



Group Management Report

(Combined Management Report of the Volkswagen Group and Volkswagen AG)

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Goals and Strategies

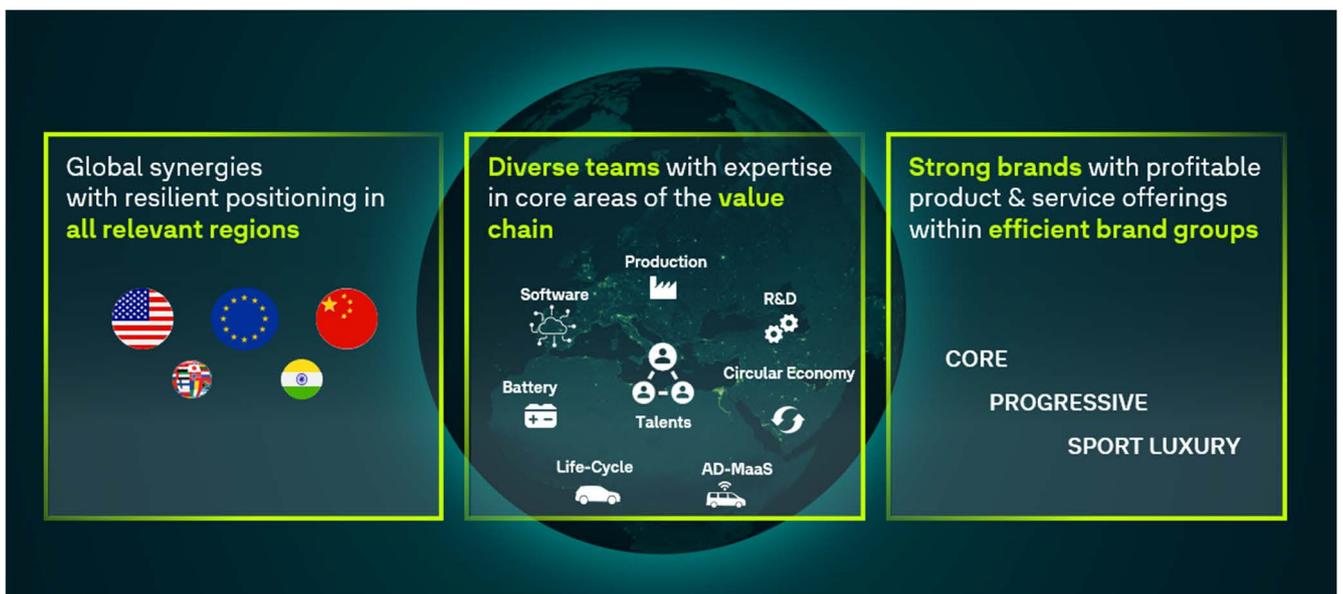
With “The Group Strategy – Mobility for Generations” we are tackling the challenges facing the automotive industry worldwide. Our vision is to be the driving force of mobility worldwide: The Global Automotive Tech Driver.

Fast-moving global megatrends, rapid technological advances, changing customer requirements and last but not least, the macroeconomic and political climate and regulatory framework are presenting the automotive industry with historic challenges. Artificial intelligence is creating opportunities that were not even conceivable until recently and bringing about change in nearly all industries and walks of life. Society and its values are also in a state of flux. Awareness of our planet and how our way of life is impacting on it is becoming increasingly important.

Against this backdrop, we developed “The Group Strategy – Mobility for Generations” in 2024, which remained valid in the 2025 reporting year. This Group strategy addresses important topics from previous strategies and takes these to the next level.

This Group strategy takes account of the requirements we are confronted with and sets overarching targets that address these. These include resilience, so that we position our global business robustly in times of geopolitical tensions; adaptivity, so that we have the capacity to respond quickly to changes in the course of the transformation of the mobility industry; and financial robustness, so that we can finance the necessary investments in product innovations.

REQUIREMENTS AND OVERARCHING TARGETS OF THE GROUP STRATEGY



From these we derive our strategic vision of being “The Global Automotive Tech Driver”. This aggregates the material areas for action for the Volkswagen Group in three fields:

- > Resilient positioning in all relevant regions in order to leverage global synergies,
- > Refocusing areas of expertise within the value chain, also increasingly in collaboration with partners,
- > Strong brands with profitable product and service offerings, to be managed by the Group in efficient brand groups.

To realize our vision of becoming “The Global Automotive Tech Driver”, we defined clearly delineated corporate goals within the Group strategy. These take the form of nine imperatives that are assigned to three core topics:

- > **Excite customers globally:**
We aim to excite customers globally by offering a strong product portfolio, an attractive range of services throughout the entire customer and product life cycle and competitive technologies.
- > **Unleash our full potential:**
We intend to unleash our full business potential by consciously deciding between synergies and the speed of implementation, making our Company more attractive to talented individuals and unlocking the opportunities provided by artificial intelligence (AI).
- > **Focus on fundamentals:**
We are focusing on creating a robust company base with a reduced cost basis and resilient structures, and we see sustainability as an underlying maxim for our actions.

CORE TOPICS AND IMPERATIVES OF THE GROUP STRATEGY



We continue to use the OKR (objectives and key results) method to implement our strategic objectives. Accordingly, strategic objectives and envisaged key results are defined for the individual imperatives. These are to be realized largely through time-limited projects and work packages, each of which can be measured by specific key performance indicators. The degree of achievement is continuously reviewed and the overall picture is presented to the Board of Management twice per year. As such, the relevance of the imperatives, and their objectives, milestones, projects and work packages are regularly reviewed at Group level. Their focus is continuously monitored and adjusted as necessary.

In the following, we describe the individual imperatives and the basic focus of each one.

Focus on Iconic and Profitable Portfolio

Efficient portfolio management and the exploitation of synergies within the Group are a cornerstone of the Group strategy. Clear, regional management of our customer-centric and distinctive vehicle portfolio is paramount here, with particular emphasis being placed on the positioning of the vehicles in the individual markets, true to the spirit of the brand. This takes into account not only customer wishes but also the systematic orientation towards modern powertrain technologies, emphasis on a successful, profitable portfolio for Europe, reinforced focus on attractive segments in North America, and further strengthening of our activities under the "in China, for China" strategy.

Drive Life-Cycle Customer Excitement

Customer centricity is an important pillar of our Group strategy. Here, our aim is to put customers at the center of our activities and excite them with our products and services throughout the vehicle's entire life cycle. As mobility needs change, we expect to see demand for use-based vehicle and mobility services – for example subscription models and self-driving robotaxis/shuttle services (AD-MaaS – Autonomous Driving-Mobility as a Service) – soar up to 2035. To maximize the potential of the use-phase business, we are striving to create a synergetic and holistic ecosystem that incorporates all of our Group products and services. This will enable us to tailor our product offering user-centered and to support and gain the loyalty of our customers throughout the entire life cycle.

Boost Technology Leadership

Software, batteries and mechatronic platforms are the automotive technology areas that will be important in the future and will largely determine the pace of innovation and cost per vehicle.

The Boost Technology Leadership imperative prioritizes consistent, coordinated planning of these automotive technology areas for this reason. Our technology strategy aims for a progressive reorganization of the Group in the coming years, turning it into an efficient, leading global automotive tech driver. Here, we are concentrating on vehicle software, batteries and our platforms.

More than ever before, the car of the future and the associated customer experience will be shaped by software. That is why the Volkswagen Group is pursuing the vision of a software-defined vehicle (SDV). Whereas in the past the starting point for vehicle development was the hardware, vehicle development will now center more on the software and the related electrical/electronic high-performance architecture. Consequently, our development process should start with the software. We are therefore designing the vehicle with the mobile, digital and smart world of our customers in mind. Our collaboration with Rivian and XPeng will provide us with valuable potential for reaching series production rapidly, enabling us to raise the bar in the automotive market of the future.

As the technological and economic centerpiece of electric vehicles, the battery is a decisive factor not only in terms of price, but also in terms of range and charging speed, making it a determining factor for the appeal and market success of e-mobility. The Volkswagen Group bundles business activities along the battery life cycle in the Group's own technology company PowerCo SE with the aim of developing into a profitable provider of sustainable, competitive battery technology for electric vehicles. Going forward, PowerCo will rely on an integrated value chain and

aims to cover the relevant areas – from the procurement and processing of raw materials to cell production and recycling – both independently and in collaboration with partners.

Platform development is a significant area of expertise of the Volkswagen Group. With the Scalable Systems Platform (SSP), we are creating the next generation of an electric, fully digital mechatronics platform based on a standardized software architecture. The Volkswagen Group's aim with this scalable platform is to rapidly and efficiently provide its customers with innovative functions and technologies, across all brands. Through the reduction of complexity and the number of variants, the SSP is intended to provide potential to leverage extensive synergies and enable fast, regular technology updates, while ensuring the necessary differentiation between the products of the individual brands in the Group's portfolio.

The Boost Technology Leadership imperative lends targeted support to innovative production concepts based on automation, digitalization, and AI. The Group-wide PULSE 2035 production and logistics strategy is aimed at establishing highly flexible, scalable, and cost-optimized production that meets the requirements of software-defined vehicles.

Balance Speed and Scale

Implementing the strategic goals by 2035 requires a clear allocation of responsibilities and transparent decision-making structures within the Group. The Balance Speed and Scale imperative therefore aims to achieve an optimal balance between Group synergies and decision-making speed in order to achieve cost efficiency while meeting the necessary reaction rates in the global automotive market.

The imperative seeks to optimize the interplay between corporate functions, brand groups and business areas, which in turn will allow major synergies to be leveraged in relation to software, batteries and the use phase in the Group. In addition, this imperative will focus on management of the China and North America regions so as to enable a rapid response to geopolitical changes in these regions. Since the Group has an extensive portfolio of financial investments in addition to its core automotive business, we also continually strive to future-proof and optimize this portfolio.

Empower Talent across Organization

In order to meet the demanding requirements arising from growing complexity, rapid changes in customer expectations and the unpredictable challenges that lie ahead, we need to ratchet up our performance, becoming more efficient, more agile and more adaptable. As we see it, a key factor here is boosting the efficacy and entrepreneurial spirit of our employees so that we can unleash the full potential of our organization.

This transformation is to be holistically aligned and supported: our employees' skills profiles are to be tailored to the requirements of their jobs in a forward-looking manner. Here, emphasis is also placed on being able to react flexibly to changes and hone the necessary skills in specific areas, for example in the use of artificial intelligence. To maximize the effectiveness of individual strengths, we seek to create a framework for high-performance cooperation between teams, take responsibility for joint results, and develop agile ways of thinking and working to increase our flexibility. Our aim here is not only to contribute to the satisfaction of the employees within our organization, but to remain attractive to skilled workers whose expertise can help us to remain competitive.

Spearhead AI Transformation

The breakneck development of AI is opening up huge potential for optimizing processes and products throughout the entire value chain. The Volkswagen Group is committed to fully exploiting this potential and plans to extensively ramp up AI applications throughout the Group in the coming years. We are working to create the necessary conditions, which includes developing a state-of-the-art IT infrastructure and ensuring data transparency and availability – even beyond the Group's borders. At the same time, we are using this imperative to adapt our business processes so that they are optimally aligned with the use of AI. Our employees are one of the main drivers of this transformation. We focus on providing targeted training and skills development in dealing with AI, ensuring synergetic implementation in the Group so that the advantages of AI transformation can be optimally realized in all areas of the Company.

Drive Cost Disruption

The latest technology developments such as increased automation using AI, reduction of product complexity through e-mobility and rising global cost competition are likely to bring about significant changes to automakers' cost structures in the near future. The Drive Cost Disruption imperative addresses these challenges by developing possible measures to reduce costs and quantify them using the key components of product manufacturing costs. These measures are then transferred into an overarching cost ambition for 2035.

Increase Global Resilience

The Volkswagen Group believes it will face, among other things, a variety of geopolitical challenges in the coming years and decades. These include a global shift in the political and economic balance of power, systemic rivalry, growing geopolitical conflicts and the ineffectiveness of global governance, which could create more instability and lead to a new world order. In the age of "slowbalization", we expect to see a continued slowdown in the pace of globalization, as measured by world trade flows. We will probably see an increase in protectionist measures, disruptions to supply chains and divergent regulations in the future, which is likely to cause market fragmentation. In this imperative, in anticipation of continued global decoupling, we assess the risks for the Volkswagen Group, develop solutions for the different regions and provide Group-wide strategic guidelines for orientation.

Elevate Sustainability

Sustainability is rooted in the Volkswagen Group and is an integral part of our Group strategy. The Group's sustainability strategy regenerate+ provides important stimuli that are aligned with our objectives. Society requires engagement that generates positive added value in order to help our planet to regenerate and to shape a future worth living in for current and future generations. We want to contribute to this, and in doing so we take a broad and comprehensive approach to sustainability – environmentally, socially and economically. Our vision is to become a mobility provider with positive added value for nature and society. We seek to work in partnership with all of our stakeholders in order to learn and further improve. Together, we are pursuing a vision for the Volkswagen Group and driving sustainable value creation. The Group sustainability strategy regenerate+ features clear measures in four dimensions: nature, our people, society, and business. Further information on our Group sustainability strategy is available in the "General Information" chapter in the "Group sustainability strategy" section.

THE TOP 10 PROGRAM

The Group Strategy – Mobility for Generations sets out our long-term direction with nine initiatives. We continue to develop an annual TOP 10 program at Group level so that the long-term goals of our Group strategy can be implemented swiftly in operations throughout the year. This program defines the action areas with top priority for the Group in the current fiscal year, thus contributing to the long-term target achievement of the strategy.

The action areas in the Group's TOP 10 program in fiscal year 2025 were: "costs", "products", "in China, for China", "North American growth", "life cycle offers", "software architecture", "battery", "data and AI", "sustainability", and "people". We report on the main goals achieved under the Group's TOP 10 program during the fiscal year in the chapter "Sustainable Value Enhancement" in particular.

Beyond the Group program, the TOP 10 program methodology has also been adopted by many business units in their functional area strategies and is being used to accelerate the implementation of strategies in a highly focused manner.

Internal Management System and Key Performance Indicators

This chapter describes how the Volkswagen Group is managed and the key performance indicators used for this purpose. In addition to financial metrics, our internal management system also contains non-financial key performance indicators.

The Volkswagen Group's performance and success are expressed in both financial and non-financial key performance indicators.

In the following, we first describe the internal management process and then explain the Volkswagen Group's most significant performance indicators, known as the core performance indicators.

INTERNAL MANAGEMENT PROCESS IN THE VOLKSWAGEN GROUP

Consistent, close integration of the Group and brand strategies with the operational planning process ensures transparency in the Volkswagen Group when it comes to the financial assessment and evaluation of strategic decisions. The operational medium-term planning that is conducted once a year and generally covers a period of five years is incorporated into the strategic planning as a key management element of the Group.

Medium-term planning forms the core of our operational planning and is used to formulate and safeguard the requirements for realizing strategic projects designed to meet Group targets in both technical and economic terms – and particularly in relation to earnings, cash flow and liquidity effects. In addition, this planning also serves as a basis for coordinating all business areas with respect to the strategic action areas concerned, namely functions/processes, products and markets.

When planning the Company's future, the individual planning components are determined on the basis of the timescale involved:

- > The long-term sales plan, which sets out market and segment development and then derives the Volkswagen Group's delivery volumes from this,
- > The product program as the strategic, long-term factor determining corporate policy and
- > Capacity and utilization planning for the individual sites.

The synchronized results of the upstream planning processes are integrated into the medium-term financial planning. These processes comprise the Group's financial planning, which extends to the brand groups, the individual brands and the business fields, and covers the income statement, cash flow and balance sheet planning, profitability and liquidity, as well as upfront investments needed for alternative products and the implementation of strategic options in the future. The first year of the medium-term planning period is fixed and a budget is drawn up for the individual months. This is planned in detail down to the level of the operating cost centers.

The budget is reviewed each month to establish the target achievement level. Key internal management instruments in this respect are target/actual and prior-year comparisons, regularly prepared variance analyses and, where necessary, action plans to ensure that targets are met. Detailed forecasts for the quarters and for the full year are prepared four times in each fiscal year, taking into account the current risks and opportunities. Adjustments are also made whenever major events occur. The focus of internal management in the course of the year is therefore on

adapting ongoing activities. The current forecast serves as the starting point for the subsequent medium-term and budget planning.

CORE PERFORMANCE INDICATORS IN THE VOLKSWAGEN GROUP

In line with our management process, we have defined core performance indicators in the Volkswagen Group for which we provide an estimate for the coming year in the Report on Expected Developments:

- > Deliveries to customers
- > Sales revenue
- > Operating result
- > Operating return on sales
- > Automotive investment ratio
- > Net cash flow in the Automotive Division
- > Net liquidity in the Automotive Division

Deliveries to customers (including the Chinese joint ventures) are defined as handovers of new vehicles to the end customer. This figure reflects the popularity of our products and is the relevant measure we use to determine our competitive position in the various markets. In our view, one of the most important prerequisites for the Company's long-term success is a strong brand portfolio that – on the basis of outstanding quality – offers tailor-made mobility solutions in the form of safe, connected, resource-efficient and largely emission-free vehicles. This portfolio comprises a diverse product range and a broad spectrum of services throughout the customer and product life cycle, along with competitive technologies, thereby meeting the diverse needs of customers worldwide. Demand for our products and mobility services forms the basis for unit sales and production and consequently for the capacity utilization of our sites and for employment.

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

The automotive investment ratio indicates the ratio of investment to sales revenue and is calculated by adding the research and development ratio (R&D ratio) and the capex to sales revenue ratio. The R&D ratio in the Automotive Division shows total research and development costs as a share of sales revenue. Research and development costs comprise a range of expenses, from futurology to the development of our marketable products. Particular emphasis is placed on the environmentally friendly orientation and digitalization of our product portfolio, the expansion of our battery expertise, the development of software and new platforms and the creation of new technologies. The R&D ratio reflects the activities we have undertaken to safeguard the Company's future viability. The ratio of capex (investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs) to sales revenue in the Automotive Division reflects both our innovative power and our future competitiveness. It shows our capital expenditure – largely for modernizing, expanding, electrifying and digitalizing our product range, for environmentally friendly drivetrains and boosting our market presence in the USA and China, and for adjusting production resources and optimizing production processes – in relation to the Automotive Division's sales revenue.

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

Net liquidity in the Automotive Division is the total of cash, cash equivalents, securities, time deposits and loans to affiliates and joint ventures not financed by third-party borrowings.

STRATEGIC FINANCIAL PERFORMANCE INDICATORS

We use strategic financial performance indicators for the long-term orientation of our Company beyond our medium-term planning. These indicators are aligned with the Volkswagen Group's strategic objectives and are aimed at enabling us to maintain our position as a financially robust Group and to remain competitive both now and in the future. Particularly against the backdrop of the evolving geopolitical situation, expectations of slower market growth including the delayed ramp-up of e-mobility, and the related adjustment of our product planning, we lowered our 2030 strategic ambition for the operating return on sales from 9 to 11% to 8 to 10%. We are counteracting these negative factors with our extensive performance programs. The strategic financial performance indicators that are currently being applied are presented in the table below:

STRATEGIC FINANCIAL PERFORMANCE INDICATORS

	2025	Ambition 2030
Operating return on sales	2.8%	8 to 10%
Automotive investment ratio	11.8%	~9%
Cash conversion rate in the Automotive Division ¹	122.1%	>60%
Net liquidity in the Automotive Division	10.7%	>10% of consolidated sales revenue

¹ Net cash flow as a percentage of the operating result in the Automotive Division

We pursue a holistic approach to significant cost cutting through the Drive Cost Disruption imperative within our Group strategy and the operationalized targets of the Group's Top 10 program. The objective is to secure the Group's competitiveness for the long term. Innovative solutions that create new potential to optimize technical variance and sustainable value chains are to be promoted by means such as the systematic integration of digital technologies, the realization of AI-based pilot projects, and the establishment of regional centers of excellence. In addition, a resilient basis for strategically oriented capital allocation is to be created through the structured development and consolidation of actions at brand and Group level.

Overall, the program makes a key contribution to the transformation of the Volkswagen Group by establishing forward-looking governance models and actively supporting the generation of ideas throughout the Group to achieve our ambitious cost targets by 2035.

Structure and Business Activities

This chapter describes the legal and organizational structure of the Volkswagen Group and explains the material changes in 2025 with respect to equity investments.

LEGAL STRUCTURE OF THE GROUP

Volkswagen AG is the parent company of the Volkswagen Group. It develops vehicles and components for the Group brands, and also produces and sells vehicles, in particular the passenger cars and light commercial vehicles from the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands. In its capacity as parent company, Volkswagen AG holds direct or indirect interests in AUDI AG, SEAT S.A., Škoda Auto a.s., Dr. Ing. h.c. F. Porsche AG, TRATON SE, Volkswagen Financial Services AG, Volkswagen Financial Services Overseas AG and a large number of other companies in Germany and abroad. More detailed disclosures are contained in the list of shareholdings in accordance with sections 285 and 313 of the *Handelsgesetzbuch* (HGB – German Commercial Code), which can be accessed at <https://www.volkswagen-group.com/Financial-Reports> and is part of the annual financial statements.

Volkswagen AG is a vertically integrated company as defined by section 3 no. 38 of the *Energiewirtschaftsgesetz* (EnWG – German Energy Industry Act) and is therefore subject to the provisions of the EnWG. In the electricity sector, Volkswagen AG generates and sells electricity as a group together with subsidiaries. Separate accounts are therefore to be kept for certain activities in the electricity sector in accordance with section 6b(3) of the EnWG (obligation to unbundle accounts). Moreover, the subsidiary VW Kraftwerk GmbH distributes electricity and also operates metering points within the meaning of the *Messstellenbetriebsgesetz* (MsbG – Metering Point Operation Act).

The Volkswagen AG Board of Management has sole responsibility for managing the Company. The Supervisory Board appoints, monitors and advises the Board of Management; it is consulted directly on decisions that are of fundamental significance for the Company.

