June 30, 2023	Dec. 31, 2022
ABS-refinancing and debenture bonds	5,075	4,750
Liabilities to banks	304	326
Lease liabilities	917	940
	6,296	**6,016**

10. CURRENT FINANCIAL LIABILITIES

€ million	June 30, 2023	Dec. 31, 2022
ABS-refinancing and debenture bonds	2,901	3,020
Liabilities to banks	300	337
Lease liabilities	102	106
Other financial liabilities	12	1
	3,315	**3,464**

11. FAIR VALUE DISCLOSURES

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

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

Financial assets and liabilities measured at fair value in profit or loss consist of derivative financial instruments to which hedge accounting is not applied. This primarily includes interest rate swaps and currency swaps as well as options to acquire equity instruments. Moreover, other equity investments (shares representing an ownership interest of less than 20% as a rule) in partnerships (debt instruments) as well as financial assets held in special funds controlled by the Porsche AG Group are measured at fair value in profit or loss. Derivative financial instruments to which hedge accounting is applied are measured at fair value directly in equity.

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) for which the Porsche AG Group normally exercises the option of fair value measurement through other comprehensive income. For instruments measured through other comprehensive income, changes in fair value are recognized directly in equity, taking deferred taxes into account.

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 items in the statement of financial position to classes of financial instruments

The table below presents a reconciliation of the line items in the statement of financial position to the relevant classes of financial instruments, broken down by the carrying amounts and fair values of the financial instruments.

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

The key risk variables for the fair values of receivables are risk-adjusted interest rates.

Reconciliation of items in the statement of financial position to classes of financial instruments as of June 30, 2023

	Measured at fair value	Measured at amortized cost		Derivative financial instruments within hedge accounting	Not allocated to a measurement category	Statement of financial position item at June 30, 2023
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Non-current assets						
Equity-accounted investments	–	–	–	–	655	**655**
Other equity investments	183	–	–	–	566	**749**
Financial services receivables	–	2,981	3,009	–	1,508	**4,489**
Other financial assets[1]	105	368	360	834	–	**1,306**
Current assets						
Trade receivables	–	1,361	1,361	–	0	**1,361**
Financial services receivables	–	883	883	–	668	**1,551**
Other financial assets[2]	104	5,203	5,203	407	–	**5,715**
Marketable securities and time deposits	1,772	16	16	–	–	**1,788**
Cash and cash equivalents	–	1,646	1,646	–	–	**1,646**
Assets held for sale	–	17	17	–	–	**17**
Non-current liabilities						
Financial liabilities	–	5,379	5,287	–	917	**6,296**
Other financial liabilities[3]	10	314	314	370	–	**693**
Current liabilities						
Financial liabilities	–	3,213	3,213	–	102	**3,315**
Trade payables	–	4,347	4,347	–	–	**4,347**
Other financial liabilities[4]	53	1,396	1,396	361	–	**1,810**
Liabilities associated with assets held for sale	–	1	1	–	–	**1**

1 Other assets that are not financial assets are not included (other receivables and deferred tax assets: €764 million).
2 Other assets that are not financial assets are not included (other receivables and income tax receivables: €1,246 million).
3 Other liabilities that are not financial liabilities are not included (other provisions, deferred tax liabilities and other liabilities: €4,007 million).
4 Other liabilities that are not financial liabilities are not included (income tax provisions, other provisions, other liabilities and income tax liabilities: €5,342 million).

Reconciliation of items in the statement of financial position to classes of financial instruments as of December 31, 2022[1]