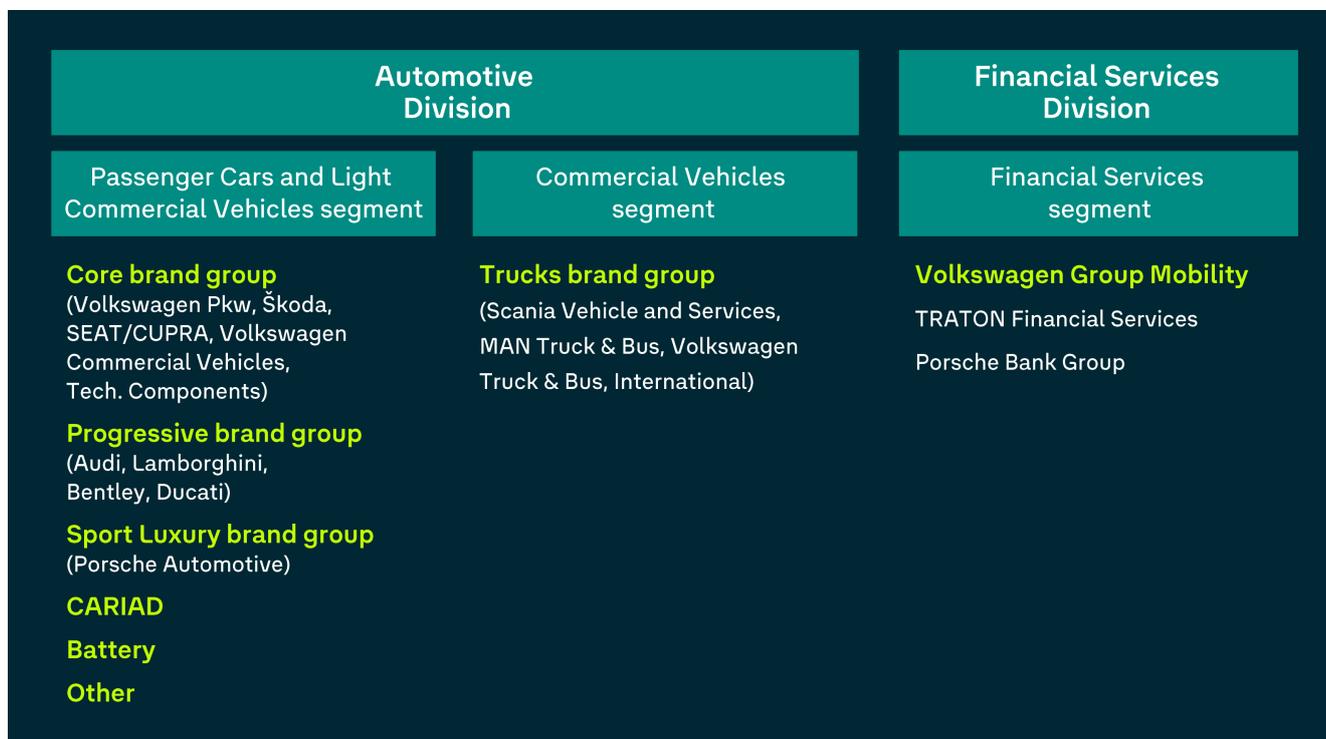
ORGANIZATIONAL STRUCTURE OF THE GROUP AND BUSINESS MODEL

The Volkswagen Group is one of the leading multibrand groups in the automotive industry, with a global workforce (excluding the Chinese joint ventures) of 602,659 (614,082) as of the end of the reporting year. The company's business model covers the Automotive and Financial Services divisions. The Volkswagen Group's significant products include passenger cars and commercial vehicles in the Automotive Division, as well as financial services. Our core brands within the Automotive Division – with the exception of the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands – are independent legal entities.

Since fiscal year 2025, the Automotive Division has comprised the two reportable segments Passenger Cars and Light Commercial Vehicles, and Commercial Vehicles.

The Passenger Cars and Light Commercial Vehicles segment primarily consolidates the Volkswagen Group's passenger car brands and the Volkswagen Commercial Vehicles brand. Activities focus on the development of vehicles, engines, motors, vehicle software and batteries, the production and sale of passenger cars and light commercial

REPORTING STRUCTURE OF THE VOLKSWAGEN GROUP



vehicles, and the genuine parts business. The product portfolio ranges from compact cars to luxury vehicles and also includes motorcycles. It is supplemented by mobility solutions.

The Commercial Vehicles segment primarily comprises the development of vehicles, engines, motors, the production and sale of trucks and buses, the genuine parts business and related services. The commercial vehicles portfolio ranges from light vans to heavy trucks and buses. The collaboration between the commercial vehicle brands is coordinated within TRATON SE.

The Financial Services Division corresponds to the Financial Services segment. Its activities comprise dealership and customer financing, leasing, direct banking and insurance activities, fleet management and mobility services.

With its brands, the Volkswagen Group mainly serves individual, corporate and fleet customers in all markets around the world that are relevant for the Group, including Europe and Other Markets, North America, South America and Asia-Pacific. In certain markets, there are restrictions for the product portfolio of the Volkswagen Group under export control and sanction law.

Volkswagen AG and the Volkswagen Group are managed by the Volkswagen AG Board of Management in accordance with the Volkswagen AG Articles of Association and the rules of procedure for Volkswagen AG's Board of Management issued by the Supervisory Board.

Accordingly, responsibilities in the Board of Management are currently divided among ten Board functions. In addition to the "Chair of the Board of Management" function, the other Board functions are "Technology", "Finance and Operations", "Human Resources and Trucks brand group", "Integrity and Legal Affairs", "Progressive brand group", "Sport Luxury brand group", "China", "IT" and "Core brand group". The Chair of the Board of Management was also responsible for the "Sport Luxury brand group" Board function until December 31, 2025; as of January 1, 2026, the full Board of Management is responsible for this function until further notice. The Board of Management member responsible for the "Core brand group" function is also responsible for the "Human resources" subdivision of the "Human Resources and Trucks brand group" function until further notice; the full Board of Management is responsible for the "Trucks brand group" subdivision until further notice. Further information on the composition of the Board of Management can be found in the "Members of the Board of Management" section.

Directly attached to the Board are a number of Group Management functions that act as an extension to the Board functions. These comprise the "Group Sales", "Group Production", "Group Procurement" and "Group Research and Development" functions.

The allocation of responsibilities on the Board of Management is based on the rules of procedure issued by the Supervisory Board. This is structured in such a way as to help the Board of Management to focus on key tasks such as strategy, central decisions on the Company's direction, capital allocation and financial requirements. The task of the extended Board-level management functions is to leverage synergies in the Group and to connect the brands and divisions.

Board of Management committees exist at Group level for the following areas: products, technologies, investments, digital transformation, integrity and compliance, risk management and management issues. In addition to the responsible Board of Management members, the committees include representatives of the departments relevant to the subject, and of the brands, brand groups and companies involved.

We are continually revising and optimizing these and other top management committees in the Group in order to verify that they still align with our Group strategy and to further increase the efficiency of their decision making. This reduces complexity and reinforces governance within the Group.

In line with our Group strategy, the Volkswagen Group's current steering model is based on strong customer orientation, entrepreneurship and team spirit and follows the "value over volume" principle, prioritizing sustainable value creation. This is also reflected in the steering model of the Group's brand groups. The Core brand group comprises the Volkswagen Passenger Cars, Škoda, SEAT/CUPRA and Volkswagen Commercial Vehicles brands. The Progressive brand group comprises the Audi, Lamborghini, Bentley and Ducati brands. The Sport Luxury brand group consists of the Porsche brand. The company responsible for this brand, Dr. Ing. h.c. F. Porsche AG (Porsche AG), is listed on the stock market. In the Trucks brand group, TRATON SE acts as the umbrella for the Scania, MAN, Volkswagen Truck & Bus and International commercial vehicles brands. TRATON SE is also a listed company.

We are confident that our corporate structure, which connects not only the brand groups but also the technology platforms, will enable us to make better use of existing expertise and economies of scale, leverage synergies more systematically and accelerate decision making. In our view, clear responsibilities and a high degree of business responsibility in the brand groups and technology platforms form the basis for our sustainable success.

Each brand within the Volkswagen Group is managed by a brand board of management, which is responsible for the brand's independent and self-contained development and business operations. To the extent permitted by law, the board adheres to the Group targets and requirements laid down by the Board of Management of Volkswagen AG, as well as to the agreements in the brand groups. This allows Group-wide interests to be pursued, while at the same time safeguarding and reinforcing each brand's specific characteristics. Matters that are of importance to the Group as a whole are submitted to the Volkswagen AG Board of Management to enable synergetic implementation, to the extent permitted by law. Group policies decided by the Group Board of Management are an important instrument in this regard. Volkswagen AG employs Group policies as steering instruments to communicate its requirements, such as uniform standards and frameworks for action, to the Group companies. The rights and obligations of the statutory bodies of the relevant brand company remain unaffected by this.

The Volkswagen Group companies are managed independently by their respective managements. The management of each individual company takes into account not only the interests of its own company but also the interests of the Group, the relevant brand group and the individual brands in accordance with the framework laid down by law.

MATERIAL CHANGES IN EQUITY INVESTMENTS

After reaching technical milestones and obtaining the necessary official approvals, Rivian and Volkswagen Group Technologies, LLC, Palo Alto/USA (Rivian and Volkswagen Group Technologies), a joint venture between the Volkswagen Group (Volkswagen) and US electric vehicle manufacturer Rivian Automotive, Inc., Irvine/USA (Rivian), commenced activities on November 13, 2024. The two partners hold equal shares in the joint venture, which operates as an independent company.

The aim of the partnership is to develop next generation software-defined vehicle (SDV) architectures to be used in the future vehicles of both companies. The joint venture builds on Rivian's existing software and electrical architecture to facilitate the joint development of best-in-class architectures and software for the SDVs of both partners.

Volkswagen is planning to invest up to USD 5.8 billion in Rivian and the Rivian and Volkswagen Group Technologies joint venture by no later than January 2028. An initial investment in Rivian was made already in June 2024, taking the form of an unsecured convertible note of USD 1 billion, which was converted into ordinary shares of Rivian on December 3, 2024. When the operations of Rivian and Volkswagen Group Technologies commenced, Volkswagen invested an additional approximately USD 1.3 billion in 2024, in particular for the acquisition of the licenses in Rivian's existing architecture technology and for the 50-percent share of the joint venture. A further investment of USD 1 billion was made in June 2025 in the form of the purchase of ordinary shares of Rivian. As a result, Volkswagen's equity interest in Rivian rose to 12.3%. When certain technical milestones are reached in 2026 and 2027, Volkswagen expects to make further investments of up to USD 2.5 billion in the form of equity and debt, of which up to USD 1.5 billion is to be for ordinary shares of Rivian.

LEGAL FACTORS INFLUENCING BUSINESS

Like other international companies, the business of Volkswagen companies is affected by numerous laws in Germany and abroad. In particular, there are legal requirements relating to services, development, products, production and distribution, as well as supervisory, data protection, financial, company, commercial, capital market, anti-trust and tax law regulations and regulations relating to labor, banking, state aid, energy, environmental and insurance law.

GROUP CORPORATE GOVERNANCE DECLARATION

The Group Corporate Governance Declaration can be found in this annual report and is permanently available on our website at www.volkswagen-group.com/en/corporate-governance.

Disclosures Required under Takeover Law

This chapter contains the Volkswagen Group's disclosures relating to takeover law required by sections 289a and 315a of the HGB.

CAPITAL STRUCTURE

Volkswagen AG's share capital amounted to €1,283,315,873.28 as of December 31, 2025, unchanged from the previous year. It was composed of 295,089,818 ordinary shares and 206,205,445 preferred shares. Each share conveys a notional interest of €2.56 in the share capital.

SHAREHOLDER RIGHTS AND OBLIGATIONS

The shares convey pecuniary and administrative rights. The pecuniary rights include in particular the shareholders' right to participate in profits (section 58(4) of the Aktiengesetz (AktG – German Stock Corporation Act)), the right to participate in liquidation proceeds (section 271 of the AktG) and preemptive rights to shares in the event of capital increases (section 186 of the AktG), which can be disapplied by the general meeting with the approval of the special meeting of preferred shareholders, where appropriate. Administrative rights include the right to attend the general meeting, to speak there, to ask questions, to propose motions and to exercise voting rights. In 2023, the general meeting adopted a resolution to amend Article 19(3) of the Articles of Association of Volkswagen AG, thus authorizing the Board of Management to decide flexibly and in the interests of the Company and its shareholders on the appropriate format for the general meeting for a period of five years.

Shareholders can enforce their pecuniary and administrative rights in particular via actions seeking disclosure and actions for avoidance.

Each ordinary share grants the holder one vote at the general meeting. The general meeting elects shareholder representatives to the Supervisory Board and elects the auditors; in particular, it resolves on the appropriation of net profit, formally approves the actions of the Board of Management and the Supervisory Board, and resolves on amendments to the Articles of Association of Volkswagen AG, capital measures and authorizations to purchase treasury shares; if required, it also resolves on the performance of a special audit, the removal before the end of their term of office of Supervisory Board members elected by the general meeting and the winding-up of the Company.

Preferred shareholders generally have no voting rights. However, in the exceptional case that they are granted voting rights by law (for example, when preferred share dividends were not paid in one year and not compensated for in full in the following year), each preferred share also grants the holder one vote at the general meeting. Furthermore, preferred shares entitle the holder to a €0.06 higher dividend than ordinary shares (further details on this right to preferred and additional dividends are specified in Article 27(2) of the Articles of Association of Volkswagen AG).

The *Gesetz über die Überführung der Anteilsrechte an der Volkswagenwerk Gesellschaft mit beschränkter Haftung in private Hand* (VW-Gesetz – Act on the Privatization of Shares of Volkswagenwerk Gesellschaft mit beschränkter Haftung) of July 21, 1960, as amended on July 30, 2009, includes various provisions in derogation of the German Stock Corporation Act, for example on the exercising of voting rights by proxy (section 3 of the VW-Gesetz) and on majority voting requirements at the general meeting (section 4(3) of the VW-Gesetz).

In accordance with the Volkswagen AG Articles of Association (Article 11(1)), the State of Lower Saxony is entitled to appoint two members of the Supervisory Board of Volkswagen AG for as long as it directly or indirectly holds at least 15% of Volkswagen AG's ordinary shares. In addition, resolutions by the general meeting that are required by law to be adopted by a qualified majority require a majority of more than four-fifths of the share capital of the Company that is represented when the resolution is adopted (section 25(2)), regardless of the provisions of the VW-Gesetz.

SHAREHOLDINGS EXCEEDING 10% OF VOTING RIGHTS

Shareholdings in Volkswagen AG that exceed 10% of the voting rights are shown in the notes to the annual financial statements of Volkswagen AG, which are available online at www.volkswagen-group.com/Financial-Reports. The current notifications regarding changes in voting rights in accordance with the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) are published at www.volkswagen-group.com/distribution-of-voting-rights.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board consists of 20 members, half of whom are shareholder representatives. In accordance with Article 11(1) of the Articles of Association of Volkswagen AG, the State of Lower Saxony is entitled to appoint two of these shareholder representatives for as long as it directly or indirectly holds at least 15% of the Company's ordinary shares. The remaining shareholder representatives on the Supervisory Board are elected by the General Meeting.

The other half of the Supervisory Board consists of employee representatives. These are elected by the employees in accordance with the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act). A total of seven of these employee representatives are employees elected by the workforce. The other three employee representatives are trade union representatives elected by the workforce.

The Chair of the Supervisory Board is generally a shareholder representative elected by the other members of the Supervisory Board. In the event that a Supervisory Board vote is tied, the Chair of the Supervisory Board has a casting vote in accordance with the MitbestG.

The goals for the composition of the Supervisory Board and information about its composition are described in the Group Corporate Governance Declaration in this annual report.

STATUTORY REQUIREMENTS AND REQUIREMENTS OF THE ARTICLES OF ASSOCIATION WITH REGARD TO THE APPOINTMENT AND REMOVAL OF BOARD OF MANAGEMENT MEMBERS AND TO AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and removal of members of the Board of Management are governed by sections 84 and 85 of the AktG, which specify that members of the Board of Management are appointed by the Supervisory Board for a maximum of five years. Board of Management members may be reappointed or have their term of office extended for a maximum of five years in each case. In addition, Article 6 of the Articles of Association of Volkswagen AG states that the number of Board of Management members is stipulated by the Supervisory Board and that the Board of Management must consist of at least three persons. The members of the Volkswagen AG Board of Management must include at least one woman and at least one man.

The general meeting resolves amendments to the Articles of Association (section 119(1) of the AktG). In accordance with section 4(3) of the VW-Gesetz as amended on July 30, 2009 and Article 25(2) of the Articles of Association of Volkswagen AG, general meeting resolutions to amend the Articles of Association require a majority of more than four-fifths of the share capital represented.

POWERS OF THE BOARD OF MANAGEMENT, IN PARTICULAR CONCERNING THE ISSUE OF NEW SHARES AND THE REPURCHASE OF TREASURY SHARES

Under German stock corporation law, the general meeting can authorize the Board of Management to issue new shares for a maximum period of five years. A provision in the Articles of Association is required for this. It can also authorize the Board of Management to issue bonds on the basis of which new shares are to be issued, also for a maximum period of five years. The general meeting also decides the extent to which shareholders have preemptive rights to the new shares or bonds. The maximum amount of authorized share capital or contingent capital available for these purposes is determined by Article 4 of the Articles of Association of Volkswagen AG, as amended.

At the Annual General Meeting on May 10, 2023, a resolution was passed authorizing the Board of Management to increase the Company's share capital, subject to the consent of the Supervisory Board, on one or more occasions by a total of up to €227.5 million (corresponding to around 89 million shares) before May 9, 2028 by issuing new non-voting preferred shares against cash contributions. This authorization had not been used by the date of publication of this report.

Further details regarding the option of issuing new shares and how these shares may be used can be found in the notes to the consolidated financial statements.

MATERIAL AGREEMENTS OF THE PARENT COMPANY IN THE EVENT OF A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

In March 2025, a banking syndicate granted Volkswagen AG a syndicated line of credit amounting to €12.5 billion, which currently runs until March 2030. With the line of credit, the syndicate members were granted the right to call their portion of the syndicated line of credit in the two forms of a change of control described below. Firstly, a call right exists if one individual or several individuals acting jointly, who as of the date of this agreement exercise control over the Company, have legal or economic ownership of shares that together make up more than 90% of the voting rights of the Company. Secondly, a call right also exists if one individual or several individuals acting jointly, who as of the date of this agreement do not exercise control over the Company, obtain control over the Company. Such a call right does not exist, however, if one shareholder or several shareholders of Porsche Automobil Holding SE or one or several legal entities from the Porsche or Piëch family directly or indirectly obtain control over the Company.

Volkswagen AG and the Ford Motor Company entered into a Master Collaboration Agreement in January 2019. This agreement sets out a framework of obligations, that also apply to the further cooperation agreements, including those entered into between the parties in fiscal year 2021. It also covers the Development Agreement concluded in January 2019 for the development of the current generation of the AmaroK. The Master Collaboration Agreement provides for a right of termination with immediate effect in the event of a change of control. A change of control has been defined to mean a change affecting more than 50% of the voting capital of one of the companies or a change in the ability to directly or indirectly control the management of a company through its decision-making bodies. The right of termination must be exercised within 90 days of the company becoming aware of a change of control.

Business Development

The world economy recorded positive growth in 2025. Global demand for vehicles was slightly higher than in the previous year. Amid a challenging market environment, the Volkswagen Group delivered 9.0 million vehicles to customers.

DEVELOPMENTS IN THE GLOBAL ECONOMY

The global economy continued to grow in 2025 at a pace similar to the previous year. In this context, the pace of growth picked up slightly in the emerging markets, while momentum in the advanced economies remained roughly at the prior-year level. While inflation rates fell in many countries, they remained elevated in some cases. Due to these differing conditions, central banks reduced key policy rates to varying degrees. Overall, geopolitical uncertainties, particularly those related to the economic policy stance of the USA and the increase in geo-economic measures, placed a strain on the global economic environment.

Europe/Other Markets

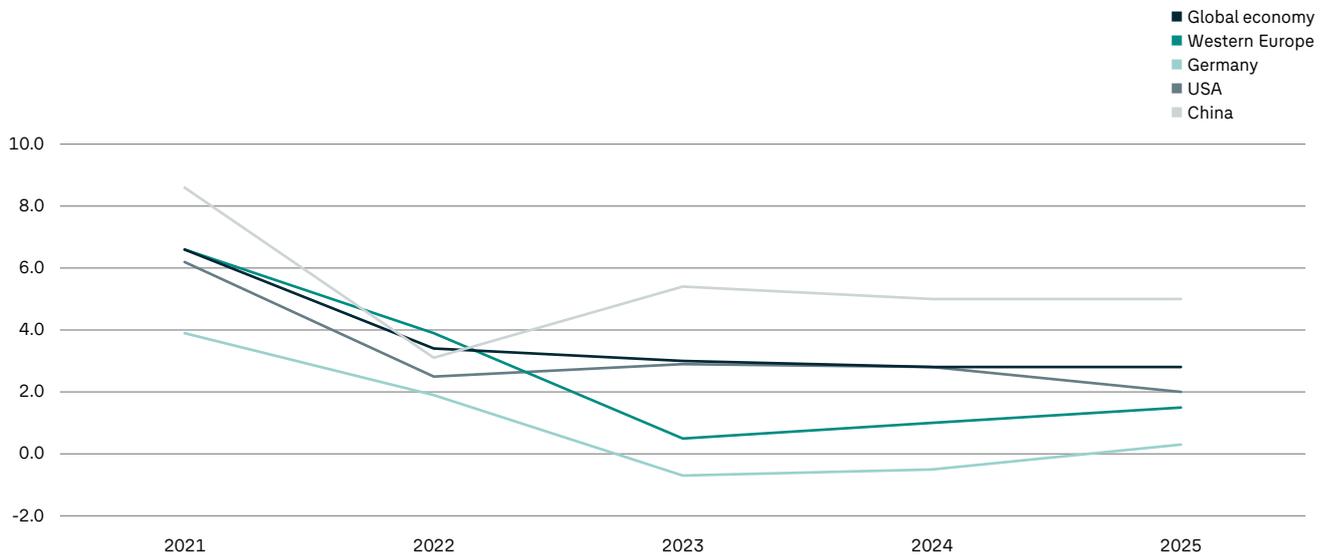
In the reporting year, the economy in Western Europe exhibited positive growth overall, higher than the prior-year level. Development in the individual countries in Northern and Southern Europe was mixed. In response to falling inflation rates, the European Central Bank lowered its key interest rate in eight rate cuts, beginning in June 2024. In 2025, the economies of Central Europe grew overall at a slightly higher pace on average than in the same period of the previous year, while Eastern Europe recorded a smaller increase.

Germany

German gross domestic product stagnated at the prior-year level in 2025 after having fallen in the two preceding years. Compared with 2024, the unemployment rate rose somewhat on average over the year. The harmonized rate of inflation in the reporting year was somewhat lower than the prior-year level.

ECONOMIC GROWTH

Percentage change in GDP



North America

In the USA, gross domestic product in the reporting year grew at a somewhat slower pace than in the previous year. The Federal Reserve had cut its key interest rates in several steps in the previous year but broke with this easing stance in the reporting year due to uncertainty surrounding the impact of the US administration’s economic policy actions, and only resumed its monetary policy easing in September 2025. In Canada and Mexico, economic growth was down somewhat year-on-year.

South America

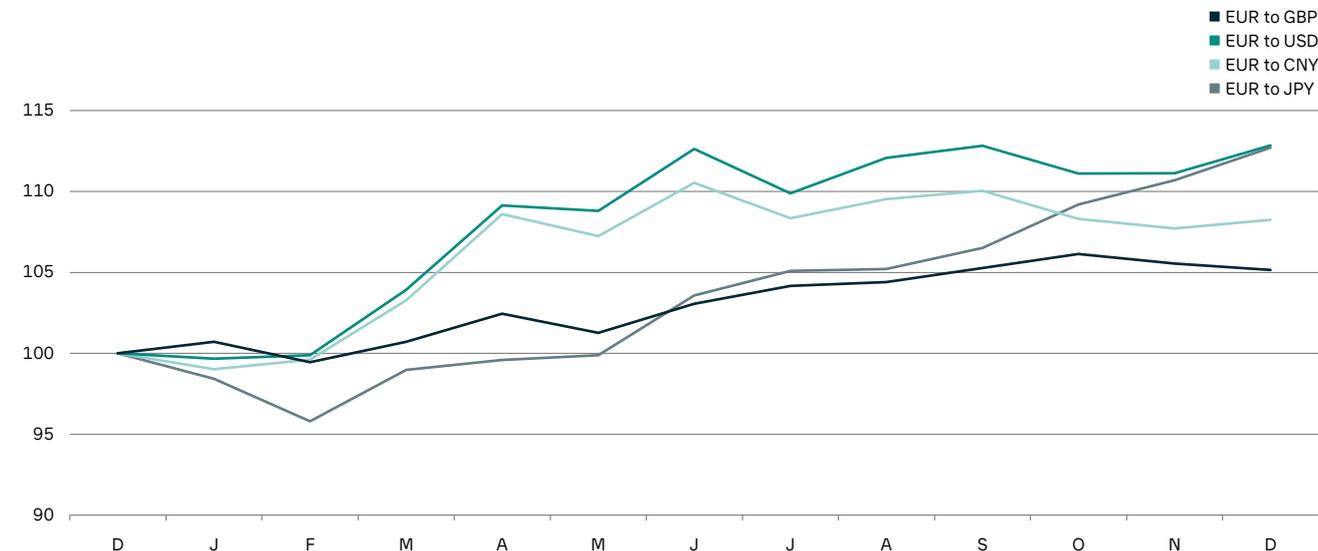
In Brazil, economic output grew at a somewhat slower pace, while economic growth in Argentina picked up considerably following a negative trend over two consecutive years.

Asia-Pacific

Growth in China’s economic output was above the global average and hovered around the prior-year level in the reporting year. India’s economy grew at a similarly strong rate as in 2024. Japan’s economic output increased.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2024 TO DECEMBER 2025

Index based on month-end prices: as of December 31, 2024 = 100



EXCHANGE RATE TRENDS

The euro appreciated against the US dollar, pound sterling and the currencies of several emerging markets on an annual average in 2025. In particular, the Argentinian peso and Turkish lira lost value against the European single currency due to the persistent extremely high rates of inflation. The Mexican peso, the Brazilian real and the South African rand were also weaker than the euro on average compared with 2024. Similarly, the Chinese renminbi and the currencies of several emerging markets in Asia depreciated against the euro year-on-year.

INTEREST RATE TRENDS

The ongoing trend of falling inflation rates allowed central banks in many countries to cut their key interest rates in the reporting year. On a global average, interest rates in the reporting year were therefore at a somewhat lower level than in the previous year. National central banks in nearly all of the major Western industrialized nations made corresponding adjustments to their key interest rates to differing extents. Key interest rate cuts were also recorded in many emerging markets.

COMMODITY PRICE TRENDS

The commodity markets turned in a mixed performance in the reporting year, with price trends for individual groups of commodities sometimes moving in opposite directions. The fourth quarter of 2025 saw an acceleration in price rises for some industrial metals, battery materials and precious metals. Compared with the previous year as a whole, the average prices for the commodities lithium, crude oil, coking coal, nickel, iron ore, and lead fell significantly in most cases. By contrast, prices for cobalt, aluminum and copper rose. The price of natural rubber remained virtually unchanged. Averaged over the year, the prices of the precious metals rhodium and platinum recorded a strong increase, while the price increase for palladium was significant.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

In 2025, the volume of the passenger car market worldwide was slightly up on the prior-year figure, with all regions developing favorably. While Africa, South America, Asia-Pacific, the Middle East, and Central and Eastern Europe recorded significant to slight growth, Western Europe and North America remained in the range of the prior year.

The global volume of new registrations of light commercial vehicles in fiscal year 2025 was in the range of the previous year.

Sector-specific environment

Along with fiscal policy measures, the sector-specific environment was affected by the economic situation, which contributed to the mixed trends in unit sales in the markets in the fiscal year now ended. The fiscal policy measures included tax cuts and increases, the introduction, expiry and adjustment of incentive programs and sales incentives, as well as import tariffs. In addition, non-tariff trade barriers to protect the respective domestic automotive industries made the movement of vehicles, parts and components more difficult.

Europe/Other Markets

In Western Europe, the number of new passenger car registrations in 2025 was in the range of the previous year. The performance of the large individual passenger car markets in this region was mixed. The United Kingdom registered slight growth and Spain significant growth, while the market volume in Italy and France decreased slightly.

In the reporting year, the volume of new registrations for light commercial vehicles in Western Europe was significantly down year-on-year.

In the Central and Eastern Europe region, there was a slight increase in the volume of the passenger car market between January and December 2025. Positive movement was recorded in the number of vehicles sold in the major markets of Central Europe.

In fiscal year 2025, the market volume of light commercial vehicles in Central and Eastern Europe was significantly lower than in the previous year.

Germany

The number of new passenger car registrations in Germany from January to December 2025 was in the range of the previous year. There was positive development primarily in new registrations of all-electric vehicles. Production in Germany increased to 4.2 million vehicles (+2.0%) in 2025, while passenger car exports stagnated at 3.2 million units (-0.3%).

The number of light commercial vehicles sold in Germany in the reporting year was noticeably lower than the 2024 comparative figure.

North America

Sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) were in the range of the previous year in the North America region in fiscal year 2025. The market volume in the USA and Mexico also remained similar to that of the previous year, but increased slightly in Canada.

South America

In the South America region, the volume of new vehicle registrations for passenger cars and light commercial vehicles was noticeably higher in the reporting year than for 2024. The number of new registrations in Brazil increased slightly compared with the previous year, while the Argentinian market recorded very strong growth.

Asia-Pacific

In the Asia-Pacific region, the volume of the passenger car market from January to December 2025 was slightly up on that of the previous year. The number of new registrations in the Chinese passenger car market was slightly higher than the 2024 figure due to measures including extensive government sales incentives and lower prices. The Indian and Japanese passenger car markets also saw slight growth.

In 2025, the volume of demand for light commercial vehicles in the Asia-Pacific region was slightly above the level for the previous year. Registration volumes in China, the region's dominant market and the largest market worldwide, were noticeably higher year-on-year.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

Units	MARKET VOLUME		CHANGE
	2025	2024	(%)
Markets for passenger cars			
Western Europe	11,866,706	11,644,494	1.9%
of which: Germany	2,857,851	2,817,331	1.4%
France	1,632,155	1,714,914	-4.8%
United Kingdom	2,020,239	1,952,778	3.5%
Italy	1,534,388	1,567,248	-2.1%
Spain	1,208,138	1,066,544	13.3%
Central and Eastern Europe	2,532,436	2,482,987	2.0%
of which: Czech Republic	248,719	231,600	7.4%
Poland	598,968	553,221	8.3%
Other Markets	4,803,401	4,571,626	5.1%
of which: Türkiye	1,050,000	980,341	7.1%
South Africa	423,043	351,759	20.3%
North America	19,752,456	19,401,459	1.8%
of which: USA	16,331,902	16,042,766	1.8%
Canada	1,895,971	1,854,371	2.2%
Mexico	1,524,583	1,504,322	1.3%
South America	4,318,683	3,953,563	9.2%
of which: Brazil	2,552,177	2,487,536	2.6%
Argentina	577,336	389,885	48.1%
Asia-Pacific	38,568,225	37,380,376	3.2%
of which: China	24,344,262	23,431,254	3.9%
India	4,365,584	4,206,814	3.8%
Japan	3,832,947	3,708,939	3.3%
Worldwide	81,841,907	79,434,505	3.0%
of which: all-electric vehicles (BEVs) ¹	13,254,556	10,811,897	22.6%
Markets for light commercial vehicles			
Western Europe	1,620,228	1,805,339	- 10.3
of which: Germany	273,822	289,716	-5.5
Central and Eastern Europe	278,065	319,504	-13.0
Asia-Pacific	4,942,468	4,800,044	3.0
of which: China	2,540,000	2,411,852	5.3
Worldwide	7,715,499	7,803,270	-1.1

1 Major markets; no data is yet available for individual (minor) markets.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

In the markets that are relevant for the Volkswagen Group, demand for mid-sized and heavy trucks with a gross weight of more than 6 tonnes was noticeably below the level of the comparative period in fiscal year 2025. Globally, truck markets were on a level with the previous year.

In the 27 EU states, excluding Malta, but including the United Kingdom, Norway and Switzerland (EU27+3), the number of new truck registrations was noticeably down, albeit to differing degrees in the various markets. New registrations in Germany, the largest market in this region, fell significantly short of the prior-year level. The United Kingdom and France registered a noticeable decline year-on-year. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – the level of new registrations was significantly lower than in the previous year. In South America, demand for trucks in the reporting year was slightly above that of the previous year.

Demand in the bus markets relevant for the Volkswagen Group was up noticeably on the prior-year level. Demand for buses in the EU27+3 markets was up significantly, with the picture varying from country to country. Demand on the bus markets in North America was on a level with the previous year overall, though the individual markets exhibited very different trends. For example, the school bus segment in the USA and Canada recorded a significant increase, while new registrations of buses in Mexico saw a strong decrease compared with the previous year. Demand for buses in South America was up significantly year-on-year.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Demand for automotive financial services was high in fiscal year 2025.

Movement on the European passenger car market was similar to that of the previous year in the year under review. Sales of financial services products exceeded the prior-year figure, primarily in the new car business. A positive trend was also observed in the sale of after-sales products such as servicing, maintenance and spare parts agreements.

New passenger car registrations in Germany in the period from January to December 2025 were on a level with the prior year. There was an increase in the number of new contracts in the financial services business. This trend is attributable to leasing contracts with individual and corporate customers. New vehicle financing was on a level with the prior year. The penetration of new vehicles exceeded the previous year's figure and trends on the used car business were also positive. The number of new service contracts increased year-on-year, primarily in the field of maintenance. There were fewer new contracts in the insurance business, but there was an increase in the number of passenger car insurance contracts concluded.

In Türkiye, the political environment calmed down in the reporting year. This led to key interest rates being cut, which in turn had a positive impact on the refinancing situation. While the leasing-based fleet business remained challenging, the lending business showed itself to be robust. In the insurance business, a slight decline began to emerge in the premium segment.

In South Africa, there was a strong increase in vehicle sales in 2025 compared with the previous year. As a result, the number of financed purchases also increased. Used cars were popular on account of higher prices for new vehicles. Although the South African Reserve Bank cut key interest rates, financing costs remained high amid challenging economic conditions.

The market environment in the North America region was challenging in the reporting year, particularly in light of tariff discussions and vehicle availability. In the USA, the number of leasing and financing contracts, new vehicle penetration and new contracts for insurance and aftersales products were all down on the respective prior-year figures despite rising penetration figures in the second half of the year. In Canada and Mexico, demand for leasing and financing contracts was lower than in the previous year, while new contracts for insurance and after-sales products were up on the prior-year figures.

In the South America region, the market for financial services remained strong, underpinned by growing demand for mobility and financing solutions. Interest rates remained high in Brazil, although expectations of interest rate cuts improved the market environment. Trends in the demand for mobility and financing solutions were positive thanks to improved consumer sentiment, increased credit availability and brisk business from marketing campaigns. In Argentina, the number of financial services contracts concluded benefited from stabilizing macroeconomic conditions despite political uncertainty.

Demand for electrified vehicles in the Chinese automotive market continued to rise between January and December 2025, and trends in the used vehicles segment were also positive. After the first quarter, which saw an increase in banks edging into the market with their products, the regulatory authorities reined in these competitive measures in June, which in turn boosted demand for automotive financial services. Interest subsidies for consumer loans generated further stimulus in the market. Japan's highly competitive automotive market showed growth in the sale of new and used cars in the reporting period despite rising inflation and refinancing costs. A positive trend was also observed in the electric vehicle sales contained in these figures. There was a strong rise in digital and flexible financing models.

The financial services business for commercial vehicles was down on the prior-year level in 2025.

NEW GROUP MODELS IN 2025

With a total of ten brands, the Volkswagen Group offers its customers a broad selection of vehicles – from all-electric and hybrid models to vehicles with traditional combustion engines – that are tailored to their customers' requirements and serve different mobility needs. We expanded this portfolio by adding further models in the fiscal year now ended.

The Volkswagen Passenger Cars brand presented the second generation of the popular T-Roc in 2025. Along with a new design and innovative drivetrains, it features a broad range of assistance systems and technologies from higher vehicle classes. Another vehicle that was launched was the Tayron, a versatile SUV with up to seven seats that is also available as a plug-in hybrid. South America saw the successful introduction of the Tera SUV in 2025, positioned below the T-Cross. The new Tiguan, tailored to the needs of local customers, and the Taos were introduced to the North American market.

Škoda, which celebrated its 130th anniversary in the reporting year, launched its new model in the Modern Solid design of the battery-electric Enyaq. The electric Enyaq and Elroq SUV series were overhauled and expanded to include sporty RS models. In the Indian market, the Kylaq rounds off the range of vehicles developed and produced locally.

CUPRA introduced the Black Edition and the Tribe Edition to its model lineup in 2025.

SEAT expanded its range for the SEAT Leon and SEAT Leon Sportstourer. The Ibiza and Arona models were refreshed with new design elements and technological updates.

Volkswagen Commercial Vehicles broadened its latest iteration of the Transporter to include the Caravelle model. In addition, the Transporter is now available with an electric drive system, also in double cab variants.

Audi expanded its all-electric model portfolio in 2025 with the market launch of the A6 e-tron, the A6 Sportback e-tron and the sporty Q6 Sportback e-tron. The A6 e-tron is the second model based on the Premium Platform Electric (PPE) and leverages its benefits in terms of performance, range, efficiency and charging. A further highlight was the launch of the new generation of the Q3 and Q3 Sportback. The collaboration between Audi and its Chinese partner SAIC culminated in the 2025 launch of the first production model of the "AUDI" brand mark created specifically for the Chinese market: the E5 Sportback.

In 2025, Porsche unveiled the top-of-the-range model of its 911 series, the new 911 Turbo S with bi-turbo drivetrain featuring T-Hybrid technology. Additional derivatives were also launched, including the 911 Carrera 4S and Taycan GTS.

Bentley launched the new ultra performance hybrid versions of its Continental GT and Flying Spur models in 2025. The new Bentayga Speed was also introduced to the market.

Lamborghini successfully brought out the Urus SE and the new Temerario in 2025.

Ducati launched the new Panigale V4, Multistrada V2, Multistrada V4, and Streetfighter V4 in 2025. The new 890cc V2 engine made its debut in the Streetfighter V2 and Panigale V2.

TRATON GROUP focused its activities on the TRATON Modular System in the reporting year.

Scania added the new Super 11 engine to its drivetrain portfolio.

MAN expanded series production of battery-electric heavy-duty trucks in 2025. In addition, series production of vehicles based on the Group-wide powertrain platform began.

International launched additional models based on the shared powertrain on the market. Moreover, work on the commercialization of Level 4 autonomous driving was also pursued.

Volkswagen Truck & Bus worked with partners to develop holistic e-mobility solutions for customers, thereby supporting creation of the first zero-emission corridor in Brazil.

VOLKSWAGEN GROUP DELIVERIES

The Volkswagen Group delivered 8,983,900 vehicles to customers worldwide in the fiscal year. This was 0.5% or 42,781 units fewer than in the previous year. Sales in both the Passenger Cars and Light Commercial Vehicles and Commercial Vehicles segments were down year-on-year.

VOLKSWAGEN GROUP DELIVERIES¹

	2025	2024	%
Passenger Cars and Light Commercial Vehicles	8,678,334	8,692,465	-0.2
Commercial Vehicles	305,566	334,216	-8.6
Total	8,983,900	9,026,681	-0.5
of which: all-electric vehicles (BEVs)	983,120	744,571	+32.0

¹ The figures include the equity-accounted Chinese joint ventures. Prior-year deliveries have been updated to reflect subsequent statistical trends.

Deliveries of electrified vehicles from the Volkswagen Group saw positive development: we handed over 983,120 all-electric vehicles (including heavy commercial vehicles) to customers worldwide in the reporting year. This was 238,549 units or 32.0% more than in the previous year. The share of the Group's total deliveries rose to 10.9(8.2)%. Deliveries to customers of our plug-in hybrid models rose to 427,980 units (+57.7%). Electrified vehicle deliveries rose by 38.9% overall year-on-year, meaning that their share of total Group deliveries grew to 15.7 (11.3)%. The Group brands' highest-volume all-electric vehicles included the ID.4 and ID.3 from Volkswagen Passenger Cars, the Škoda Elroq and Škoda Enyaq, the CUPRA Born and CUPRA Tavascan, the ID. Buzz from Volkswagen Commercial Vehicles, the Audi Q4 e-tron and Q6 e-tron, and the Porsche Macan.

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

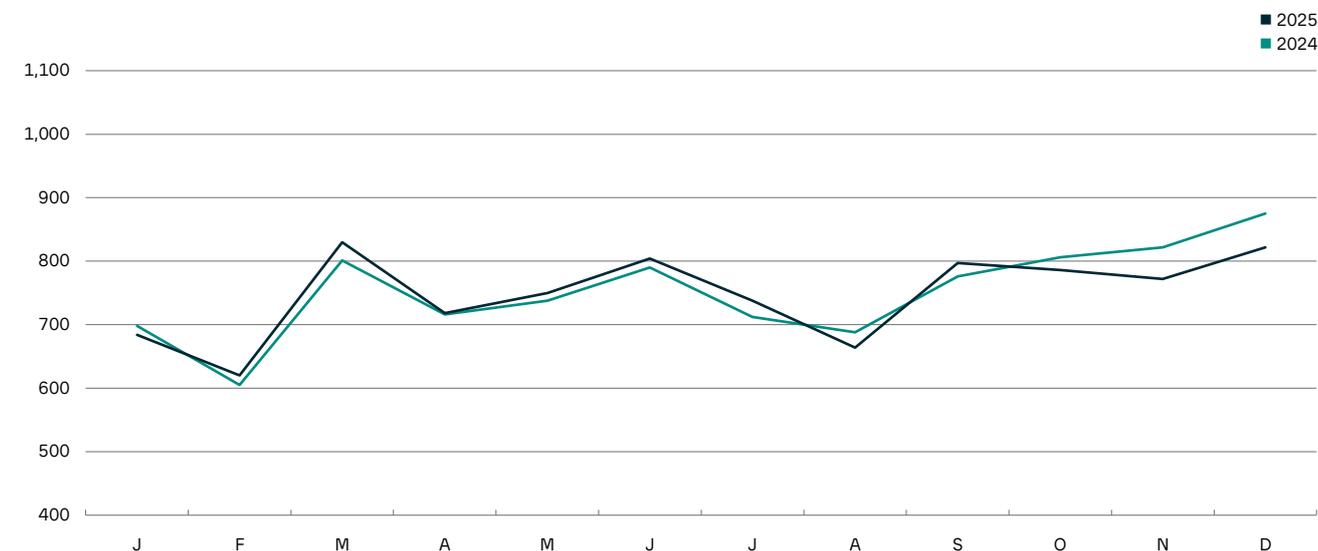
GLOBAL DELIVERIES IN THE PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES SEGMENT

With its passenger car brands, the Volkswagen Group is represented in all relevant automotive markets around the world, including Europe and Other Markets, North and South America and Asia-Pacific.

Sales of Volkswagen Group passenger cars and light commercial vehicles worldwide amounted to 8,678,334 units in fiscal year 2025 amid challenging market conditions. This was 0.2% or 14,131 vehicles fewer than in the previous year. While Škoda and SEAT/CUPRA increased vehicle deliveries and Lamborghini remained on a level with the previous year, Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, Bentley and Porsche did not achieve their respective prior-year figures. At a regional level, we saw demand rise for passenger cars and light commercial vehicles from the Volkswagen Group in Western Europe, Central and Eastern Europe, South America, Africa and the Middle East. North America and Asia-Pacific by contrast, failed to match their prior-year figures.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



In an overall global market that saw slight growth, we achieved a passenger car market share of 10.1 (10.5)%. Our BEV market share in the markets assessed was 6.9 (6.6)%.

The table at the end of this section gives an overview of passenger car and light commercial vehicle deliveries to customers of the Volkswagen Group in the regions and the key individual markets. The sales figures for Group models in these markets and regions are explained below.

Deliveries in Europe/Other Markets

In Western Europe, the Volkswagen Group delivered 3,265,898 passenger cars and light commercial vehicles to customers in the reporting year, 3.9% more than in the previous year. The overall market in the same period was similar to the previous year. Customer interest in the Volkswagen Group's electrified vehicles was strongest in Western Europe, where we delivered more than 70% of global sales of our all-electric models, or 719,407 units (including heavy commercial vehicles), to customers in the reporting year. The number of all-electric models handed over to customers was up 64.6% year-on-year. Their share of Group deliveries in this region rose to 21.3 (13.4)%. The Group vehicles that achieved the highest sales volumes were the T-Roc, Tiguan and Golf hatchback from the Volkswagen Passenger Cars brand. Other models that recorded encouraging demand included the ID.7 Tourer and ID.3 from Volkswagen Passenger Cars, the Škoda Kodiaq, CUPRA Terramar and CUPRA Tavascan, the ID. Buzz from Volkswagen Commercial Vehicles, the Audi A5 Avant and the Audi Q6 e-tron. The T-Roc and Tayron from Volkswagen Passenger Cars, the Elroq and Enyaq from Škoda and the Audi Q3, Q5, A6 Saloon, A6 Avant and A6 e-tron, among others, were introduced to the market as new or successor models in the reporting year. The Volkswagen Group's share of the passenger car market in Western Europe amounted to 25.0 (24.4)%. The BEV market share increased to 26.9 (21.1)%.