€ million	Measured at fair value	Measured at amortized cost		Derivative financial instruments within hedge accounting	Not allocated to a measurement category	Statement of financial position item at Dec. 31, 2022
	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Non-current assets						
Equity-accounted investments	–	–	–	–	623	**623**
Other equity investments	193	–	–	–	443	**636**
Financial services receivables	–	2,889	2,820	–	1,494	**4,382**
Other financial assets[2]	100	187	178	466	–	**753**
Current assets						
Trade receivables	–	1,268	1,268	–	0	**1,268**
Financial services receivables	–	851	851	–	687	**1,538**
Other financial assets[3]	141	5,203	5,203	140	–	**5,484**
Marketable securities and time deposits	1,533	262	262	–	–	**1,795**
Cash and cash equivalents	–	3,719	3,719	–	–	**3,719**
Assets held for sale	–	26	26	–	–	**26**
Non-current liabilities						
Financial liabilities	–	5,076	4,920	–	940	**6,016**
Other financial liabilities[4]	10	240	240	621	–	**872**
Current liabilities						
Financial liabilities	–	3,358	3,358	–	106	**3,464**
Trade payables	–	2,899	2,899	–	–	**2,899**
Other financial liabilities[5]	70	4,633	4,633	584	–	**5,287**
Liabilities associated with assets held for sale	–	1	1	–	–	**1**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

2 Other assets that are not financial assets are not included (other receivables and deferred tax assets: €842 million).

3 Other assets that are not financial assets are not included (other receivables and income tax receivables: €816 million).

4 Other liabilities that are not financial liabilities are not included (other provisions, deferred tax liabilities and other liabilities: €3,472 million).

5 Other liabilities that are not financial liabilities are not included (income tax provisions, other provisions, other liabilities and income tax liabilities: €4,917 million).

The class "Not allocated to a measurement category" primarily includes lease receivables, lease liabilities, investments accounted for using the equity method as well as investments in non-consolidated affiliates.

Lease receivables have a carrying amount of €2,176 million (prior year: €2,180 million) and a fair value of €2,203 million (prior year: € 2,145 million).

The tables below provide an overview of the financial assets and liabilities measured at fair value:

Financial assets and liabilities measured at fair value by level:

€ million	June 30, 2023	Level 1	Level 2	Level 3
Non-current assets				
Other equity investments	**183**	0	–	183
Other financial assets	**105**	–	105	–
Current assets				
Other financial assets	**104**	–	104	–
Marketable securities and time deposits	**1,772**	1,772	–	–
Non-current liabilities				
Other financial liabilities	**10**	–	10	–
Current liabilities				
Other financial liabilities	**53**	–	53	–

€ million	Dec. 31, 2022	Level 1	Level 2	Level 3
Non-current assets				
Other equity investments	**193**	0	–	193
Other financial assets	**100**	–	100	–
Current assets				
Other financial assets	**141**	–	71	70
Marketable securities and time deposits	**1,533**	1,533	–	–
Non-current liabilities				
Other financial liabilities	**10**	–	10	–
Current liabilities				
Other financial liabilities	**70**	–	70	–

Derivative financial instruments included in hedge accounting by level:

€ million	June 30, 2023	Level 1	Level 2	Level 3
Non-current assets				
Other financial assets	**834**	–	834	–
Current assets				
Other financial assets	**407**	–	407	–
Non-current liabilities				
Other financial liabilities	**370**	–	370	–
Current liabilities				
Other financial liabilities	**361**	–	361	–

€ million	Dec. 31, 2022	Level 1	Level 2	Level 3
Non-current assets				
Other financial assets	**466**	–	466	–
Current assets				
Other financial assets	**140**	–	140	–
Non-current liabilities				
Other financial liabilities	**621**	–	621	–
Current liabilities				
Other financial liabilities	**584**	–	584	–

Fair values are allocated to the three levels of the fair value hierarchy based on the availability of observable market prices. Level 1 shows the fair values of financial instruments where a quoted price is directly available on active markets. This includes securities issued by the Porsche AG Group. Fair values in level 2, such as derivatives, are derived from market data using market valuation techniques. These market data include in particular currency exchange rates, yield curves and commodity prices which are observable on the relevant markets and can be obtained from pricing service providers. Level 3 fair values are calculated using valuation techniques with inputs that are not based on directly observable market data. In particular, the Porsche AG Group allocated other equity investments and options on equity instruments to level 3. Equity instruments are primarily measured on the basis of the respective business plans and entity-specific discount rates.