In the Central and Eastern Europe region, the number of vehicles handed over to customers in 2025 was up 8.9% year-on-year. The overall market experienced a slight increase, while there was noticeably positive development in the markets that are relevant for us. The Group vehicles that achieved the highest sales volumes were Škoda's Octavia Combi, Octavia saloon, Kodiaq and Kamiq. The Volkswagen Group's share of the passenger car market in the Central and Eastern Europe region increased to 19.4 (18.2)% and the BEV market share in the markets assessed rose to 23.5 (15.4)%.

WORLDWIDE DELIVERIES OF THE MOST SUCCESSFUL GROUP MODEL RANGES IN 2025

Vehicles in thousands

Tiguan/ Tayron	1,041
Sagitar/ Lavida	772
T-Cross/ Taigo	634
Passat/ Magotan	511
Polo/ Virtus	407
T-Roc	307
Golf	276
Q5	276

In Türkiye, where the overall passenger car market expanded noticeably, the Volkswagen Group delivered 15.0% more vehicles to customers in the past fiscal year than in 2024. The T-Roc from Volkswagen Passenger Cars was the most sought-after Group model. In the South African market, which recorded strong growth, the number of Group models sold declined by 4.1%. The Polo Vivo from the Volkswagen Passenger Cars brand was the most sought-after Group model in this region.

Deliveries in Germany

In Germany, the number of vehicles delivered to Volkswagen Group customers increased by 5.5% to 1,184,588 units year-on-year. The overall market in the same period was similar to 2024. At 240,359 units, the number of all-electric vehicles (including heavy commercial vehicles) delivered increased by 75.9% year-on-year. Their share of the Group's total deliveries rose to 19.6 (11.8)%. The Group vehicles that achieved the highest sales volumes were the T-Roc, Tiguan and Golf hatchback from the Volkswagen Passenger Cars brand. In addition, the ID.7 Tourer and ID.3 from Volkswagen Passenger Cars, the CUPRA Terramar and CUPRA Tavascan, and the Audi A5 Avant, among others, saw encouraging demand. Six Group models led the *Kraftfahrt-Bundesamt* (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the Golf, T-Roc, Tiguan, Passat, Multivan/Transporter and Porsche 911. The Golf was again the most popular passenger car in Germany in terms of registrations in 2025.

Deliveries in North America

In North America, the number of Volkswagen Group models delivered to customers in the reporting year declined by 8.5% to 880,634 units in an overall market that was similar to the previous year. The volume of all-electric models delivered in North America (including heavy commercial vehicles) increased by 27.3% year-on-year to 82,389 units. Their share of total Group deliveries in this region rose to 8.7 (6.1)%. The Taos, Tiguan and Jetta from the Volkswagen Passenger Cars brand were the most sought-after Group models in North America. The Taos and Tiguan from Volkswagen Passenger Cars, the Audi A5, Q5 and A6 Sportback e-tron and the Porsche 911, among others, were introduced to the market as new or successor models in the reporting year. The Group's share of the market in this region amounted to 4.5 (5.0)%. The BEV market share rose to 5.7 (4.2)%.

In the US market, which was in the range reported in the previous year, the Volkswagen Group delivered 12.4% fewer vehicles to customers in the reporting year than in 2024. This was due in particular to the challenging market environment impacted primarily by the tariff situation. The volume of all-electric vehicles delivered in the USA increased by 45.7% year-on-year to 71,972 units (including heavy commercial vehicles). Their share of the Group's total deliveries rose to 11.5 (6.8)%. The Atlas, Tiguan, Taos and Jetta from the Volkswagen Passenger Cars brand recorded the highest sales volume among all Group vehicles.

In Canada, the number of vehicles delivered to Volkswagen Group customers was up 4.3% year-on-year in 2025. The market as a whole recorded slight growth at the same time. The Group models with the highest volume of demand were the Taos, Tiguan and Jetta from the Volkswagen Passenger Cars brand.

We sold 3.0% fewer vehicles to customers in Mexico in the past fiscal year in an overall market that was similar to the previous year. Demand developed encouragingly for the Tiguan from Volkswagen Passenger Cars, among other vehicles.

Deliveries in South America

In the South American market for passenger cars and light commercial vehicles, which recorded noticeable growth, the number of Group models handed over to customers in 2025 was up 13.8% on the prior-year figure, at 596,352 units. The Polo and T-Cross from Volkswagen Passenger Cars were the Group models with the highest sales volumes. There was also encouraging demand for the Tera, which was newly launched by the Volkswagen Passenger Cars brand. The Group's share of the market in South America rose to 13.8 (13.3%). In the South America region, the market for all-electric vehicles is still at a low level.

In the Brazilian market, which is exhibiting slight growth, the Volkswagen Group delivered 8.4% more vehicles to customers in the reporting year. Along with the newly launched Tera, the trend in the sales of the T-Cross and Saveiro models from Volkswagen Passenger Cars, for instance, was particularly encouraging.

In Argentina, the number of Volkswagen Group vehicles handed over to customers in 2025 increased by 48.1% year-on-year in an overall market recording very strong growth. The Group vehicles with the highest sales volume were the Amarok and Polo from the Volkswagen Passenger Cars brand.

Deliveries in the Asia-Pacific Region

In the past fiscal year, the Volkswagen Group saw deliveries to customers in the Asia-Pacific region fall by 6.5% to 3,004,945 vehicles, while there was a slight increase in the total passenger car market volume. The number of all-electric vehicles (including heavy commercial vehicles) delivered in this region decreased by 36.1% year-on-year to 143,288 units. Their share of the Group's total deliveries fell to 4.8 (7.0%). The Group models with the highest sales volume were the Sagitar, Passat and Tiguan Allspace from the Volkswagen Passenger Cars brand. The Group's share of the passenger car market in the Asia-Pacific region declined to 7.8 (8.6%) and the BEV market share in the markets assessed fell to 1.6 (3.2%).

In China, the overall passenger car market expanded slightly compared with the prior year. The Volkswagen Group's deliveries to customers in this country declined by 8.0% compared with 2024 to 2,692,191 units. The high intensity of competition continued to be the primary factor that negatively impacted sales figures in the reporting year. At 115,453 units, the number of all-electric vehicles (including heavy commercial vehicles) handed over to customers in China was 44.3% lower than the prior-year figure. Their share of the Group's total deliveries fell to 4.3 (7.1%). The Group vehicles with the highest sales volume were the Sagitar, Passat and Magotan from the Volkswagen Passenger Cars brand. In addition, the T-Cross and Tiguan Allspace from Volkswagen Passenger Cars were among the models that saw an encouraging increase in demand. The Tayron, Teramont, Talagon, Lamando and Sagitar from Volkswagen Passenger Cars, the Jetta VA7 and Jetta VS8, the Audi A5L, A6L e-tron, Q6L e-tron and E5 Sportback and the Porsche 911, among others, were introduced to the market as new or successor models in the reporting year.

In the Indian passenger car market, which registered slight growth, the Volkswagen Group saw demand rise by 34.9% year-on-year in fiscal year 2025. Demand was particularly high for the Škoda Kylaq, which was introduced to the market as a new model. The Virtus from Volkswagen Passenger Cars was among the models that likewise recorded a high volume of demand.

In Japan, the number of Group vehicles delivered to customers in 2025 was up by 20.7% year-on-year in an overall market that recorded slight growth. The Group vehicles with the highest sales volume were the T-Cross and Golf hatchback from the Volkswagen Passenger Cars brand.

DELIVERIES TO CUSTOMERS IN THE PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES SEGMENT¹

	DELIVERIES (UNITS)		CHANGE
	2025	2024	(%)
Europe/Other Markets	4,196,403	3,992,611	+5.1
Western Europe	3,265,898	3,143,916	+3.9
of which: Germany	1,184,588	1,122,471	+5.5
France	269,922	277,097	-2.6
United Kingdom	493,703	493,758	0.0
Italy	264,561	271,868	-2.7
Spain	278,896	252,633	+10.4
Central and Eastern Europe	529,059	485,620	+8.9
of which: Czech Republic	125,040	112,923	+10.7
Poland	169,114	156,867	+7.8
Other Markets	401,446	363,075	+10.6
of which: Türkiye	205,506	178,713	+15.0
South Africa	65,090	67,878	-4.1
North America	880,634	961,916	-8.5
of which: USA	576,922	658,314	-12.4
Canada	131,628	126,207	+4.3
Mexico	172,084	177,395	-3.0
South America	596,352	524,121	+13.8
of which: Brazil	446,888	412,336	+8.4
Argentina	97,362	65,719	+48.1
Asia-Pacific	3,004,945	3,213,817	-6.5
of which: China	2,692,191	2,926,763	-8.0
India	115,239	85,395	+34.9
Japan	65,963	54,668	+20.7
Worldwide	8,678,334	8,692,465	-0.2
Volkswagen Passenger Cars	4,730,574	4,796,192	-1.4
Škoda	1,043,938	926,567	+12.7
SEAT/CUPRA	586,251	558,159	+5.0
Volkswagen Commercial Vehicles	393,693	408,281	-3.6
Audi	1,623,551	1,671,218	-2.9
Lamborghini	10,747	10,687	+0.6
Bentley	10,131	10,643	-4.8
Porsche	279,449	310,718	-10.1

¹ The figures include the equity-accounted Chinese joint ventures. Prior-year deliveries have been updated to reflect subsequent statistical trends.

DELIVERIES IN THE COMMERCIAL VEHICLES SEGMENT

In fiscal year 2025, the Volkswagen Group handed over 8.6% fewer commercial vehicles to customers worldwide than in the previous year. We delivered a total of 305,566 commercial vehicles to customers. Trucks accounted for 239,839 units (-13.9%) and buses for 34,383 units (+23.1%). Deliveries to customers of the MAN TGE van series saw a significant increase compared with the prior year, to 31,344 (+13.3%) vehicles. Overall, the decline in the number of trucks sold was only partially offset by increased sales of buses and the MAN TGE van series in 2025.

In the 27 EU states excluding Malta, but including the United Kingdom, Norway and Switzerland (EU27+3), sales in the reporting year were up by 3.6% on the same period of the previous year to a total of 141,609 units, of which 103,892 were trucks and 7,133 were buses. The decrease in truck sales is attributable to continued buyer reluctance in the EU27+3 region. Deliveries of the MAN TGE van series to customers amounted to 30,584 vehicles.

There was a slight year-on-year increase in deliveries to customers in France to 13,858 vehicles in fiscal year 2025. Trucks accounted for 9,361 units and buses for 729 units, while 3,768 vehicles from the MAN TGE van series were sold. In the United Kingdom, the number of Volkswagen Group commercial vehicles delivered to customers fell noticeably year-on-year by 7.5% to a total of 12,635 vehicles. Of the units sold, 8,902 were trucks and 379 were buses.

Sales in North America declined to 66,201 (95,073) vehicles in the reporting year; this included 50,997 trucks and 15,204 buses. The strong decrease in truck sales compared with the same period of the previous year was partly attributable to buyer reluctance in an economic environment characterized by uncertainty, as well as uncertainty about the further development of the tariff situation, their impact and any reciprocal effects. The bus business, on the other hand, recorded a significant increase in sales figures due to the fact that the volume of the prior year had been impacted by the delayed ramp-up of the new school bus model at International. Declining transport activities resulted in a strong decrease in the number of deliveries in the USA. Sales in Mexico fell by more than 50% due to the tariff situation in the USA.

Deliveries to customers in South America decreased to a total of 66,688 units (-4.9%) in 2025; 57,764 of these were trucks and 8,922 were buses. In Brazil, the biggest market in this region, deliveries to customers decreased significantly in the reporting year to 50,930 units (-13.0%). This was mainly due to the economic downturn. Of the units delivered, 44,069 were trucks and 6,861 were buses.

In the Asia-Pacific region, the Volkswagen Group sold 9,230 vehicles in the reporting year, including 7,806 trucks and 1,424 buses. Overall, this was 2.4% less than in the previous year.

DELIVERIES TO CUSTOMERS IN THE COMMERCIAL VEHICLES SEGMENT¹

	DELIVERIES (UNITS)		CHANGE
	2025	2024	(%)
Europe/Other Markets	163,447	159,529	+2.5
of which: EU27+3	141,609	136,700	+3.6
of which: Germany	39,057	36,168	+8.0
France	13,858	13,242	+4.7
United Kingdom	12,635	13,653	-7.5
North America	66,201	95,073	-30.4
of which: USA	51,482	68,805	-25.2
Mexico	8,815	19,007	-53.6
South America	66,688	70,156	-4.9
of which: Brazil	50,930	58,546	-13.0
Asia-Pacific	9,230	9,458	-2.4
Worldwide	305,566	334,216	-8.6
Scania	94,091	102,120	-7.9
MAN	101,632	95,705	+6.2
International	63,732	90,562	-29.6
Volkswagen Truck & Bus	46,111	45,829	+0.6

¹ Prior-year deliveries have been updated to reflect subsequent statistical trends.

ORDERS RECEIVED IN THE PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES SEGMENT

At 3,726,240 units, orders received in the 27 EU member states plus the United Kingdom, Norway, Iceland and Switzerland were up by 12.2% in the reporting year compared with 2024. Almost all major markets recorded a year-on-year improvement. While Italy and France saw single-digit growth, Germany, Spain and the United Kingdom each achieved growth of over 10% compared with the previous year. Orders received for battery-electric vehicles rose by around 55% versus the prior year level. This upward trend was underpinned by the launch of new models.

ORDERS RECEIVED FOR COMMERCIAL VEHICLES

Orders received for mid-sized and heavy trucks, buses and commercial vehicles from the MAN TGE van series amounted to 281,325 vehicles in 2025, noticeably exceeding the previous year's level, mainly as a result of an improvement in the truck business. The biggest rise in truck orders was observed in the EU27+3 region, primarily due to the recovery in business following a slow year for orders in 2024. There was a strong year-on-year decline in incoming orders for trucks in North America, with demand for mid-sized trucks weaker than for heavy trucks. Order intake declined noticeably in South America, with a significant drop in Brazil, but very strong increases in Argentina and Chile. The MAN TGE recorded a strong increase in order intake worldwide.

Order intake in the bus business declined significantly overall, as evidenced in the major regions of EU27+3, North America and South America. The strong decline in North America was due, among other reasons, to buyer reluctance and the impact of the US tariffs.

VOLKSWAGEN GROUP FINANCIAL SERVICES

The activities in the Financial Services Division cover the Volkswagen Group's dealer and customer financing, leasing, direct banking and insurance activities, fleet management and mobility services. The division extends to the financial services activities of Volkswagen Group Mobility, TRATON Financial Services and Porsche Holding Salzburg and also includes the contracts concluded by our international joint ventures.

There was strong demand for the products and services of the Financial Services Division in fiscal year 2025. The number of new financing, leasing, service and insurance contracts signed worldwide amounted to 11.5 (11.1) million. The ratio of leased and financed vehicles to Group deliveries (penetration rate) increased to 37.2 (34.1)% in the Financial Services Division's markets in the reporting year. The total number of contracts stood at 30.0 (28.5) million on December 31, 2025.

In Europe/Other Markets, 8.2 (7.9) million new contracts were signed. At 21.5 (20.4) million, the total number of contracts at the end of the reporting year was above the level reported on December 31, 2024. The customer financing/leasing area was responsible for 7.7 (7.3) million of these contracts.

The number of new contracts signed in North America in the period from January to December 2025 amounted to 1.3 (1.5) million contracts. The total number of contracts stood at 4.3 (4.3) million on December 31, 2025, of which 1.6 (1.7) million were in the customer financing/leasing area.

In the South America region, 1.2 (0.9) million new contracts were concluded in the past fiscal year. At the end of the reporting year, the total number of contracts had risen compared with December 31, 2024 to 2.2 (1.7) million, of which 0.9 (0.7) million contracts related to the customer financing/leasing area.

The number of new contracts signed in the Asia-Pacific region in the reporting year amounted to 808 (775) thousand. At the end of December 2025, the total number of contracts stood at 1.9 (2.2) million. The customer financing/leasing area was responsible for 1.0 (1.2) million of these contracts.

VEHICLE SALES

In the reporting period, the Volkswagen Group's global unit sales, defined as the Automotive Division's unit sales, remained at the prior-year level in a challenging market, at 9,022,111 (9,036,653) units (including the equity-accounted companies in China). Outside Germany, sales volume declined by 0.5% to 7,801,948 vehicles, due mainly to fewer vehicles being sold in China and the United States. The Volkswagen Group's unit sales excluding the equity-accounted companies in China amounted to 6,433,789 (6,294,998) vehicles and were therefore up by 2.2% on the previous year. Spain, India and Brazil in particular recorded growth. In Germany, unit sales increased by 2.1% year-on-year. The proportion of the Group's total unit sales attributable to Germany increased to 13.5 (13.2)%.

PRODUCTION

At 8,866,144 vehicles (including the joint ventures in China), the Volkswagen Group's global production, defined as the Automotive Division's production, from January to December 2025 was down 1.0% on the prior-year figure. The Volkswagen Group's production excluding the equity-accounted companies in China totalled 6,249,942 (6,213,442) vehicles, on a level with the previous year. Production in Germany rose by 6.1% to 1,789,409 vehicles. The percentage of the Volkswagen Group's total vehicle production manufactured in Germany increased to 20.2 (18.8)%.

INVENTORIES

Global inventories of new vehicles at Group companies, the equity-accounted companies in China and in the dealer organization were slightly higher at the end of the reporting year than at year-end 2024.

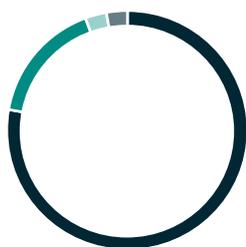
TOTAL WORKFORCE

Including the Chinese joint ventures, the Volkswagen Group employed an average of 667,164 people in fiscal year 2025, a decrease of 2.3%. In Germany, there were on average 286,505 employees under contract; at 42.9 (43.2)%, their share of the total workforce was below the level recorded in the previous year.

The number of active employees in the Volkswagen Group receded by 2.7% to 628,893 as of December 31, 2025. In addition, 16,925 employees were in the passive phase of their partial retirement and 17,124 young people were participating in a traineeship program. At the end of the reporting year, the Volkswagen Group's total workforce including the Chinese joint ventures amounted to 662,942 employees worldwide, 2.4% fewer than on December 31, 2024. There were 284,032 (-3.2%) employees in Germany, while 378,910 employees worked outside Germany (-1.9%). At the end of 2025, the Volkswagen Group's total workforce excluding the Chinese joint ventures had a total of 602,659 employees, which was 1.9% fewer than at the end of 2024.

EMPLOYEES BY SEGMENTS

as of December 31, 2025



■ Passenger Cars and Light Commercial Vehicles ¹	515,678
■ Commercial Vehicles	109,894
■ Financial Services	18,962
■ Other companies	18,408

¹ Including the unconsolidated Chinese joint ventures.

VOLUME DATA OF THE VOLKSWAGEN GROUP FROM JANUARY 1 TO DECEMBER 31¹

in thousands	2025	2024	%
Vehicle sales (units)	9,022	9,037	-0.2
Production (units)	8,866	8,954	-1.0
Total workforce (as of December 31)	662.9	679.5	-2.4

¹ Including the unconsolidated Chinese joint ventures.

Shares and Bonds

The price of Volkswagen AG's ordinary and preferred shares developed encouragingly in the reporting year.

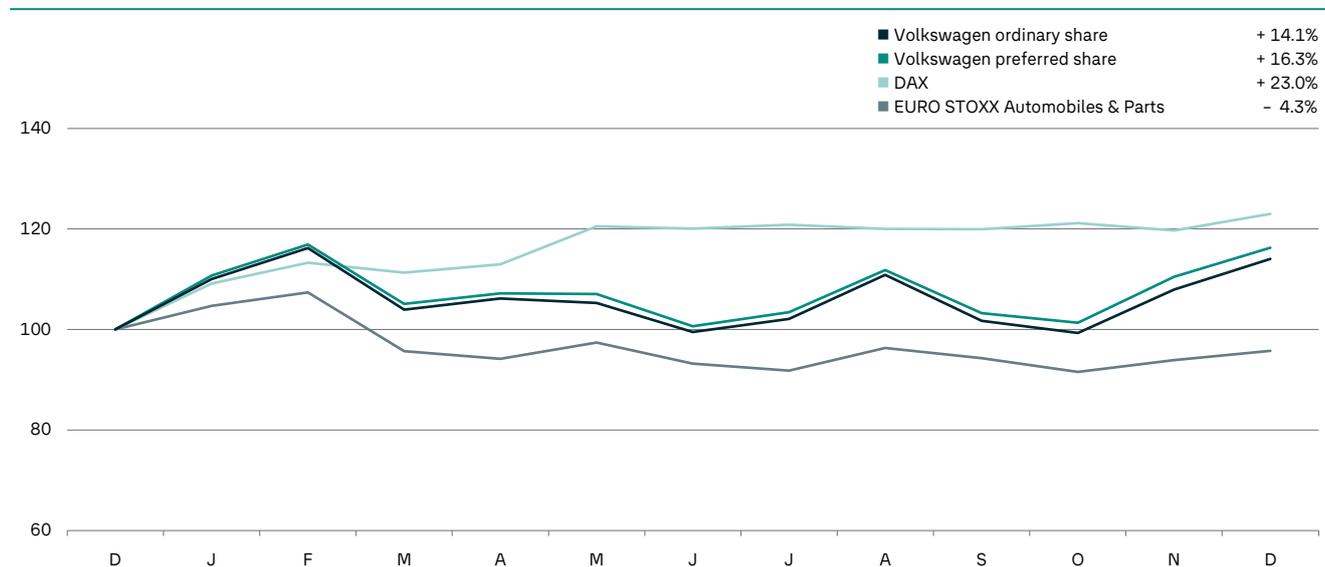
EQUITY MARKETS AND THE PRICE PERFORMANCE OF VOLKSWAGEN'S SHARES

Share prices on the international stock markets turned in a mixed performance in the 2025 reporting year. While the European markets initially outperformed those in the USA, geopolitical uncertainties led to increased volatility. On the US exchanges in particular, concerns arose that the US administration's trade policy could spark a recession in their domestic economy. Combined with the emergence of new competitors from China, this put the stocks of US companies, particularly those in the artificial intelligence and autonomous driving sectors, under pressure in the opening months of the year. Trading activity was also impacted by the escalation of the conflict in the Middle East. Later in the year, expectations of falling interest rates and the positive performance of technology securities initially fuelled a considerable rally in the stock prices in the USA.