The table below summarizes the changes in items in the statement of financial position measured at fair value and allocated to level 3:

Changes in items in the statement of financial position measured at fair value based on level 3

€ million	Financial assets measured at fair value
Balance at Jan. 1, 2023	**263**
Changes in consolidated group	–
Additions (purchases)	31
Total comprehensive income	–6
recognized in profit or loss	1
recognized in other comprehensive income	–8
Settlements	–73
Disposals (sales)	–6
Changes in participation structure	–26
Balance at June 30, 2023	**183**

€ million	Financial assets measured at fair value
Balance at Jan. 1, 2022	**203**
Additions (purchases)	131
Total comprehensive income	51
recognized in profit loss	39
recognized in other comprehensive income	12
Settlements	–26
Balance at June 30, 2022	**359**

Transfers between the levels of the fair value hierarchy are generally reported as of the respective reporting dates. There were no transfers between the levels of the fair value hierarchy during the reporting period.

The key risk variable for options on equity instruments held by the company is the corresponding enterprise value. A sensitivity analysis is used to present the effects of a change in the risk variables on profit after tax.

If the assumed enterprise values had been 10% higher as of June 30, 2023, profit after tax would have been €0 million (prior year: €6 million) higher. If the assumed enterprise values had been 10% lower, profit after tax would have been €0 million (prior year: €6 million) lower.

If the results of operations of the equity investments measured at fair value as of June 30, 2023 had been 10% better, equity would have been €8 million higher (prior year: €15 million) and profit after tax €5 million higher (prior year: €4 million). If the results of operations of the equity investments measured at fair value had been 10% worse, equity would have been €8 million lower (prior year: €15 million) and profit after tax €5 million lower (prior year: €4 million).

12. STATEMENT OF CASH FLOWS

The statement of cash flows shows the cash inflow within the Porsche AG Group. Cash and cash equivalents according to the statement of cash flows comprise bank balances, checks, cash on hand, time deposits with an original contractual term of up to three months and funds due on demand.

€ million	June 30, 2023	June 30, 2022
Cash and cash equivalents as reported in the statement of financial position	1,646	3,838
Cash and cash equivalents classified as held for sale	17	1,501
Time deposits	–	–
Cash and cash equivalents as reported in the statement of cash flows	**1,664**	**5,340**

13. SEGMENT REPORTING

The segments are based on the internal management and reporting within the Porsche AG Group. This takes into account the group objectives and policies set by the Executive Board of Porsche AG. Segment reporting is made up of the two reportable segments automotive and financial services.

The activities of the automotive segment cover the development, manufacturing and sale of vehicles as well as related services.

The activity of the financial services segment comprises customer and dealer financing, the leasing business as well as mobility services and other finance-related services.

The purchase price allocation from acquired companies is directly allocated to the corresponding segments.

In the Porsche AG Group, the segment result is determined on the basis of the operating profit after tax.

Reconciliation includes consolidation between the segments.

The business relationships between the companies of the segments of the Porsche AG Group are generally based on arm's length prices.

Reporting segments H1 2023

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Sales revenue from external customers	18,837	1,594	**20,431**	–	**20,431**
Intersegment sales revenue	55	58	**113**	–113	**–**
Total sales revenue	18,892	1,652	**20,544**	–113	**20,431**
Segment profit (operating profit)	3,653	174	**3,827**	25	**3,852**
Depreciation and amortization	1,176	435	**1,610**	–16	**1,594**
Impairment losses	–	75	**75**	–	**75**

Reporting segments H1 2022[1]

€ million	Automotive	Financial services	Total segments	Reconciliation	Porsche AG Group
Sales revenue from external customers	16,352	1,569	**17,922**	–	**17,922**
Intersegment sales revenue	73	47	**120**	–120	**–**
Total sales revenue	16,425	1,616	**18,042**	–120	**17,922**
Segment profit (operating profit)	3,261	216	**3,478**	3	**3,480**
Depreciation and amortization	1,080	438	**1,518**	–20	**1,498**
Impairment losses	0	84	**84**	–	**84**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

Reconciliation

€ million	H1 2023	H1 2022[1]
Segment profit (operating profit)	**3,827**	**3,478**
Consolidation	25	3
Operating profit	**3,852**	**3,480**
Financial result	**130**	**214**
Consolidated profit before tax	**3,982**	**3,694**

1 The prior-year figures were adjusted (see explanations on IFRS 17).

By region H1 2023

€ million	Germany	Europe without Germany	North America[1]	China[2]	Rest of the world	Hedges sales revenue	Porsche AG Group
Sales revenue from external customers	2,417	4,309	5,717	5,360	2,963	–334	**20,431**

1 excl. Mexico
2 incl. Hong Kong

By region H1 2022

€ million	Germany	Europe without Germany	North America[1]	China[2]	Rest of the world	Hedges sales revenue	Porsche AG Group
Sales revenue from external customers	2,091	3,401	4,968	5,640	2,361	–539	**17,922**

1 excl. Mexico
2 incl. Hong Kong

Sales revenue is allocated to the regions in accordance with the destination principle.

14. RELATED PARTY DISCLOSURES IN ACCORDANCE WITH IAS 24

Since August 1, 2012, Volkswagen AG has held 100% of the shares in Porsche AG via Porsche Holding Stuttgart GmbH. On September 28, 2022, Volkswagen placed 25% of the preferred shares (including surplus allocation) of Porsche AG with investors. Since the following day, these preferred shares have been traded on the stock exchange. The basis for the IPO was a comprehensive agreement on the conclusion of several contracts between Volkswagen and Porsche SE. In this connection, both parties agreed, among other things, that Porsche SE acquire 25% of the ordinary shares in Porsche AG plus one ordinary share of Volkswagen. Please see also the explanations in the consolidated financial statements as of December 31, 2022.

As of the reporting date, Porsche AG remains a subsidiary of Porsche Holding Stuttgart GmbH. A domination and profit and loss transfer agreement was in place between Porsche AG and Porsche Holding Stuttgart GmbH up to and including December 31, 2022. The domination agreement ended pursuant to section 307 AktG as of December 31, 2022 and with it the contractual group with Volkswagen AG. In connection with the IPO and the sale of ordinary shares in Porsche SE, Volkswagen AG and Porsche SE agreed on a significant participation of representatives of Porsche SE on the Supervisory Board of Porsche AG. Final decision-making rights of the shareholder representatives on the Supervisory Board determined by Volkswagen with regard to directing relevant activities within the meaning of IFRS 10 at Porsche AG continue to result in the control of Porsche AG by Volkswagen AG (de facto group).

Porsche SE holds the majority of voting rights in Volkswagen AG.

The creation of rights of appointment for the State of Lower Saxony was resolved at the extraordinary general meeting of Volkswagen AG on December 3, 2009. This means that, even though it holds the majority of voting rights of Volkswagen AG, Porsche SE cannot determine 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. The Porsche SE group (Porsche SE) is therefore classified as a related party as defined by IAS 24.

Related parties

	Supplies and services rendered		Supplies and services received	
€ million	H1 2023	H1 2022	H1 2023	H1 2022
Porsche SE	1	1	–	0
State of Lower Saxony, its majority interests and joint ventures	0	0	–	–
Volkswagen AG - Group	2,414	2,254	3,591	2,849
Porsche Holding Stuttgart GmbH	2	190	–	0
Non-consolidated entities	81	38	100	96
Joint ventures and their majority interests	1	1	30	15
Associates and their majority interests	3	2	70	43

€ million	Receivables June 30, 2023	Receivables Dec. 31, 2022	Liabilities June 30, 2023	Liabilities Dec. 31, 2022
Porsche SE	0	1	114	0
State of Lower Saxony, its majority interests and joint ventures	21	33	–	–
Volkswagen AG - Group	6,127	8,030	2,569	2,748
Porsche Holding Stuttgart GmbH	21	40	778	4,079
Non-consolidated entities	409	197	98	95
Joint ventures and their majority interests	56	56	5	1
Associates and their majority interests	137	42	82	97

Receivables from the Volkswagen AG Group largely relate to loans granted of €4,106 million (December 31, 2022: €4,275 million) as well as trade receivables of €394 million (December 31, 2022: €502 million). Receivables from non-consolidated subsidiaries also primarily result from loans granted of €320 million (December 31, 2022: €145 million) as well as from trade of €38 million (December 31, 2022: €20 million).