The German stock index (DAX) initially got off to a subdued start in 2025 before beginning to climb in mid-January, hitting new all-time highs in quick succession. The German stock market barometer benefited in particular from market participants' hopes that the European Central Bank would cut interest rates. Reports of talks to broker peace in Ukraine and the prospect of economic recovery thanks to the planned investment package of the German government also had a positive impact, as did the European Commission's announcement of a flexibility measure to help the automotive industry comply with emissions regulations. The severe tariff hikes announced by the USA in early April 2025 led to great uncertainty, causing share prices to tumble. The DAX subsequently recouped its losses owing to hopes of advances in the global trade dispute and the decision to temporarily suspend tariff increases. The escalation in the Middle East conflict resulted in falling share prices in June 2025. Early in the third quarter of 2025, the DAX then scaled to a fresh high, due in part to the movement of capital from the USA to Germany as a consequence of the US tariff policy. Towards the end of the reporting year, the benchmark index exhibited a sideways shift but on December 31, 2025 was still 23.0% higher than the level reported at the end of 2024. As a performance index, the DAX takes into account the reinvestment of dividend payments. In the reporting period, the difficult market environment for the automotive industry continued to drag on the pure price index EURO STOXX Automobiles & Parts, which was down 4.3% on year-end 2024.

PRICE DEVELOPMENT FROM DECEMBER 2024 TO DECEMBER 2025

Index based on month-end prices: December 31, 2024 = 100



The prices of Volkswagen AG's preferred and ordinary shares initially developed very positively from the beginning of the reporting period until mid-March. The market reacted favourably to the *Zukunft Volkswagen* collective bargaining agreement reached at the end of 2024, which provides for structural measures and cost savings at Volkswagen sites in Germany. In addition, share price performance benefited from the European Commission's announcement that it will make emissions regulations more flexible, as well as from the Volkswagen Group's figures for fiscal year 2024 and what investors perceived to be a solid outlook for 2025. Starting in mid-March 2025, prices increasingly came under pressure. Deterioration in the industry and trade environment was primarily due to heightened trade policy tensions precipitated by the United States' announcement of considerable tariff increases and the resulting high levels of uncertainty surrounding future earnings performance. Later in the period, solid sales figures initially boosted the share prices until the escalation of the Middle East conflict once again took its toll. At the beginning of the third quarter of 2025, investors rated the Volkswagen Group's advances in its performance programs positively. Though the forecast for 2025 had been revised with the publication of the results for the first half-year, the share prices initially increased. However, a further revision of the 2025 forecast for the Volkswagen Group in September 2025 in light of the impacts from changes in product planning and the medium-term plans of Dr. Ing. h.c. F. Porsche AG initially put downward pressure on share prices. An upward trend was evident at the end of the reporting year, taking preferred shares up 16.3% and ordinary shares up 14.1% year-on-year as of year-end 2025. Both thus outperformed the DAX, and in particular the EURO STOXX Automobiles & Parts benchmark index. Assuming that the dividend paid out in May 2025 (before deduction of taxes) was reinvested in Volkswagen shares at the time of distribution, the total return on the preferred shares was 23.9% and the total return on the ordinary shares was 21.2%.

KEY FIGURES FOR VOLKSWAGEN SHARES AND MARKET INDICES FROM JANUARY 1 TO DECEMBER 31, 2025

		High	Low	Closing
Ordinary share	Price (€)	112.80	86.35	105.10
	Date	Mar. 10	Apr. 9	Dec. 31
Preferred share	Price (€)	110.15	83.84	103.55
	Date	Mar. 10	Apr. 9	Dec. 31
DAX	Price	24,611	19,671	24,490
	Date	Oct. 9	Apr. 9	Dec. 31
ESTX Auto & Parts	Price	593	448	510
	Date	Feb. 26	Apr. 9	Dec. 31

DIVIDEND POLICY

Volkswagen AG pursues a continuous dividend policy that allows shareholders to participate proportionally in the business success. Our dividend policy matches our financial strategy. The dividend proposed to the annual general meeting for the underlying year therefore reflects the financial management objectives – in particular, ensuring a solid financial foundation as part of the implementation of the corporate strategy.

The current dividend proposal can be found in the chapter entitled "Volkswagen AG (condensed, in accordance with the German Commercial Code)" of this annual report. The Board of Management is proposing a dividend of €5.20 (6.30) per ordinary share and €5.26 (6.36) per preferred share for fiscal year 2025. On this basis, the total payout amounts to €2.6 billion and is thus 17.4% below the previous year's figure of €3.2 billion. The payout ratio is based on the Group's earnings after tax attributable to Volkswagen AG shareholders, amounting to 39.2 (29.6)%. In 2025, the non-cash goodwill amortization allocated to the Porsche operating segment was not included in determining the assessment basis for the dividend payment. The payout ratio adjusted for this effect is 30.0% for the reporting year. We are pursuing the strategic goal of achieving a payout ratio of at least 30%.

DIVIDEND YIELD

Based on the dividend proposal for the reporting year, the dividend yield on Volkswagen ordinary shares is 4.9 (6.8)%, measured on the basis of the closing price on the last trading day in 2025. The dividend yield on preferred shares is 5.1 (7.1)%.

EARNINGS PER SHARE

Basic earnings per ordinary share amounted to €13.29 for fiscal year 2025, down 37.8% on the previous year. Basic earnings per preferred share declined by 37.7% to €13.35 compared with the prior-year figure. In accordance with IAS 33, the calculation is based on the weighted average number of ordinary and preferred shares outstanding in the reporting year. Since the number of basic and diluted shares is identical, basic earnings per share correspond to diluted earnings per share.

See also "Earnings per share" in the notes to the 2025 consolidated financial statements for the calculation of earnings per share.

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2025

as a percentage of subscribed capital



■ Porsche Automobil Holding SE	31.9%
■ Foreign institutional investors	19.4%
■ Qatar Holding LLC	10.4%
■ State of Lower Saxony	11.8%
■ Private shareholders/Others	24.4%
■ German institutional investors	2.1%

SHAREHOLDER STRUCTURE

At the end of the reporting year, Volkswagen AG's subscribed capital amounted to €1,283,315,873.28. The chart above shows the shareholder structure of Volkswagen AG as of December 31, 2025.

The distribution of voting rights for the 295,089,818 ordinary shares was as follows at the reporting date: Porsche Automobil Holding SE, Stuttgart, held 53.3% of the voting rights. The second-largest shareholder was the State of Lower Saxony, which held 20.0% of the voting rights. Qatar Holding LLC was the third-largest shareholder with 17.0%. The remaining 9.7% of the ordinary shares were in free float.

Notifications of changes in voting rights in accordance with the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) are published on our website at www.volkswagen-group.com/distribution-of-voting-rights.

VOLKSWAGEN SHARE DATA

	Ordinary share	Preferred share
ISIN	DE0007664005	DE0007664039
WKN	766400	766403
Deutsche Börse/Bloomberg	VOW	VOW3
Reuters	VOWG.DE	VOWG_p.DE
Primary market indices	CDAX, Prime All Share	DAX, CDAX, STOXX EUROPE 600, EURO STOXX 50, EURO STOXX Automobiles & Parts, Prime All Share, MSCI Europe
Exchanges	Berlin, Dusseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart, Xetra	

VOLKSWAGEN SHARE KEY FIGURES

		2025	2024	2023	2022	2021
Dividend development						
Number of no-par value shares at Dec. 31						
Ordinary shares	thousands	295,090	295,090	295,090	295,090	295,090
Preferred shares	thousands	206,205	206,205	206,205	206,205	206,205
Dividend ¹						
per ordinary share	€	5.20	6.30	9.00	8.70	7.50
per preferred share	€	5.26	6.36	9.06	8.76	7.56
Dividend paid ¹						
on ordinary shares	€ million	2,619	3,171	4,524	4,374	3,772
on preferred shares	€ million	1,085	1,311	1,868	1,806	1,559
Share price development²						
Ordinary share						
Closing	€	105.10	92.15	118.45	147.65	258.40
Price performance	%	+14.1	-22.2	-19.8	-42.9	+51.9
Annual high	€	112.80	151.50	181.65	279.40	327.20
Annual low	€	86.35	82.40	106.40	145.00	165.70
Preferred share						
Closing	€	103.55	89.04	111.80	116.42	177.48
Price performance	%	+16.3	-20.4	-4.0	-34.4	+16.4
Annual high	€	110.15	128.50	142.20	193.10	246.55
Annual low	€	83.84	80.32	99.14	114.88	144.80
Market capitalization at Dec. 31	€ billion	52.4	45.6	58.0	67.6	112.8
Equity attributable to Volkswagen AG shareholders and hybrid capital investors at Dec. 31	€ billion	188.3	182.3	175.0	165.4	144.4
Ratio of market capitalization to equity	factor	0.28	0.25	0.33	0.41	0.78
Key figures per share						
Earnings per ordinary share ⁵						
basic	€	13.29	21.36	31.79	29.66	29.59
diluted	€	13.29	21.36	31.79	29.66	29.59
Equity attributable to Volkswagen AG shareholders and hybrid capital investors at Dec. 31						
	€	375.58	363.65	349.03	329.90	288.15
Price/earnings ratio ⁶						
Ordinary share	factor	7.9	4.3	3.7	5.0	8.7
Preferred share	factor	7.8	4.2	3.5	3.9	6.0
Dividend yield ⁷						
Ordinary share	%	4.9	6.8	7.6	5.9	2.9
Preferred share	%	5.1	7.1	8.1	7.5	4.3
Stock exchange turnover⁸						
Turnover of Volkswagen ordinary shares						
	€ billion	1.6	2.0	1.4	2.7	6.1
	million shares	16.6	18.3	10.2	13.5	23.3
Turnover of Volkswagen preferred shares						
	€ billion	26.6	27.7	31.4	44.9	58.8
	million shares	275.7	263.7	263.2	302.2	300.4
Volkswagen share of total DAX turnover	%	2.6	3.5	4.1	4.7	6.6

1 Figures for the years 2021 to 2024 relate to dividends paid in the following year. For 2021, the figures exclude the special dividend due to the IPO of Porsche AG. For 2025, the figures relate to the proposed dividend.

2 Xetra prices.

3 The year 2023 has been adjusted.

4 The year 2022 has been adjusted.

5 For the calculation see "Earnings per share" in the notes to the consolidated financial statements.

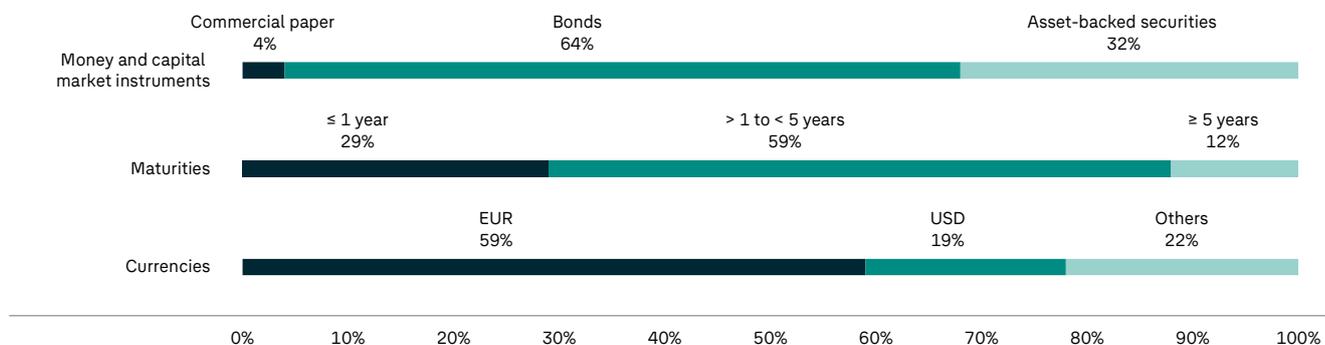
6 Ratio of year-end-closing price to earnings per share.

7 Dividend per share based on the year-end-closing price.

8 Order book turnover on the Xetra electronic trading platform (*Deutsche Börse*).

REFINANCING STRUCTURE OF THE VOLKSWAGEN GROUP

as of December 31, 2025



REFINANCING

The Volkswagen Group successfully refinanced on the international capital markets in a challenging market environment in 2025 by issuing bonds in various currencies and with varying terms.

Volkswagen Group of America Finance, LLC placed bonds with a total volume of USD 5.5 billion on the US capital market in March and September 2025. In November, a note was issued in the Canadian market in three tranches with a total volume of CAD 1 billion.

After Volkswagen International Finance N.V. had already been active locally on the Chinese capital market in previous years, it again issued what are known as Panda bonds worth CNY 2.5 billion in May and November 2025.

In May 2025, Volkswagen International Finance N.V. issued a green hybrid note in two tranches with a total volume of €1.9 billion based on a Green Finance Framework. The net proceeds were used to partially refinance the hybrid note issued in 2020 by Volkswagen International Finance N.V. with a principal amount of €1.5 billion, which was duly called with effect from June 17, 2025. Any net proceeds in excess of this amount will be used to refinance the hybrid note issued in 2014 by Volkswagen International Finance N.V. with a principal amount of €1.75 billion, which was duly called on February 4, 2026 with effect from March 24, 2026. This issuance temporarily increased the outstanding hybrid portfolio to €15.55 billion, which will decrease to €12.3 billion with the call in late March 2026.

In addition, Volkswagen International Finance N.V. issued senior, unsecured green bonds with a total volume of €0.9 billion in May and August 2025 based on the Green Finance Framework.

In January 2025, TRATON Finance Luxembourg S.A., an indirect subsidiary of TRATON SE, issued public bonds with a volume of €1.2 billion, followed by a further public bond of €0.75 billion in August. In addition, the equivalent total of €1.82 billion was raised in 2025 through private placements and bonds denominated in Swiss francs and Swedish krona.

Along with several private placements, public euro benchmark bonds structured as green bonds were also issued for the Financial Services Division. In June, October and December 2025, Volkswagen Bank GmbH placed three unsecured but senior preferred bonds, each in several tranches, totalling €6.0 billion. In fiscal year 2025, Volkswagen Financial Services N.V. issued bonds in Hong Kong dollars, euros, pounds sterling and Swedish krona equivalent to around €700 million.

In addition to this, securities were issued in various currencies and regions via various issuing companies in the respective divisions of the Volkswagen Group.

Another element of our refinancing activities were asset-backed securities (ABS) transactions, along with the issuance of senior, unsecured bonds. In Europe, public ABS transactions were placed with a total volume of €3.5 billion. Public ABS transactions were also issued in the United Kingdom, Australia, Japan and China.

Furthermore, the Volkswagen Group was actively involved in the commercial paper market with several issuing companies.

The proportion of fixed-rate refinancing instruments in the reporting year was twice as high as the proportion of floating-rate instruments.

In our refinancing arrangements, we generally aim to exclude interest rate and currency risks as far as possible with the simultaneous use of derivatives.

The following table shows which financial instruments were utilized on the money and capital markets as of December 31, 2025 and illustrates the financial flexibility of the Volkswagen Group:

Financial instruments	Authorized volume € billion	Amount utilized on Dec. 31, 2025 € billion
Unsecured commercial paper and bonds	302.4	109.6
of which: commercial paper		6.4
bonds		103.2
of which: hybrid issues		14.1
Asset-backed securities	109.3	51.4

Volkswagen AG's syndicated credit line of €12.5 billion agreed in March 2025 remained unused at the end of 2025. Volkswagen AG arranged a green loan in the amount of €1.0 billion in February 2025.

Of the confirmed syndicated credit lines totalling €15.6 billion at other Group companies, €0.0 billion has been drawn down. In addition, the Volkswagen Group had bilateral confirmed credit lines with national and international banks in various countries for a total of €2.5 billion, of which €0.1 billion was drawn down.

RATINGS

In December 2025, rating agency Standard & Poor's confirmed its short-term and long-term ratings for Volkswagen AG of A-2 and BBB+ respectively. However, the outlook was revised down from "stable" to "negative". In March 2025, Moody's Investors Service downgraded the long-term rating by one notch, from A3 to Baa1. The short-term rating remained unchanged at P-2. Both ratings were given a "stable" outlook. In April 2025, Fitch Ratings affirmed its short- and long-term credit ratings of Volkswagen AG at F1 and A- respectively, but revised Volkswagen's outlook from "stable" to "negative".

In December 2025, Standard & Poor's confirmed the ratings of Volkswagen Financial Services AG (VW FS AG), Volkswagen Bank GmbH (VW Bank) and Volkswagen Financial Services Overseas AG (VW FS Overseas AG) with a long-term rating of BBB+ and a short-term rating of A-2. Following the change for Volkswagen AG, the outlook was revised down from "stable" to "negative" for each, with the exception of VW Bank, which maintained its "stable" outlook. Moody's Investors Service cut its long-term rating for VW FS AG and VW FS Overseas AG in March 2025 after downgrading Volkswagen AG to Baa1, affirmed the short-term rating at P-2 and returned the outlook to "stable". By contrast, a long-term rating of A1 and a short-term rating of P-1 were confirmed for VW Bank. The outlook remained unchanged at "negative". In September 2025, Fitch Ratings affirmed the ratings for VW FS AG and VW FS Overseas AG, each with a long-term rating of A- and a short-term rating of F1. The rating for VW Bank was left at long-term senior preferred A and a short-term F1. In April 2025, the outlook was changed from "stable" to "negative" in each case following the revision for Volkswagen AG.

Standard & Poor's affirmed the short- and long-term ratings for TRATON SE at A-2 and BBB respectively in December 2025. Following the change for Volkswagen AG, the outlook was revised down to "negative" in December 2025. Moody's Investors Service maintained the long-term rating of Baa2 in October 2025, but revised the "positive" outlook to "stable". It also affirmed the short-term rating of P-2.

RATINGS

	VOLKSWAGEN AG		VOLKSWAGEN FINANCIAL SERVICES AG		VOLKSWAGEN BANK GMBH		VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG		TRATON SE	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Standard & Poor's										
short-term	A-2	A-2	A-2	A-2	A-2	A-2	A-2	A-2	A-2	A-2
long-term	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB	BBB
outlook	negative	stable	negative	stable	stable	stable	negative	stable	negative	stable
Moody's Investors Service										
short-term	P-2	P-2	P-2	P-2	P-1	P-1	P-2	P-2	P-2	P-2
long-term	Baa1	A3	Baa1	A3	A1	A1	Baa1	A3	Baa2	Baa2
outlook	stable	negative	stable	negative	negative	negative	stable	negative	stable	positive
Fitch Ratings										
short-term	F1	F1	F1	F1	F1	F1	F1	F1		
long-term	A-	A-	A-	A-	A	A	A-	A-		
outlook	negative	stable	negative	stable	negative	stable	negative	stable		

ESG RATINGS

Analysts and investors also refer to companies' sustainability profiles when making their investment recommendations and decisions. They draw on ESG ratings, among other things, to evaluate a company's environmental, social and governance performance. At the same time, these ratings are instrumental in monitoring the progress of our Group strategy, and they are used to determine internal measures.

In fiscal year 2025, Volkswagen's ESG rating from MSCI was unchanged at B, the rating from ISS STOXX was C+ and from CDP A-. In the Sustainalytics rating, the Volkswagen Group further improved its "medium risk" score.

Results of Operations, Financial Position and Net Assets

The year 2025 was marked by volatile geopolitical and geoeconomic conditions and competition that continues to intensify. In this challenging market environment, the Volkswagen Group generated sales revenue on a level with the prior year. The operating result declined, due primarily to the increase in import tariffs introduced in the USA at the beginning of April 2025 and to expenses in connection with the adjusted product planning and the impairment loss on goodwill at Porsche.

Since January 1, 2025, the Volkswagen Group's segment reporting under IFRS 8 has comprised the three reportable segments of Passenger Cars and Light Commercial Vehicles, Commercial Vehicles, and Financial Services. For reasons of materiality, the Power Engineering segment is no longer reported separately. In addition, information on other business activities and segments which are not subject to reporting requirements is summarized in the segment reporting under "Other operating companies". This combines primarily the large-bore diesel engines, turbomachinery and propulsion components businesses. The reconciliation of segment reporting includes the consolidation adjustments between the segments, unallocated Group financing activities, and the holding company function.

In line with this logic, the Volkswagen Group's financial reporting has, since January 1, 2025, been divided into the Automotive Division and the Financial Services Division, and also includes consolidation adjustments between those divisions. The Automotive Division comprises the Passenger Cars and Light Commercial Vehicles segment, the Commercial Vehicles segment, Other operating companies, unallocated Group financing activities and the holding company function. The Financial Services Division corresponds to the Financial Services segment. The consolidation adjustments, which contain the elimination of intragroup transactions between the two divisions, are reported separately. The prior-year figures of the Automotive Division reflect the changed reporting structure.

KEY FIGURES FOR 2025 BY SEGMENT

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Financial Services	Total reporting segments	Other Operating Companies	Reconciliation	Volkswagen Group
Sales revenue	244,484	42,540	62,136	349,160	6,487	-33,733	321,913
Segment profit or loss (operating result)	4,966	2,417	3,708	11,090	198	-2,420	8,868
as a percentage of sales revenue	2.0	5.7	6.0	3.2			2.8
Capex, including capitalized development costs	20,953	2,784	270	24,008	335	3	24,346

PRODUCT STRATEGY REALIGNMENT AT PORSCHE

In fiscal year 2025, Dr. Ing. h.c. F. Porsche AG (Porsche) resolved to realign its product strategy, which specifies that the market launch of certain all-electric vehicles is to be postponed. In addition, models with combustion engines are to be offered for longer. Specifically, development of the planned new electric vehicles platform is to be rescheduled for the 2030s. In collaboration with other Volkswagen Group brands, the platform is to be redesigned from a technological standpoint. This rescheduling resulted in an impairment loss on capitalized project costs as well as expenses from the recognition of provisions for outstanding obligations of €2.0 billion, which were recognized in the Volkswagen Group's cost of sales. This affected not only Porsche, but also the Progressive brand group.

GOODWILL IMPAIRMENT AT PORSCHE

As part of the business planning adjustment at Porsche, the Volkswagen Group tested the goodwill allocated to the Porsche operating segment for impairment in the third quarter of 2025. The Porsche operating segment comprises the Porsche brand excluding those activities assigned to the Financial Services segment. This resulted in a non-cash impairment loss of €2.7 billion, which was recognized in other operating expenses of the Volkswagen Group. The impairment test was conducted using a discounted cash flow calculation that reflects the medium-term operating return on sales of 10 to 15% targeted by Porsche.

EFFECTS OF THE INCREASED IMPORT TARIFFS IMPOSED BY THE USA

Under a new trade agreement between the EU and the USA, a tariff of 15% for imports of European vehicles and vehicle parts into the USA was agreed in the third quarter of 2025. This arrangement applies retroactively from August 1, 2025, replacing the punitive tariffs of 25% in force since April 2025 and the standard tariff rate of 2.5%. Furthermore, tariffs of 25% have applied to vehicle imports from Mexico since April 2025. In addition, new import tariffs of 25% on mid-sized and heavy trucks entered into force as of November 1, 2025. Alongside the increased tariffs on vehicles and vehicle parts sold, the operating result was also weighed down by impairment losses for the measurement of vehicle inventories at net realizable value, as well as by higher provisions required for warranty obligations. In total, the increased import tariffs imposed by the USA resulted in expenses of €2.9 billion in the reporting year, which were recognized in cost of sales.