As of June 26, 2023, Porsche AG terminated the credit facility with Volkswagen AG of €4,000 million.

Liabilities to Porsche SE largely relate to the dividend payment resolved by the Annual General Meeting of €114 million (December 31, 2022: €0 million). The change in liabilities to Porsche Holding Stuttgart GmbH is largely due to the payment of €3,979 million in respect of the profit transfer for the fiscal year 2022 and, in the opposite direction, a dividend liability of €691 million (December 31, 2022: €0 million).

Transactions with related parties are regularly conducted at arm's length.

Write-downs of €8 million (prior year: €10 million) were recognized in respect of the outstanding receivables from related parties.

The maximum credit risk for financial guarantees issued to joint ventures amounted to €63 million (prior year: €73 million).

From January to June, the Porsche AG Group made capital contributions at related parties of €103 million (prior year: €227 million).

Furthermore, Porsche AG received a capital contribution of €0 million from Porsche Holding Stuttgart GmbH in the first six months of 2023. In the first six months of 2022, this capital contribution amounted to €257 million.

During the reporting period, the members of the Executive Board of Porsche AG were granted performance shares as long-term variable remuneration under the new Executive Board remuneration system. Please see also the explanations in the remuneration report as of December 31, 2022.

15. LITIGATION

As described in the notes to the consolidated financial statements as of December 31, 2022, in the course of their operating activities, Porsche AG and the companies in which it holds direct or indirect interests are involved in a large number of legal disputes and official proceedings, both in Germany and abroad. Compared to these detailed explanations contained in the 2022 consolidated financial statements under "Litigation", the following significant changes have occurred during the year, as described below.

Diesel issue

At the end of March 2021, the supervisory board of Volkswagen AG announced the completion of the investigation initiated in October 2015 into the causes of and those responsible for the diesel issue. In this context, the Volkswagen AG group has reached agreement with the relevant insurers under its directors and officers liability policies (D&O insurance) on payment of an aggregate sum of €270 million (coverage settlement). In addition, agreement was reached on damage payments by a former member of Audi AG's board of management and the former member of Porsche AG's Executive Board, Mr. Wolfgang Hatz (liability settlement). As a result of this liability settlement as well as the coverage settlement, Porsche AG recognized other operating income of €30 million in the fiscal year 2021. On June 27, 2023, Mr. Wolfgang Hatz was sentenced to a suspended prison term by the Munich II Regional Court on a charge of fraud. The ruling is not yet legally binding. The liability settlement remains in effect.

THERMAL WINDOWS

In July 2022, the European Court of Justice (ECJ) ruled that a so-called thermal window (i.e., a built-in temperature-dependent emissions control feature) in the range of 15°C and 33°C outside temperature represents a defeat device. In this context, the ECJ has developed a new, unwritten criterion according to which a thermal window, even if it serves to prevent sudden and extraordinary damage, is inadmissible if it is not active for the "largest part of a year under the driving conditions which are actually prevailing in the European Union area". Volkswagen Group and Porsche AG are assessing the effects of this decision and are in discussion with the authorities.

In November 2022, an action plan for the Euro 5 3.0-liter-V6-diesel Generation 1 Cayenne was submitted to the Kraftfahrt-Bundesamt (KBA – German Federal Motor Transport Authority). On January 12, 2023, Porsche AG received a notification of a hearing on this vehicle from the KBA, in which the KBA now deems said thermal windows to be a prohibited defeat device. Porsche AG considers this provisional classification by the KBA to be without merit. It has duly delivered an opinion on the letter.

For the Cayenne and Panamera 3.0 l V6-TDI EU5 Generation 2 vehicles, an action plan was already approved by the KBA on September 11, 2020. On February 28, 2023, Porsche AG received a notification of a hearing from the KBA in which the KBA deems the aforementioned thermal windows to be a prohibited defeat device. Furthermore, the KBA demands that suitable remedies be proposed and announces the determination of non-conformity. The KBA also requests that Porsche AG name all other vehicle concepts containing a comparable temperature-controlled exhaust gas recirculation system. Porsche AG duly delivered an opinion on the notification of a hearing from the KBA. In its opinion, Porsche AG explains why, according to Porsche AG's legal position, the aforementioned thermal windows are not a prohibited defeat device.