Restructuring in the Volkswagen Group

In fiscal year 2025, the Volkswagen Group recognized restructuring costs of €1.3 billion, mostly in other operating expenses. They are primarily attributable to AUDI AG, CARIAD SE and Volkswagen Sachsen GmbH. They were offset in this context by income of €0.3 billion from the reversal of personnel-related provisions at AUDI AG, most of which was recognized in cost of sales.

CO₂ FLEET REGULATION

In the reporting year, expenses totaling €0.5 billion were recognized for Europe, in accordance with applicable EU regulations, for provisions in connection with the CO₂ fleet regulation; they are presented in cost of sales. In addition, under the One Big Beautiful Bill Act of July 4, 2025, there was a legislative change in the USA for missing emissions targets in the US market. Overall, income recognized in this context was slightly outweighed by expenses for further US regulations in the reporting year.

RIVIAN

In June 2025, as part of its cooperation with the US electric vehicle manufacturer Rivian Automotive, Inc., Irvine/USA (Rivian), Volkswagen invested a further USD 1 billion in the ordinary shares of Rivian on the basis of the agreement entered into in the previous year. As a result, Volkswagen's equity interest in Rivian has risen to 12.3%. The purchase price was based on a defined average market price for the ordinary shares of Rivian plus a premium. The investment in Rivian is measured at fair value through other comprehensive income in the consolidated financial statements.

A detailed explanation of the cooperation with Rivian can be found in the "Material transactions of the previous fiscal year" section of the notes to the consolidated financial statements.

PLACEMENT OF TRATON SE SHARES

In March 2025, Volkswagen completed the placement of 11 million shares in TRATON SE, Munich (TRATON SE) at a price of €32.75 per share with a total value of €0.4 billion via its subsidiary Volkswagen International Luxembourg S.A., Strassen/Luxembourg. The placement corresponds to an interest of 2.2% in TRATON SE's share capital and reduces the direct interest in TRATON SE from 89.7% to 87.5%. In connection with the transaction, Volkswagen made known its intention to alter its shareholding to 75% plus one share in the medium term.

NORTHVOLT AB

The Swedish company Northvolt AB, Stockholm/Sweden (Northvolt), in which the Volkswagen Group holds an equity investment, filed for bankruptcy in Sweden on March 12, 2025. As a result, inclusion of the investment in the consolidated financial statements using the equity method ended as of March 31, 2025. This resulted in a non-cash loss of €0.1 billion, which is reported in the share of the result of equity-accounted investments. The loss is primarily the result of realizing currency translation effects, which had previously been recognized directly in equity. They were reclassified from other reserves attributable to equity-accounted investments to the share of the result of equity-accounted investments. The carrying amount of the investment had already been written down in full in fiscal year 2024. The write-down of the carrying amount of the investment and of the loan receivables from Northvolt resulted in a total non-cash expense of €0.7 billion in the previous year, which was recognized in the other financial result.

DIESEL ISSUE

As of fiscal year 2025, the effects of the diesel issue are no longer disclosed separately as special items. Expenses of €0.1 billion were recognized in connection with the diesel issue in the reporting year.

RESULTS OF OPERATIONS

Results of operations of the Group

In the period from January to December 2025, the Volkswagen Group generated sales revenue of €321.9 (324.7) billion, which was on a level with the previous year. The rise in vehicle sales excluding the Chinese joint ventures, and the positive sales revenue performance of the Financial Services Division had a beneficial effect, while exchange rate trends had an adverse impact. 80.5 (80.9)% of the Volkswagen Group's sales revenue came from outside Germany. Gross profit decreased by €8.2 billion to €51.2 billion. As a consequence, the gross margin declined to 15.9 (18.3)%.

The Volkswagen Group's operating result amounted to €8.9 (19.1) billion in fiscal year 2025. The operating return on sales was 2.8 (5.9)%. The year-on-year decline was due in particular to non-cash impairment losses on goodwill and capitalized project costs, as well as other expenses in connection with Porsche's adjusted product planning totaling €4.7 billion. Additional expenses of €2.9 billion arose in connection with the increase in import tariffs introduced in the USA at the beginning of April 2025. CO₂ fleet regulation in Europe also weighed on earnings, as did negative mix, price and exchange rate effects, and rising expenses for the establishment of the Battery business field. Adverse impacts from restructuring measures halved in the reporting year compared with the prior-year figure.

The financial result was up on the previous year at €0.4 (-2.3) billion. The share of the result of equity-accounted investments improved compared with the previous year. Adverse effects in connection with the equity investment in Northvolt weighed on this item in both periods; these effects were higher in the previous year than in the reporting year. Declining interest income reduced the interest result. The other financial result increased in fiscal year 2025, due primarily to positive factors affecting net income from securities and funds, while the prior-year period had been adversely affected in particular by impairment losses recognized in connection with the equity investment in Northvolt.

INCOME STATEMENT BY DIVISION

€ million	VOLKSWAGEN GROUP		AUTOMOTIVE		FINANCIAL SERVICES		CONSOLIDATION ADJUSTMENTS ¹	
	2025	2024	2025	2024 ²	2025	2024	2025	2024
Sales revenue	321,913	324,656	290,390	290,646	62,136	58,769	-30,612	-24,759
Cost of sales	-270,671	-265,184	-248,518	-238,396	-52,422	-50,714	30,270	23,926
Gross profit	51,243	59,472	41,872	52,250	9,714	8,055	-342	-833
Distribution expenses	-22,804	-22,320	-21,530	-21,474	-1,517	-1,196	243	350
Administrative expenses	-12,541	-12,754	-10,383	-10,352	-2,290	-2,529	132	127
Net other operating result	-7,029	-5,338	-4,680	-4,125	-2,199	-1,211	-151	-2
Operating result	8,868	19,060	5,279	16,300	3,708	3,119	-119	-358
Operating return on sales (%)	2.8	5.9	1.8	5.6	6.0	5.3	-	-
Share of profits and losses of equity-accounted investments	930	375	1,138	526	-208	-151	-	-
Interest result and Other financial result	-491	-2,629	292	-1,253	-159	26	-624	-1,402
Financial result	439	-2,255	1,430	-728	-367	-125	-624	-1,402
Earnings before tax	9,307	16,806	6,709	15,572	3,340	2,994	-742	-1,761
Income tax expense	-2,403	-4,411						
Earnings after tax	6,904	12,394						

1 Elimination of intragroup transactions between the Automotive and Financial Services divisions.

2 Figures reflect the reporting structure in force since 2025.

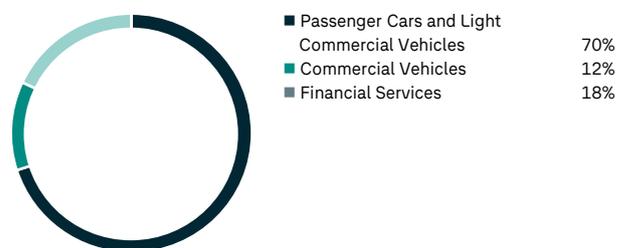
SHARE OF SALES REVENUE BY MARKET IN 2025

in percent



SHARE OF SALES REVENUE BY REPORTABLE SEGMENTS IN 2025

in percent



In fiscal year 2025, the Volkswagen Group's earnings before tax decreased by €7.5 billion to €9.3 billion. The return on sales before tax declined to 2.9 (5.2)%. Income taxes resulted in an expense of €2.4 (4.4) billion, which in turn led to a tax rate of 25.8 (26.3)%. In July 2025, an amendment to the *Körperschaftsteuergesetz* (KStG – German Corporate Income Tax Act) was adopted in Germany. As a result, the corporate income tax rate will be reduced in stages from 15% to 10% from 2028 onwards. In fiscal year 2025, this led to a gain of €0.9 billion from the measurement of deferred tax assets and deferred tax liabilities of the German Group companies. In contrast, the impairment loss recognized on Porsche's goodwill did not reduce the tax burden, resulting in a Group tax rate on a level with the previous year. At €6.9 billion, earnings after tax declined by €5.5 billion on the previous year.

Results of operations in the Automotive Division

In the period from January to December 2025, the Automotive Division recorded sales revenue of €290.4 (290.6) billion, which was on a level with the previous year. The rise in vehicle sales excluding the Chinese joint ventures had a beneficial impact, while exchange rate trends had an adverse impact. At €244.5 (241.5) billion, sales revenue in the Passenger Cars and Light Commercial Vehicles segment was similar to the previous year. It, too, was affected by the rise in vehicle sales excluding the Chinese joint ventures, offset by adverse exchange rate trends. The Commercial Vehicles segment generated €42.5 (46.2) billion, a noticeable decrease on the previous year primarily because of a decline in volumes. As our Chinese joint ventures are accounted for using the equity method, the Group's business performance in the Chinese passenger car market is essentially reflected in the Group's sales revenue only through deliveries of vehicles and vehicle parts.

Cost of sales increased faster than sales revenue than had been the case in the prior-year period. This item related primarily to higher material costs and expenses in connection with Porsche's adjusted project planning, as well as adverse impacts resulting from the increase in import tariffs introduced in the USA in April 2025 and from CO₂ fleet regulation in Europe. The Automotive Division's primary research and development costs in the reporting year amounted to €19.4 (21.0) billion, down -7.7% year-on-year; their share of the Automotive Division's sales revenue – the research and development ratio (R&D ratio) – decreased to 6.7 (7.2)%. The automotive investment ratio, which combines the R&D and capex ratios, declined to 11.8 (13.0)%. In addition to the environmentally friendly orientation of our product portfolio, the focus was mainly on the expansion of our battery expertise, the development of software and new platforms, and the creation of new technologies. The capitalization ratio was 48.1 (48.7)%. The research and development costs recognized in profit or loss rose to €18.4 (18.0) billion, due especially to the impairment loss recognized on capitalized project costs at Porsche.

RESEARCH AND DEVELOPMENT COSTS IN THE AUTOMOTIVE DIVISION

€ million	2025	2024 ¹
Total research and development costs	19,412	21,030
of which: capitalized development costs	9,343	10,244
Capitalization ratio in % ²	48.1	48.7
Amortization of capitalized development costs	8,365	7,209
Research and development costs recognized in profit or loss	18,434	17,995
Research and development ratio in % (R&D ratio)³	6.7	7.2

1 Prior-year figures adjusted.

2 Capitalized development costs as a share of total research and development costs.

3 Total research and development costs as a percentage of the Automotive Division's sales revenues.

In fiscal year 2025, distribution and administrative expenses and their respective share of sales revenue were virtually unchanged compared with the previous year. The other operating result decreased to €-4.7 (-4.1) billion due mainly to the impairment loss on the goodwill allocated to the Porsche operating segment. In addition, higher negative exchange rate effects weighed on this item. Adverse impacts from restructuring measures halved in the reporting year compared to fiscal year 2024. In addition, the fair value measurement of derivatives to which hedge accounting is not applied had a beneficial impact.

In the period from January to December 2025, the Automotive Division's operating result decreased by €11.0 billion to €5.3 billion. The year-on-year decline was due in particular to non-cash impairment losses on goodwill and capitalized project costs, as well as other expenses in connection with Porsche's adjusted product planning. Additional expenses arose in connection with the increase in import tariffs introduced in the USA at the beginning of April 2025. Moreover, CO₂ fleet regulation in Europe weighed on earnings. Changes in the mix, pricing and exchange rates and rising expenses for the establishment of the Battery business field also weighed on earnings. Adverse impacts from restructuring measures halved in the reporting year. The operating return on sales decreased to 1.8 (5.6)%. The Passenger Cars and Light Commercial Vehicles segment's operating result amounted to €5.0 (13.7) billion, marking a decline in the period from January to December 2025 due primarily to the factors outlined above. In the Commercial Vehicles segment, lower volumes were the main drivers of the €1.8 billion reduction in the operating result to €2.4 billion. With regard to our equity-accounted Chinese joint ventures, our operating result essentially only considers income from deliveries of vehicles and vehicle parts, as well as license income, as these joint ventures are included in the financial result on a proportionate basis.

Results of operations in the Financial Services Division

Boosted by higher volumes, the Financial Services Division's sales revenue rose to €62.1 billion in fiscal year 2025, up 5.7% on the prior-year figure. Cost of sales increased more slowly than sales revenue amid a volume-driven rise in depreciation of the residual values of leased vehicles. As a result, gross profit increased to €9.7 (8.1) billion.

The Financial Services Division's operating result of €3.7 (3.1) billion was up on the previous year, due mainly to higher volumes and margins. The prior-year period had been negatively impacted by foreign exchange losses in connection with the deconsolidation of Volkswagen Bank Rus. The operating return on sales increased to 6.0 (5.3)%. The return on equity before tax was 7.4 (6.8)%.

FINANCIAL POSITION

Principles and goals of financial management

Financial management in the Volkswagen Group covers liquidity management, the management of currency, interest rate and commodity price risks, and credit and country risk management. It is performed centrally for all Group companies by Group Treasury, based on internal guidelines and risk parameters. Some functions of the Everllence (formerly MAN Energy Solutions), Porsche AG, Porsche Holding Salzburg and TRATON GROUP subgroups and of the Financial Services Division are included in the financial management and, in addition, have their own financial management structures.

The goal of financial management is to ensure that the Volkswagen Group remains solvent at all times and, at the same time, to generate an adequate return from the investment of surplus funds. We use a liquidity pooling system to optimize the use of existing liquidity between the significant companies. Among other features of this system, the balances, either positive or negative, accumulating in cash pooling accounts are swept daily into a regional target account and thus pooled. The overriding aim of currency, interest rate and commodity risk management is to hedge, using derivative financial instruments and commodity forwards, the prices on which investment, production and sales plans are based when making planning assumptions and to mitigate interest rate risks incurred in financing transactions. In the management of credit and country risk, diversification is used to limit the Volkswagen Group's exposure to counterparty risk. To achieve this, counterparty risk management imposes internal limits on the volume of business allowed per counterparty when financial transactions are entered into. Various credit rating criteria are applied in this process. These focus primarily on the capital resources of potential counterparties, as well as the ratings awarded by independent agencies. The relevant risk limits and the authorized financial instruments, hedging methods and hedging horizons are approved by the Group Board of Management Committee for Risk Management. For additional information on the principles and goals of financial management, please refer to the chapter on "Financial risk management and financial instruments" in the notes to the consolidated financial statements.

Financial position of the Group

In the period from January to December 2025, the Volkswagen Group's gross cash flow decreased by €4.4 billion to €41.6 billion year-on-year, driven in particular by earnings-related factors. The change in working capital amounted to €-26.6 (-28.9) billion; in the reporting year, this was mainly attributable to an increase in liabilities and other provisions, offset by a rise in lease assets and financial services receivables.

Cash flows from operating activities went down by €2.1 billion to €15.0 billion in fiscal year 2025.

At €25.1 (28.9) billion, the Volkswagen Group's investing activities attributable to operating activities experienced a significant decline. There was a significant decrease both in investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs (capex) as well as in capitalized development costs. Expenses for mergers and acquisitions also decreased.

The Volkswagen Group's financing activities generated a total cash inflow of €11.9 (11.1) billion. Financing activities mainly relate to the issuance and redemption of bonds and notes, changes in other financial liabilities and dividend payments. At the end of the reporting year, the Volkswagen Group reported cash and cash equivalents of €38.8 billion in its cash flow statement. At the end of December 2024 this item had amounted to €40.3 billion.

On December 31, 2025, the Volkswagen Group's net liquidity stood at €-178.5 billion; it had amounted to €-169.1 billion at the end of 2024.

CASH FLOW STATEMENT BY DIVISION

€ million	VOLKSWAGEN GROUP		AUTOMOTIVE		FINANCIAL SERVICES		CONSOLIDATION ADJUSTMENTS ¹	
	2025	2024	2025	2024 ²	2025	2024	2025	2024
Cash and cash equivalents at beginning of period	40,296	43,522	28,088	31,834	16,196	14,819	-3,988	-3,131
Earnings before tax	9,307	16,806	6,709	15,572	3,340	2,994	-742	-1,761
Income taxes paid	-5,152	-6,187	-4,532	-5,177	-1,255	-1,228	635	217
Depreciation and amortization expense ³	37,472	32,056	26,823	21,668	12,304	11,201	-1,656	-814
Change in pension provisions	84	-19	80	-25	5	6	-1	-
Share of the result of equity-accounted investments	968	2,362	696	2,135	271	227	-	-
Other non-cash income/expense and reclassifications ⁴	-1,042	1,013	-1,114	1,172	-308	-125	379	-34
Gross cash flow	41,637	46,030	28,662	35,346	14,359	13,074	-1,384	-2,391
Change in working capital	-26,628	-28,879	2,744	-1,083	-29,195	-28,907	-176	1,111
Change in inventories	-896	-2,695	561	-1,436	-1,468	-1,235	10	-24
Change in receivables	-211	-2,083	478	-2,339	-917	-418	228	674
Change in liabilities	3,165	52	2,054	-1,012	1,720	823	-609	242
Change in other provisions	1,676	4,266	905	4,243	760	98	10	-76
Change in lease assets (excluding depreciation)	-24,166	-19,358	-1,246	-541	-23,487	-19,291	568	473
Change in financial services receivables	-6,196	-9,061	-9	1	-5,803	-8,883	-383	-179
Cash flows from operating activities	15,009	17,151	31,406	34,263	-14,836	-15,832	-1,560	-1,280
Cash flows from investing activities attributable to operating activities	-25,060	-28,853	-24,961	-29,077	-513	-883	414	1,107
of which: investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs	-15,299	-17,202	-14,952	-16,872	-270	-253	-78	-77
capitalized development costs	-9,047	-10,244	-9,047	-10,244	-	-	-	-
acquisition and disposal of equity investments	-1,447	-2,354	-1,499	-2,591	-305	-672	357	909
Net cash flow⁵	-10,051	-11,702	6,445	5,186	-15,350	-16,715	-1,146	-173
Change in investments in securities and time deposits, as well as in loans	-2,423	-2,720	-947	-10,630	-959	1,686	-517	6,224
Cash flows from investing activities	-27,484	-31,573	-25,908	-39,707	-1,473	804	-103	7,331
Cash flows from financing activities	11,918	11,140	-1,992	1,649	12,767	16,479	1,143	-6,989
of which: capital transactions with non-controlling interests	352	-	352	-	-	-	-	-
capital contributions/capital redemptions	420	-1,144	475	-1,222	257	699	-311	-621
Effect of exchange rate changes on cash and cash equivalents	-938	55	-1,048	48	-73	-73	182	80
Change of loss allowance within cash and cash equivalents	-0	1	-0	2	0	-1	0	-0
Net change in cash and cash equivalents	-1,495	-3,226	2,458	-3,746	-3,615	1,377	-338	-858
Cash and cash equivalents at Dec. 31⁶	38,801	40,296	30,546	28,088	12,581	16,196	-4,326	-3,988
Securities and time deposits, as well as loans	47,395	44,662	77,991	79,289	20,377	19,487	-50,973	-54,114
Gross liquidity	86,197	84,959	108,537	107,377	32,958	35,683	-55,299	-58,102
Total third-party borrowings	-264,703	-254,081	-74,041	-72,963	-247,525	-240,871	56,862	59,754
Net liquidity at Dec. 31⁷	-178,506	-169,122	34,497	34,414	-214,566	-205,188	1,563	1,652

1 Elimination of intragroup transactions between the Automotive and Financial Services divisions.

2 Figures reflect the reporting structure in force since 2025.

3 Net of impairment reversals.

4 These relate mainly to the fair value measurement of financial instruments and the reclassification of gains/losses on disposal of non-current assets and equity investments to investing activities.

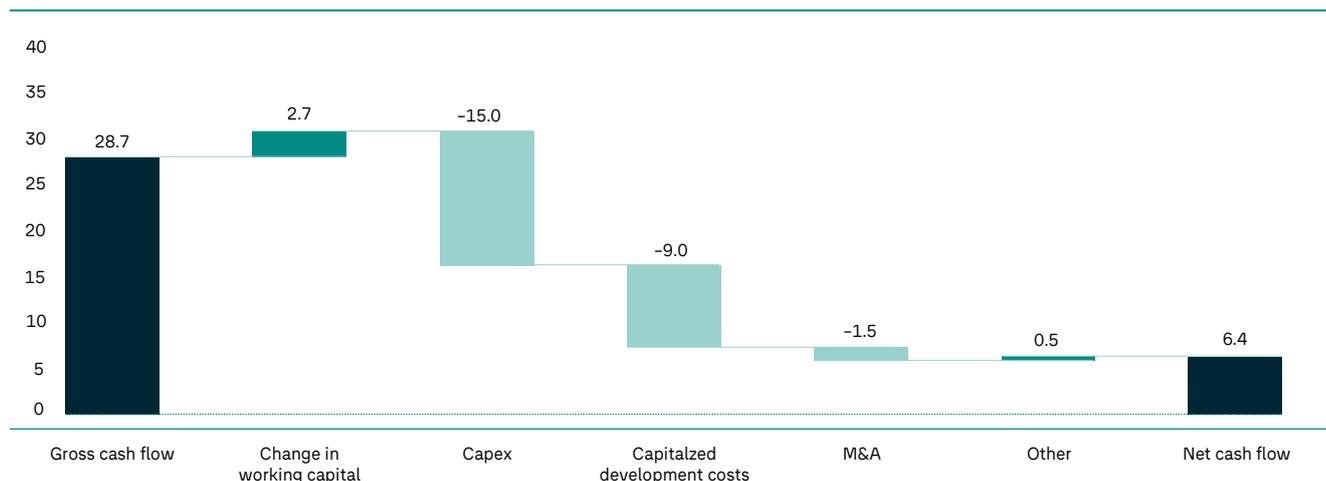
5 Net cash flow: cash flows from operating activities, net of cash flows from investing activities attributable to operating activities (investing activities excluding change in investments in securities, time deposits and loans).

6 Cash and cash equivalents comprise cash at banks, checks, cash in hand and call deposits.

7 The total of cash, cash equivalents, securities and time deposits, as well as loans to affiliates and joint ventures net of third-party borrowings (non-current and current financial liabilities).

AUTOMOTIVE DIVISION NET CASH FLOW 2025

€ billion



Financial position of the Automotive Division

In the reporting period, the Automotive Division recorded gross cash flow of €28.7 (35.3) billion. The decline was primarily attributable to lower earnings, offset by a reduction in income tax payments. Porsche's impairment losses on goodwill and capitalized project costs and measurement effects relating to hedging transactions, which are included in earnings, are non-cash items and therefore have to be eliminated from gross cash flow in the cash flow statement when using the indirect method. The change in working capital rose to €2.7 (-1.1) billion; in the reporting year, this was primarily attributable to an increase in liabilities and other provisions, offset by a rise in lease assets. Cash flows from operating activities went down by €2.9 billion to €31.4 billion.