Neither provisions nor contingent liabilities have been recognized as this is not currently expected to result in any significant outflow of resources.

Other litigation

VIOLATIONS OF COMPETITION LAW (KOREA)

The South Korean antitrust authorities KFTC analyzed potential breaches based on the EU subject matter. The final report of the case handler responsible at KFTC was issued in November 2021. Volkswagen AG, Audi AG and Porsche AG will issue a response to this. In April 2023, the KFTC issued its final decision together with the grounds for the decision, which covers the announcements made by the authorities from its press release dated February 9, 2023. According to this, Porsche AG is not affected by the alleged antitrust violation and is therefore not covered by the fines decision.

CONFORMITY OF PRODUCTION MEASUREMENTS

Porsche AG has also investigated potential issues regarding conformity of production measurements. The internal investigation has been completed. These issues are not related to the diesel issue. Porsche AG is cooperating with the relevant authorities, including the KBA and the public prosecutor's office in Stuttgart. However, based on the information available, no administrative fine proceedings have been instigated against the company. Proceedings brought by the public prosecutor's office in Stuttgart against unknown were discontinued in August 2022 pursuant to section 170 (2) StPO. The only significant deviation determined from internal measurements of just over 4% compared to the manufacturer's figure for a Cayenne derivative was reported to the KBA.
On March 20, 2023, the KBA submitted a notification of a hearing on this vehicle. According to this, the vehicle exceeds the values seen as relevant by the KBA and more measurements would have to be taken to verify the manufacturer's figure. Porsche AG has duly commented on the notification and recommended that further action be coordinated with the local authorities. Of the relevant model year 2018, only 108 vehicles are on the market, one of which in the EU. The KBA has not yet responded.

Further disclosure in respect of estimates

In accordance with IAS 37.92, no further disclosures are made in respect of estimates of the financial impact or disclosures relating to uncertainties surrounding the amount or timing of provisions and contingent liabilities in connection with material litigation, so as not to prejudice the outcome of the proceedings or the company's interests.

16. CONTINGENTLIABILITIES

Contingent liabilities decreased by €35 million to €94 million compared to the 2022 consolidated financial statements as a result of a reduced scope of legal and product-related matters.

17. OTHER FINANCIAL OBLIGATIONS

Other financial obligations increased by €316 million to €3,707 million overall compared to the 2022 consolidated financial statements. The increase is primarily attributable to obligations from development, supply and service agreements.

SUBSEQUENT EVENTS

There were no events of significance for the results of operations, financial position and net assets after June 30, 2023.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements prepared in accordance with German accepted accounting principles give a true and fair view of the results of operations, financial position and net assets of the Porsche AG Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Porsche AG Group, together with a description of the material opportunities and risks associated with the expected development of the Porsche AG Group for the remaining months of the fiscal year.

Stuttgart, July 24, 2023

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

REVIEW REPORT

TO DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT

We have reviewed the condensed interim consolidated financial statements of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart, – comprising the condensed income statement, condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement as well as selected explanatory notes – and the interim group management report for the period from 1 January 2023 to 30 June 2023, which are part of the half-year financial report pursuant to Sec. 115 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.

Stuttgart, July 25, 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Matischiok	**Orlov**
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

FURTHER INFORMATION

ABOUT THIS REPORT

In this half-year financial report, Dr. Ing. h.c. F. Porsche Aktiengesellschaft is referred to as "Porsche AG". Porsche AG together with its fully consolidated subsidiaries is referred to as the "Porsche AG Group".

The results of operations, financial position and net assets and selected financial information were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. All amounts are rounded in line with common business practice; this can lead to minor differences in total amounts. The current definition of performance indicators can be found in the combined management report for 2022. The report is available on our Investor Relations homepage.

↗ **Annual and sustainability report 2022**

For the sake of legibility, the company uses generic masculine pronouns in this report. This means that it applies to all genders and gender identities equally.

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FINANCIAL CALENDAR

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