In the period from January to December 2025, investing activities attributable to operating activities declined by €4.1 billion to €25.0 billion. Within this figure, capex stood at €15.0 (16.9) billion, down significantly on the prior-year figure. The capex ratio was 5.1 (5.8)%. Here, significant portions of capex were allocated to plants for the production of electric vehicles, to the associated battery technologies, and to electric toolkits and platforms as key components of the Company's transformation into a Global Automotive Tech Driver. Other focus areas are the digitalization of our products, measures to cut carbon emissions, the promotion of sustainable production processes, and the expansion of our presence in markets such as North America and China. Additions to capitalized development costs were also down significantly at €9.0 (10.2) billion. The "Acquisition and disposal of equity investments" item amounted to €-1.5 (-2.6) billion; it primarily included the increase in our equity investment in Rivian.

Net cash flow in the Automotive Division went up to €6.4 (5.2) billion, driven in particular by our investment discipline, which was intensified in the course of the year, and a positive change in working capital towards the end of the fiscal year. The cash conversion rate, which is the ratio of the Automotive Division's net cash flow to operating result, stood at 122.1 (31.8)% at the end of 2025.

At the end of the reporting year, the Automotive Division's financing activities led to a cash outflow of €-2.0 billion. This related mainly to the issuance and redemption of bonds and notes, changes in other financial liabilities, the dividends totaling €3.8 billion paid to the shareholders of Volkswagen AG, Porsche AG and TRATON SE from the respective appropriation of net profit for fiscal year 2024, and the redemption of the hybrid note of €1.5 billion called in due time as of June 2025. The sale of shares in TRATON led to a cash inflow of €0.4 billion. The green hybrid notes issued via Volkswagen International Finance N.V. in May 2025 in a total nominal amount of €1.9 billion gave rise to a cash inflow in the reporting year. These notes consist firstly of a note of €1.15 billion with a coupon of 5.994%, which can be called after eight-and-a-half years at the earliest, and secondly of a note of €0.75 billion with a coupon of 5.493%, which can be called after five-and-a-half years at the earliest. Both notes have indefinite maturities and

increase both net liquidity and equity after the deduction of transaction and other costs. In the prior-year period, financing activities had led to a cash inflow of €1.6 billion.

At the end of fiscal year 2025, the Automotive Division reported sound net liquidity of €34.5 billion, compared with €34.4 billion at the end of December 2024. The Automotive Division's net liquidity as a proportion of consolidated sales revenue was 10.7 (10.6)% in the reporting year, almost unchanged from the previous year.

Financial position of the Financial Services Division

The Financial Services Division generated gross cash flow of €14.4 (13.1) billion in the period from January to December 2025. The change in working capital amounted to €-29.2 (-28.9) billion. An increase in lease assets, receivables and inventories was set against a rise in liabilities, leading to a slight year-on-year expansion in funds tied up in working capital. As a result, cash flows from operating activities stood at €-14.8 (-15.8) billion.

Investing activities attributable to operating activities contracted to €0.5 (0.9) billion.

The Financial Services Division's financing activities generated a cash inflow of €12.8 (16.5) billion in the reporting year. This figure relates primarily to the issuance and redemption of bonds, notes and other financial liabilities.

At the end of 2025, the Financial Services Division's negative net liquidity, which is common in the industry, was €-214.6 billion, as against €-205.2 billion at the end of 2024.

NET ASSETS

Consolidated balance sheet structure

As of December 31, 2025, the Volkswagen Group had total assets of €644.5 (632.9) billion. At €203.1 (196.7) billion, the Group's equity was slightly higher than at the end of 2024. The equity ratio was 31.5 (31.1)%.

At the end of the reporting year, the Group had off-balance-sheet commitments in the form of contingent liabilities in the amount of €10.2 (10.3) billion and in the form of financial guarantees in the amount of €0.5 (0.8) billion. The contingent liabilities relate primarily to legal risks in connection with the diesel issue, as well as to potential liabilities from tax risks in the Commercial Vehicles Business segment in Brazil. There were also other financial obligations of €40.9 (44.5) billion. In addition to the other financial obligations, there are purchase commitments for inventories with a short turnover period, which arise primarily from the Master Collaboration Agreement with Ford Motor Company for the joint development of vans and mid-sized pickups for the global market.

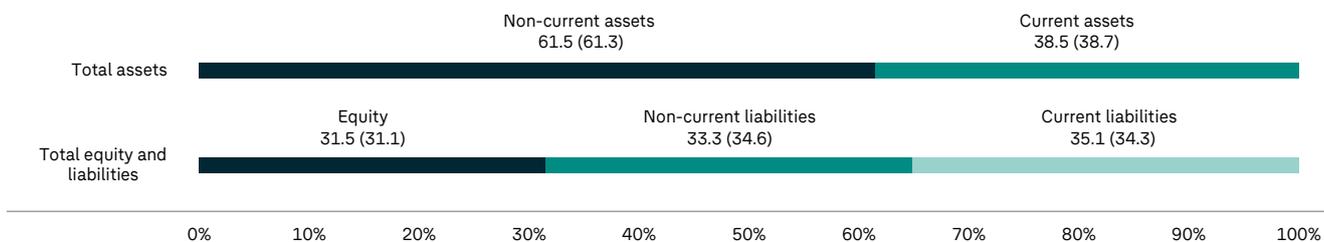
Automotive Division balance sheet structure

Intangible assets were down as of the end of fiscal year 2025 because of the impairment losses recognized on the goodwill and capitalized project costs at Porsche. Property, plant and equipment in the Automotive Division was slightly up on the prior-year figure. Total non-current assets of €254.0 (256.4) billion were almost unchanged from the end of 2024.

Current assets were also on a level with the previous year, amounting to €165.7 (163.4) billion on December 31, 2025. Inventories went down slightly. Current other receivables and financial assets declined, while both cash and cash equivalents, as well as securities increased noticeably.

CONSOLIDATED BALANCE SHEET STRUCTURE 2025

in percent



At the end of the reporting year, the Automotive Division's equity was up slightly, at €180.3 (174.9) billion. Earnings performance, lower actuarial losses from the remeasurement of pension plans following the change in the discount rate, and beneficial effects arising from the measurement of derivatives, which is recognized directly in equity, were set against adverse currency translation effects and dividend payments. Non-controlling interests in equity, which increased slightly as of December 31, 2025 due among other factors to the sale of shares in TRATON, included mostly the non-controlling interest shareholders of the Porsche AG Group and of the TRATON GROUP. The equity ratio improved to 43.0 (41.7)%.

At €127.3 (130.6) billion, non-current liabilities were slightly lower at the end of 2025. Pension provisions decreased significantly, driven primarily by actuarial remeasurement following a change in the discount rate. Other provisions included in non-current other liabilities went up noticeably, due among other factors to provisions for long-term emissions obligations. Lower deferred tax liabilities because of the gradual reduction in corporate income tax adopted in Germany in fiscal year 2025 had an offsetting effect within this item.

At €112.1 (114.3) billion, current liabilities at the end of fiscal year 2025 were slightly down on the figure at the end of 2024. The slight rise in trade payables was set against a decline in current other liabilities, which were mainly impacted by a drop in other provisions. This also includes lower provisions for restructuring measures.

On December 31, 2025, the Automotive Division had total assets of €419.7 (419.8) billion, almost unchanged compared to December 31, 2024.

CONSOLIDATED BALANCE SHEET BY DIVISION AS OF DECEMBER 31

€ million	VOLKSWAGEN GROUP		AUTOMOTIVE		FINANCIAL SERVICES		CONSOLIDATION ADJUSTMENTS ¹	
	2025	2024	2025	2024 ²	2025	2024	2025	2024 ³
Assets								
Non-current assets	396,602	387,674	253,957	256,386	201,372	190,550	-58,728	-59,261
Intangible assets	91,474	93,333	91,026	92,811	455	529	-7	-7
Property, plant and equipment	73,076	71,452	71,112	69,228	870	949	1,094	1,274
Lease assets	82,486	73,193	5,658	5,502	82,111	73,086	-5,283	-5,395
Financial services receivables	101,230	101,087	8	21	101,719	101,795	-498	-729
Investments, equity-accounted investments and other equity investments, other receivables and financial assets	48,336	48,610	86,152	88,823	16,217	14,191	-54,033	-54,404
Current assets	247,865	245,231	165,727	163,387	120,035	121,674	-37,898	-39,830
Inventories	56,042	56,720	48,761	50,785	7,501	6,144	-220	-209
Financial services receivables	70,026	68,855	22	3	70,474	69,510	-470	-657
Other receivables and financial assets	53,473	52,033	61,112	61,411	25,244	25,597	-32,882	-34,975
Marketable securities and time deposits	29,522	27,326	25,286	23,099	4,236	4,227	-	-
Cash and cash equivalents	38,801	40,296	30,546	28,088	12,581	16,196	-4,326	-3,988
Total assets	644,467	632,905	419,684	419,772	321,408	312,224	-96,625	-99,091
Equity and liabilities								
Equity	203,054	196,731	180,304	174,860	45,717	45,044	-22,967	-23,173
Equity attributable to Volkswagen AG shareholders	174,002	168,404	151,533	146,836	45,314	44,693	-22,845	-23,125
Equity attributable to Volkswagen AG hybrid capital investors	14,275	13,890	14,275	13,890	-	-	-	-
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	188,277	182,294	165,808	160,726	45,314	44,693	-22,845	-23,125
Non-controlling interests	14,777	14,437	14,496	14,134	403	352	-122	-48
Non-current liabilities	214,887	219,134	127,284	130,577	123,079	123,949	-35,476	-35,392
Financial liabilities	137,214	137,061	55,767	55,011	110,733	111,887	-29,286	-29,837
Provisions for pensions	22,826	27,602	22,454	27,148	373	453	-	-
Other liabilities	54,847	54,472	49,063	48,418	11,974	11,609	-6,190	-5,555
Current liabilities	226,525	217,039	112,096	114,335	152,612	143,230	-38,183	-40,526
Financial liabilities	127,489	117,020	18,273	17,952	136,792	128,984	-27,576	-29,917
Trade payables	30,490	29,772	32,118	31,286	4,247	3,552	-5,875	-5,067
Other liabilities	68,546	70,247	61,705	65,097	11,573	10,694	-4,732	-5,543
Total equity and liabilities	644,467	632,905	419,684	419,772	321,408	312,224	-96,625	-99,091

1 Elimination of intragroup transactions between the Automotive and Financial Services divisions.

2 Figures reflect the reporting structure in force since 2025.

3 Prior-year figures adjusted.

Financial Services Division balance sheet structure

At the 2025 reporting date, the Financial Services Division's total assets amounted to €321.4 billion, 2.9% more than a year earlier.

Non-current assets grew to €201.4 (190.5) billion, noticeably higher than the figure as of December 31, 2024. The rise was primarily attributable to a volume-driven increase in lease assets. Other receivables and financial assets were also higher.

The Financial Services Division's current assets amounted to €120.0 (121.7) billion, similar to the figure at the end of 2024. While inventories and financial services receivables increased due to higher volumes, cash and cash equivalents declined.

On December 31, 2025, the Financial Services Division accounted for around 43.4 (42.7)% of the Volkswagen Group's assets.

At the end of 2025, the Financial Services Division's equity stood at €45.7 (45.0) billion, slightly higher than on December 31, 2024. The equity ratio was 14.2 (14.4)%.

At €123.1 (123.9) billion, the Financial Services Division's non-current liabilities at the end of fiscal year 2025 were virtually on a level with the end of 2024. The decline in the non-current financial liabilities included in this item was set against a rise in non-current other liabilities.

Current liabilities increased to €152.6 (143.2) billion, due mainly to higher current financial liabilities and a rise in trade payables.

Deposits from the direct banking business amounted to €68.4 billion on December 31, 2025, compared with €57.5 billion at the end of 2024.

RETURN ON INVESTMENT (ROI)

We use return on investment (ROI) to efficiently manage the use of resources in the Automotive Division and to measure the success of our endeavors. ROI is defined as the return on invested capital for a particular period, and enables us to measure the earning power of our products, product lines and projects.

ROI is calculated as the ratio of operating result after tax (including the proportionate operating result of the equity-accounted Chinese joint ventures) to average invested capital. Based on our companies' income tax rates, which vary from country to country, we assume an overall average tax rate of 30% when calculating the operating result after tax. Invested capital is calculated as total operating assets reported in the balance sheet (property, plant and equipment, intangible assets, lease assets, inventories and receivables) less non-interest-bearing liabilities (trade payables and payments on account received) and a proportionate share of the corresponding items in the accounts of the equity-accounted Chinese joint ventures. Average invested capital is derived from the balance at the beginning and the end of the reporting year.

In fiscal year 2025, ROI decreased to 4.8 (9.9)% year-on-year due to the lower operating result and the rise in average invested capital, and was thus below our minimum required rate of return of 9%.

RETURN ON INVESTMENT (ROI) IN THE AUTOMOTIVE DIVISION¹

€ million	2025	2024 ²
Operating result after tax	6,548	12,842
Invested capital (average)	135,159	129,229
Return on investment (ROI) in %	4.8	9.9

¹ Including proportionate inclusion of the Chinese joint ventures (including the relevant sales and component companies) and excluding effects on earnings and assets from purchase price allocation.

² Figures reflect the reporting structure in force since 2025.

SUMMARY OF BUSINESS DEVELOPMENT AND ECONOMIC POSITION

The Board of Management of Volkswagen AG considers business development and the economic position for 2025 to be satisfactory overall in view of the challenges arising from the volatile geopolitical and geoeconomic conditions, accompanied by measures that are increasingly protectionist and competition that continues to intensify.

Despite this challenging market environment, the Volkswagen Group recorded a stable 9.0 million deliveries to customers in the past fiscal year, a figure that was thus on a level with the most recently adjusted forecast.

The Group's sales revenue amounted to €321.9 billion and thus corresponded to the most recently anticipated figure.

The operating result of €8.9 billion and the operating return on sales of 2.8% were at the upper end of the most recently predicted range for the operating return on sales of between 2.0% and 3.0%. The decline compared to our original forecast was due in particular to non-cash impairment losses on goodwill and capitalized project costs, as well as other expenses in connection with Porsche's adjusted product planning totaling €4.7 billion. Adverse impacts resulted additionally from changes in the external business environment, such as the increase in import tariffs introduced in the USA at the beginning of April 2025.

The investment ratio reflects our research and development expenses, as well as capex to strengthen our competitiveness; the figure of 11.8% represents a reduction compared with the figure anticipated for fiscal year 2025.

Net cash flow rose to €6.4 billion, which was higher than both the most recently adjusted forecast and the original forecast. In addition to the operating result being at the upper end of expectations, positive factors included primarily our investment discipline, which was intensified in the course of the year, and a positive change in working capital toward the end of the fiscal year, which was achieved by measures such as a reduction in inventories of new vehicles.

As a result, net liquidity stood at €34.5 billion on December 31, 2025 and was therefore higher than our most recently adjusted assessment and within the range originally expected.

FORECAST VERSUS ACTUAL FIGURES

in € billion	Actual 2024 ¹	Original forecast for 2025	Last valid forecast for 2025	Actual 2025
Deliveries to customers (in million units)	9.0	similar to prior-year level	at prior-year-level	9.0
Volkswagen Group				
Sales revenue	324.7	up to 5% increase	similar to prior-year level	321.9
Operating return on sales (in %)	5.9	5.5 – 6.5	2.0 – 3.0	2.8
Operating result	19.1	in forecast range	in forecast range	8.9
Passenger Cars and Light Commercial Vehicles segment				
Sales revenue	241.5	up to 5% increase	similar to prior-year level	244.5
Operating return on sales (in %)	5.7	6.0 – 7.0	1.0 – 2.0	2.0
Operating result	13.7	in forecast range	in forecast range	5.0
Commercial Vehicles segment				
Sales revenue	46.2	at prior-year-level	noticeable year-on-year decrease	42.5
Operating return on sales (in %)	9.1	7.5 – 8.5	5.0 – 6.0	5.7
Operating result	4.2	in forecast range	in forecast range	2.4
Financial Services Division				
Sales revenue	58.8	up to 5% increase	noticeable year-on-year increase	62.1
Operating result	3.1	~ 4.0	~ 4.0	3.7
Automotive investment ratio (in %)	13.0	12 – 13	12 – 13	11.8
Net cash flow in the Automotive Division	5.2	2.0 – 5.0	~ 0	6.4
Net liquidity in the Automotive Division	34.4	34 – 37	~ 30	34.5

1 Figures reflect the reporting structure in force since 2025.

Volkswagen AG

(CONDENSED, IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE)

The year 2025 was marked by volatile geopolitical and geoeconomic conditions and competition that continues to intensify.

ANNUAL RESULT

As of fiscal year 2025, the effects of the diesel issue are no longer disclosed separately as special items. Expenses of €0.1 billion were recognized in connection with the diesel issue in the reporting year.

Sales increased by 4.1% year-on-year to €98.0 billion in 2025, driven particularly by a more favorable price and product mix. Sales generated abroad accounted for €56.6 billion or 57.8%. Cost of sales went up by 2.7% to €88.2 billion due to higher material costs in the reporting year, among other reasons.

Gross profit on sales rose accordingly to €9.8 (8.2) billion.

The other operating result amounted to €0.9 billion in the reporting year, up €0.5 billion on the previous year. Other operating expenses, which declined due, among other factors, to a drop in expenses for restructuring measures (€50 million; 2024: €0.9 billion), are set against income from the reversal of provisions, which was down €0.4 billion. In the previous year, this item had included, among other things, reversals of various personnel-related provisions in connection with the collective bargaining agreement entered into between Volkswagen AG and the employee representatives in December 2024.

The financial result was up slightly by €0.1 billion to €4.9 billion, mainly because of higher income from profit transfers.

Taxes on income amounted to €-0.1 (-0.2) billion.

Net income for fiscal year 2025 amounted to €7.5 (5.1) billion.

INCOME STATEMENT OF VOLKSWAGEN AG

€ million	2025	2024
Sales	97,968	94,078
Cost of sales	-88,204	-85,924
Gross profit on sales	9,764	8,154
Distribution, general and administrative expenses	-7,898	-8,023
Net other operating result	882	415
Financial result ¹	4,865	4,809
Taxes on income	-112	-221
Earnings after tax	7,500	5,133
Net income for the fiscal year	7,500	5,133
Retained profits brought forward	4	1
Appropriation to revenue reserves	-3,750	-1,960
Net retained profits	3,755	3,175

1 Including write-downs of financial assets.

NET ASSETS AND FINANCIAL POSITION

Total assets amounted to €215.0 billion on December 31, 2025, up €4.9 billion on the comparative 2024 figure. Intangible assets and property, plant and equipment decreased by €0.4 billion to €10.7 billion because depreciation and amortization charges exceeded investments. Financial assets rose to €157.1 (154.0) billion as a result of a number of capital increases.

In fiscal year 2025, there was restructuring within the US investment portfolio of Volkswagen AG. In the reporting year, the shares in Volkswagen Group of America, Inc., Reston/VA, were contributed to the subsidiary Volkswagen US-Holding, Inc., Wilmington/DE, (Volkswagen US-Holding) at a carrying amount of €4.7 billion. Likewise, the shares in Scout Motors Inc., Tysons/VA, (Scout), were transferred to Volkswagen US-Holding, Inc., Wilmington/DE, by way of contribution at a carrying amount of €0.6 billion. To finance the capital requirements of Scout, further contributions of €0.3 billion were made to the capital reserves of Volkswagen US-Holding. In addition, Volkswagen AG made a contribution of €0.2 billion to Volkswagen US-Holding in fiscal year 2025 to finance the capital requirements of Electrify America, LLC, Reston/VA.

In fiscal year 2025, Volkswagen AG acquired the shares in VW Group Sverige AB, Södertälje, from Volkswagen Finance Luxemburg, S.A., Strassen, (Volkswagen Finance Luxemburg), at a purchase price of €0.2 billion and subsequently contributed them to VW Holding Österreich GmbH, Salzburg.

To finance the acquisition of 35% of the capital shares of Volkswagen (Anhui) Automotive Co., Ltd., Hefei, Volkswagen AG made a contribution of €0.2 billion to the capital reserves of Volkswagen Finance Luxemburg in the reporting year. Also in the reporting year, Volkswagen AG made a contribution of €0.3 billion to the capital reserves of Volkswagen Finance Luxemburg to finance the capital requirements of Green Mobility Holding S.A., Strassen.

Fixed assets accounted for a share of 78.0 (78.6)% of total assets.

Current assets (including prepaid expenses) amounted to €47.3 (44.9) billion as of December 31, 2025. Inventories were down by €0.3 billion to €6.5 billion. The decline in work and services in progress is mainly attributable to lower inventories of transmissions and electric drives. The decrease in finished goods and merchandise is due to the reduction in the inventories of new vehicles toward the end of the year. Receivables and other assets rose to €31.6 (30.8) billion. This was attributable to receivables from loans to affiliated companies, among other factors. Cash-in-hand and bank balances were up, driven in particular by the increase in restricted short-term time deposits at the reporting date.

Equity at the end of the reporting year was €47.1 (42.8) billion. The equity ratio was 21.9 (20.4)%.

BALANCE SHEET OF VOLKSWAGEN AG AS OF DECEMBER 31

€ million	2025	2024
Fixed assets	167,754	165,130
Inventories	6,505	6,842
Receivables ¹	31,644	30,776
Cash-in-hand and bank balances	9,112	7,326
Total assets	215,015	210,073
Equity	47,133	42,803
Special tax-allowable reserves	17	17
Long-term debt	23,470	29,169
Medium-term debt	75,005	60,580
Short-term debt	69,390	77,504
Total assets	215,015	210,073

1 Including prepaid expenses.

Other provisions decreased by €0.5 billion to €17.6 (18.1) billion, due mainly to lower provisions for personnel matters. Provisions for pensions fell by €1.6 billion to €21.4 billion, particularly as a result of a change in measurement inputs, and provisions for taxes decreased by €0.2 billion to €1.9 billion.

The €2.9 billion increase in liabilities, including deferred income, to €126.9 billion was due mainly to higher loan liabilities to affiliated companies and higher liabilities to banks.

Volkswagen AG's cash funds, comprising cash-in-hand and bank balances with a maturity of less than three months, less bank liabilities repayable on demand and cash pooling liabilities, dropped year-on-year from €-2.7 billion to €-4.0 billion. The interest-bearing portion of debt amounted to €109.4 (102.0) billion. We consider the economic position of Volkswagen AG for 2025 to be satisfactory overall in view of the challenges arising from the volatile geopolitical and geoeconomic conditions, which are accompanied by measures that are increasingly protectionist and competition that continues to intensify.

DIVIDEND POLICY

Volkswagen AG pursues a continuous dividend policy that allows shareholders to participate appropriately in the business success. Our dividend policy matches our financial strategy. The dividend proposed to the Annual General Meeting for the respective underlying year therefore reflects the financial management objectives – in particular, ensuring a solid financial foundation as part of the implementation of the corporate strategy.

We pursue the strategic goal of achieving a payout ratio of at least 30%. The payout ratio, which amounts to 39.2 (29.6)%, is based on the Group's earnings after tax attributable to Volkswagen AG shareholders. The non-cash impairment loss on the goodwill allocated to the Porsche operating segment was not included in determining the assessment basis for the dividend payment in 2025. Adjusted for this effect, the payout ratio was 30.0% for the reporting year.

DIVIDEND PROPOSAL

In fiscal year 2025, net retained profits amounted to €3.8 billion. The Board of Management is proposing to pay a total dividend of €2.6 billion, i.e. €5.20 per ordinary share and €5.26 per preferred share.

PROPOSAL ON THE APPROPRIATION OF NET PROFIT

€	2025
Dividend payout on subscribed capital (€1,283 million)	2,619,107,694.30
of which: ordinary shares	1,534,467,053.60
preferred shares	1,084,640,640.70
Appropriations in other retained earnings	1,135,000,000.00
Balance (carried forward to new account)	458,566.69
Net retained profits	3,754,566,260.99

EMPLOYEE PAY AND BENEFITS AT VOLKSWAGEN AG

€ million	2025	%	2024	%
Direct pay including cash benefits	7,287	66.3	7,819	63.8
Social security contributions	1,520	13.8	1,600	13.1
Compensated absence	1,330	12.1	1,371	11.2
Retirement benefits	852	7.8	1,459	11.9
Total expense	10,990	100.0	12,249	100.0

VEHICLE SALES

Volkswagen AG sold a total of 2,147,032 (2,106,670) vehicles in fiscal year 2025. Vehicles sold abroad accounted for a share of 64.7 (64.2)%.

PRODUCTION

Volkswagen AG manufactured a total of 836,623 vehicles (+8.3%) in the reporting year at its vehicle production plants in Wolfsburg, Hanover and Emden.

TOTAL WORKFORCE

As of December 31, 2025, a total of 106,123 (112,091) people were employed at the sites of Volkswagen AG, excluding staff employed at subsidiaries; of this figure, 3,749 (4,057) were vocational trainees. A total of 7,602 (7,180) employees were in the passive phase of their partial retirement.

Female employees accounted for 19.3 (18.9)% of the workforce. Volkswagen AG employed 8,565 (7,913) part-time workers. The percentage of foreign employees was 6.3 (6.5)%. In the reporting year, 84.0 (83.2)% of the employees in Volkswagen AG's production area had completed vocational or additional training. The proportion of graduates was 24.2 (23.5)% in the same year. In fiscal year 2025, the average age of the total workforce was 45.8 (45.3) years.

RESEARCH AND DEVELOPMENT

Volkswagen AG's research and development costs as defined in the HGB amounted to €3.5 (4.3) billion in the reporting year. At the end of the reporting year, there were 14,985 (15,419) people employed in this division.

BUSINESS DEVELOPMENT OF VOLKSWAGEN AG

As the parent of the Volkswagen Group, Volkswagen AG is in principle exposed to the same foreseeable developments, risks and opportunities. The forecast is explained in the chapter entitled "Report on Expected Developments" and the risks and opportunities in the chapter entitled "Report on Risks and Opportunities" of this combined management report.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

The risks arising from the use of financial instruments are generally the same for Volkswagen AG as those for the Volkswagen Group. An explanation of these risks can be found in the chapter "Report on Risks and Opportunities" of this combined management report.

DEPENDENT COMPANY REPORT

The Board of Management of Volkswagen AG has submitted the report to the Supervisory Board as required by section 312 of the AktG and issued the following final statement on the matter:

"We declare that Volkswagen AG received appropriate consideration for every legal transaction with affiliated companies within the meaning of section 312 of the AktG in the period from January 1 to December 31, 2025. This assessment is based on the circumstances known to us at the time of the reportable transactions."

Sustainable Value Enhancement

Our goal is to run our business responsibly along the entire value chain. Everyone should benefit from this – our customers, our employees, the environment and society. The Group's sustainability strategy regenerate+ provides important stimuli that are aligned with our objectives.

The main financial performance indicators for the Volkswagen Group are described in the "Results of Operations, Financial Position and Net Assets" chapter. Non-financial key performance indicators also provide information on the efficiency of our Company's value drivers. These include the processes in the areas of research and development, procurement, technology, production, marketing and sales, quality assurance, human resources and information technology. In all of these processes, we are aware of our responsibility towards our customers, our employees, the environment and society. In this chapter we provide examples of how we want to increase the value of our Company in a sustainable way. Comprehensive information on individual topics is provided in the sustainability report within this management report. This chapter also includes descriptions of the key intangible resources.

SUSTAINABILITY

Sustainability means preserving intact environmental, social and economic systems that are viable in the long term at global, regional and local level. The Volkswagen Group is able to influence these systems in a variety of ways, and actively assumes responsibility in order to contribute to their viability. This has led us to develop a sustainable style of company management and to put in place the management structures required.

Sustainability is embedded in the Volkswagen Group and is an integral part of our Group strategy as well as the underlying strategic management structure. The Group's sustainability strategy regenerate+ provides important stimuli that are aligned with our objectives. Society requires engagement that generates positive added value in order to help our planet to regenerate and to shape a future worth living in for current and future generations. We wish to contribute to this, and in doing so take a broad and comprehensive approach to sustainability – environmentally, socially and economically. Our vision is to become a mobility provider with positive added value for nature and society. To this end, we continue to work in partnership and maintain constructive communication with our stakeholders in order to learn and further improve.

The regenerate+ sustainability strategy applies to the entire Volkswagen Group – i.e. to the Group departments, to all brands and companies. As such, it encompasses our products, services and stakeholders, including our customers. Our goal is to use regenerate+ to distinguish ourselves as the Volkswagen Group and, at the same time, enable our brands to position themselves in their specific market environment.

Together, we are pursuing a vision for the Volkswagen Group and driving sustainable value creation. Transforming ourselves into a business that operates sustainably is a process, and we are constantly in motion. We review our targets on a regular basis and continuously adapt them. Our Group sustainability strategy regenerate+ features measures in four dimensions:

- > Nature, with the focus areas of climate change mitigation, resources and ecosystem
- > Our people, with the focus areas of culture, workforce, occupational safety and preventive health care

- > Society, with the focus areas of supply chain, customers & stakeholders and social engagement
- > Business, with the focus areas of sustainability-related business areas and financing

Each focus area is linked to clear goals and milestones, KPIs and appropriate packages of measures. ESG-related KPIs such as the decarbonization index and the diversity index are already reflected in the remuneration of members of the Board of Management.

UN Global Compact

Volkswagen AG is a participant in the UN Global Compact (UNGC), the world's largest initiative for sustainable corporate governance, and is involved in national and international initiatives together with other companies from the Group such as AUDI AG, MAN Truck & Bus SE, Porsche AG, Scania AB and TRATON SE. The capital markets view an issuer's membership of the UNGC as an important factor when deciding to invest in its shares and bonds. ESG funds have experienced strong growth in recent years and have gained in importance as stakeholders. As part of the annual Communication on Progress, the Volkswagen Group and its brands report on their progress in implementing the ten UNGC principles and their activities to support the Sustainable Development Goals (SDGs).

Strategic stakeholder engagement

As an international company, our business activities impact the lives of many different people. Appropriately aligned stakeholder engagement is therefore essential for determining the material areas for action within the Group sustainability strategy and recognizing stakeholders' increasing and changing expectations at an early stage. Stakeholders are individuals, groups, or organizations who have an influence on or are influenced by the course or the result of corporate decisions. The Volkswagen Group understands its obligations with regard to stakeholder engagement to include systematic and continuous interaction with our key interest and stakeholder groups within society, actively listening to them, and taking account of their input when developing our strategies. The goal is to establish an open, constructive and also critical exchange with the different stakeholder groups. We endeavor to understand their requirements and expectations of us, to discuss key topics from the Group sustainability strategy regenerate+ with them and to explain how these tie in with the Group strategy and its implementation.

The Volkswagen Group has identified ten groups as its most important stakeholder groups. Employees and customers are at the center of the stakeholder network. Based on continuous stakeholder analysis, we have also identified eight further groups. Continuous communication between internal and external stakeholder groups is important to the Volkswagen Group. In this context, the Supervisory Board and the Works Council act not only as supervisory and advisory bodies but also as interfaces between internal and external stakeholders.

Organization of Environmental Protection

As one of the largest automotive manufacturers, the Volkswagen Group takes responsibility for the environment. The Board of Management of the Volkswagen Group is the highest internal decision-making body for environmental issues. Both it and the brands' and companies' boards of management take not only business, but also social and environmental criteria into account when making key company decisions.

The Volkswagen Group coordinates the activities of the brands and companies, which in turn manage the measures in the regions. The brands and companies are responsible for organizing their own activities in relation to the environment. They base their own environmental protection activities on the targets, guidelines and principles that apply throughout the Group.

In addition to complying with statutory environmental and energy requirements, we endeavor to adhere to additional voluntary commitments and have tailored our processes and corporate culture in line with these. We provide the resources necessary to achieve our environmental and energy targets. Our environmental compliance management system is aimed at ensuring that environmental aspects and requirements are recognized in our business activities and given appropriate consideration when making decisions. Environmental misconduct and intentional non-compliance or fraud are treated as serious rule violations in accordance with our organizational principles. The compliance of our business activities with the requirements of our environmental and energy policy is evaluated annually and reported to the Board of Management of the Volkswagen Group.

INTEGRITY AND COMPLIANCE MANAGEMENT SYSTEM (ICMS)

Integrity and compliance are major priorities in the Volkswagen Group. We firmly believe that, for long-term commercial success, it is important that each and every individual complies with laws, regulations and commitments, which is why integrity and compliance are elements of our Group sustainability strategy regenerate+.

Our objective is to be a role model and deepen the trust of our employees, customers, investors and partners in our Company. Our regulations, processes and corporate culture provide guidance for all employees on acting with integrity and complying with the rules at all times. As performance indicators, integrity and compliance must have the same strategic and operational priority in our Company as sales revenue, profit, product quality and employer attractiveness.

The Group Integrity & Compliance organization provides the Group-wide framework for a comprehensive integrity and compliance management system (ICMS) with corresponding programs, guidelines, processes and practical advice on integrity and compliance. The overarching goal here is to ensure uniform standards in the Group and brand companies, supporting the companies worldwide in conducting their respective business activities in an independently responsible and compliant manner while also complying with the relevant laws and internal regulations.

Focus areas

Focus areas relating to the ICMS include, among others, tackling corruption and preventing embezzlement, fraud, bribery and money laundering.

The starting point for this is the Internal Compliance Risk Assessment (ICRA). It determines the compliance risks in the Group. Compliance measures are defined for each controlled company on the basis of the risk profiles derived from the ICRA, and are then implemented by those companies. These compliance measures also make reference to Group-wide minimum standards for the Code of Conduct, the whistleblower system, integrity and compliance training and communication.

HR (Human Resources) Compliance Policies and Procedures

Integrity and compliance are incorporated into the standard HR processes such as recruitment, training and staff development. In terms of remuneration, misconduct can adversely affect bonus payments. Integrity and compliance are part of annual employee appraisals and a component of the training measures for employees across all levels of the Company.

Awareness Raising and Communication

The Code of Conduct lays out the shared underlying values for integrity and compliance in the Volkswagen Group for all brands and companies. It serves as the main tool for reinforcing awareness of responsible conduct and decision-making and can be used as an aid and as a way of finding the right contact persons. The Code of Conduct is binding for all employees, and the obligation to comply with the Code of Conduct as amended is written into every employment contract. Employees, the Board of Management and all governing bodies are obligated to undertake regular mandatory training on the contents of the Code of Conduct. The offerings of the Group Integrity & Compliance organization are supplemented by events within the departments. The communication team regularly addresses

practical compliance tasks and case studies. Raising awareness of integrity and compliance topics is supported by information and communication activities such as awareness campaigns, film and dialogue formats, newsletters and interactive games.

The Integrity & Compliance information point has established itself as a central advisory office. The team there answers compliance-related questions, offering advice on internal company guidelines and policies.

Training Courses and Standards

With the ICMS, the Group Integrity & Compliance organization sets uniform standards for integrity and compliance training across the Group. This is to enable brands and companies to provide their employees with a consistent quality of risk-based and target-group-specific training that includes predetermined core content. The training courses address the following key topics: the Code of Conduct, anti-corruption, prevention of money laundering and the whistleblower system.

Anti-Corruption

The Volkswagen Group has a zero-tolerance policy on active and passive corruption. This is anchored in both our internal Code of Conduct and our Code of Conduct for Business Partners. Tackling corruption includes developing and implementing mandatory training for employees in companies with a high compliance-risk exposure.

Prevention of money laundering

The Volkswagen Group is committed to strict compliance with statutory requirements for the prevention of money laundering and terrorism financing. The *Geldwäschegesetz* (GwG – German Money Laundering Act) and the applicable regulations in the individual jurisdictions in which the Company operates form the basis for this. For effective prevention, uniform processes and control mechanisms have been established to identify and avert suspicious transactions at an early stage. These include risk-based checks of business partners and mandatory training for employees of those companies with high exposure to risk according to the ICRA. Compliance with money laundering requirements is regularly monitored and updated in line with new regulatory developments as necessary.

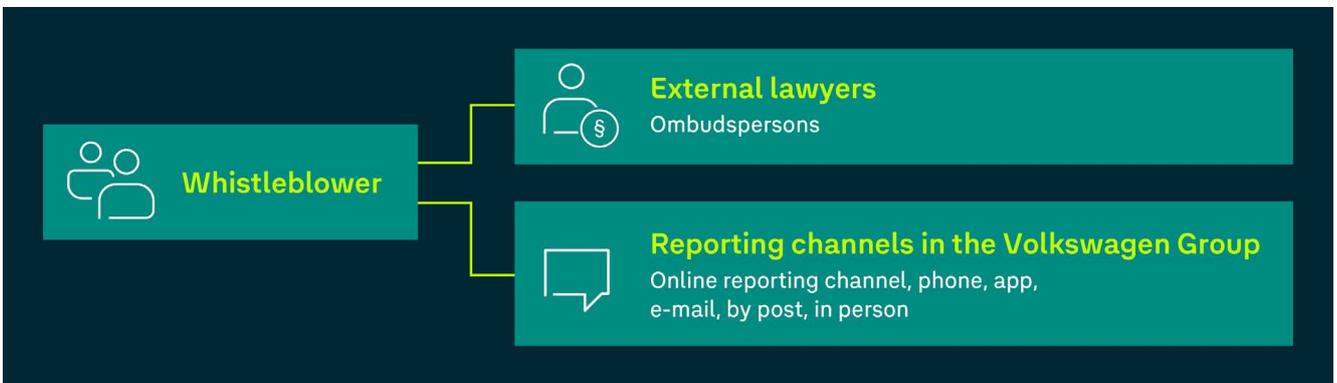
Whistleblower system

The whistleblower system is the central point of contact for reporting cases of rule-breaking involving employees of the Volkswagen Group or suppliers. Employees, business partners and other third parties can report misconduct at any time and in many languages. Various reporting channels are available for this purpose, which can be used completely anonymously, if preferred. An investigation is initiated after a thorough review and in the event of concrete indications of rule-breaking. Appropriate sanctions are applied where misconduct is proven.

The overarching aim is to use binding principles and a clearly governed process to avert harm to the Company and its employees.

i WHISTLEBLOWER SYSTEM
www.volkswagen-group.com/whistleblower-system
Phone: +49 5361 9 46300
E-mail: io@volkswagen.de

REPORTING CHANNELS IN THE WHISTLEBLOWER SYSTEM



M&A and NCS Compliance

In the event of planned mergers and acquisitions (M&A transactions), we audit the relevant companies for risks pertaining to commercial law such as corruption, embezzlement and fraud, and for human rights risks. This also applies to joint ventures and to industrialization and cooperation projects with external partners. The analyses provide recommendations for the mitigation of the risks identified. The Group Integrity & Compliance organization also supports compliance management as required in non-controlled shareholdings (NCS), i.e. companies that are not controlled by a Volkswagen Group company as the majority shareholder.

Business Partner Due Diligence

In the Business Partner Due Diligence (BPDD) process, our business partners are reviewed with regard to their integrity, possible corruption risks and compliance with ethical standards. The BPDD reviews must be carried out in accordance with a policy for certain business partners using a risk-based approach. The aim is to identify risks for breaches of the law and disregard of ethical standards at an early stage, avoid risky business partners and, where possible, define actions to minimize risk and implement these jointly with business partners. If this is not possible, the business relationship is not entered into or is terminated as permitted by law.

Product Compliance

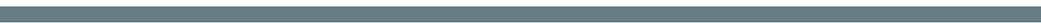
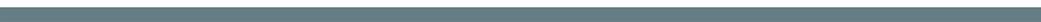
The product compliance management system helps our products comply with the legal and regulatory requirements of the exporting and importing country, internal and external standards, contractually agreed customer requirements and externally communicated voluntary commitments over their life cycle.

Environmental Compliance

Statutory environmental regulations and voluntary commitments are binding at all locations and in all business fields. The Group's environmental and energy policy and the environmental compliance management system stipulate the relevant requirements and responsibilities. They apply to all strategy, planning and decision-making processes in the Group brands and companies. This includes a system of key indicators to determine progress in meeting environmental targets in the fields of renewable energy, CO₂ emissions and resource efficiency. Additional information on the environmental compliance management system is available in the "Introduction to Environmental Management" chapter.

CO₂ EMISSIONS OF THE VOLKSWAGEN GROUP'S EUROPEAN (EU27+2) NEW PASSENGER CAR FLEET

in grams per kilometer (WLTP)

2025		100 ¹
2024		118 ¹
2023		119
2022		119
2021		119

¹ Subject to confirmation of CO₂ data within the scope of official publication by the European Commission.

RESEARCH AND DEVELOPMENT

Forward-looking mobility solutions with brand-defining products and services would be unthinkable without innovation. This makes our research and development work essential for sustainably increasing the value of the Company.

Together with our Group brands, we have launched measures based on our Group strategy to integrate development activities across the Group. At the heart of this is an efficient, cross-brand development alliance characterized by a close network of our experts, collaboration on an equal footing, an innovative working environment and the pooling of development activities. The development alliance plays a major role in driving the Volkswagen Group's transformation and in helping to reinforce its future viability.

In view of this strategic focus, we concentrated in the reporting year on continuing to develop forward-looking mobility solutions, establishing technological expertise to strengthen our competitiveness, expanding our range of products and services and improving the functionality, quality, safety and environmental compatibility of our products and services.

CO₂ fleet emissions

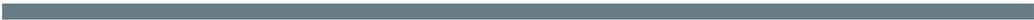
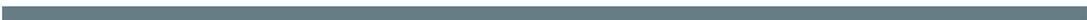
We use the strategic indicator of CO₂ fleet emissions in Europe and the United States to evaluate the effectiveness of our measures to reduce CO₂ emissions of our vehicles.

The Volkswagen Group's new passenger car fleet in the 27 EU member states including Norway and Iceland (EU27+2) emitted an average of 100 g CO₂/km in the reporting year according to the statutory basis for calculation. The CO₂ data are subject to confirmation within the scope of the official publication by the European Commission. The European Commission tightened the target as of 2025, stipulating a 15% reduction in CO₂ compared with 2021. This corresponds to a CO₂ target of 95 g CO₂/km for the Volkswagen Group's new passenger car fleet.

For the 2025 to 2027 period, the European Commission introduced a three-year compensation mechanism for the CO₂ fleet limits for passenger cars. The Volkswagen Group's goal is to achieve the CO₂ fleet limits in EU27+2 in each year over the three-year period from 2025 to 2027 primarily through its own efforts. Given the persistently challenging and volatile market environment, particularly in the field of e-mobility, achieving the targets remains a major challenge.

CO₂ EMISSIONS OF VOLKSWAGEN GROUP PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES UNDER GHG STANDARDS IN THE USA

in grams per kilometer for the model year

2025		131 ¹
2024		135
2023		134
2022		142
2021		146

1. Subject to submission of the final MY report MY25 and subsequent recognition by EPA (internal data).

In the United States, the emission pool – comprising the Group brands Volkswagen Passenger Cars, Audi, Bentley, Lamborghini and Porsche, plus the Bugatti Rimac joint venture, which is not part of the Group – commits to the two regulations for Greenhouse Gas (GHG) and Corporate Average Fuel Economy (CAFE). Due to a model year – the accounting period used in the USA – differing in length from the calendar year, internal calculations are used to determine the figures for the current and preceding model year. The average GHG CO₂ value (internal data) for the passenger car and light commercial vehicle fleets in model year 2025 is 131 g CO₂/km (model year 2024: 135 g CO₂/km). The statutory target is 110 g CO₂/km (model year 2024: 117 g CO₂/km). Taking into account the statutory flexibilities for the GHG and CAFE regulations, the Volkswagen Group endeavors to comply with applicable requirements – subject to confirmation by the authorities. The figure given for model year 2025 is also subject to confirmation by the US Environmental Protection Agency (EPA). Achieving the CO₂ target of approximately 99 g CO₂/km for 2026 represents a major challenge. For 2030 we aim to achieve an electrification rate of our new vehicle fleet that will enable us to independently meet the legal requirements for fleet regulations.

The current administration is reviewing the regulations to determine their fundamental necessity and structure.

Fuel and drivetrain strategy

In view of the legal regulations on emissions, we are currently developing a forward-looking vehicle and drivetrain portfolio; we have set ourselves the objective of increasing drive system efficiency with each new model generation – regardless of whether it is a combustion engine, a hybrid or a purely electric drive system. The Volkswagen Group closely coordinates technology and product planning with its brands so as to avoid breaches of fleet fuel consumption limits. As part of our electrification campaign, we want to offer our customers worldwide an increasing range of battery-electric models, from high-volume models to premium vehicles. To this end, in addition to the Modular Electric Drive Toolkit (MEB), we have also developed an all-electric platform for our premium and sports brands – the Premium Platform Electric (PPE). Furthermore, we are currently designing the Scalable Systems Platform (SSP), the successor platform for our future all-electric vehicles. The strategic goals of the SSP are to further reduce variance across all segments by consistently enhancing synergies and thus tapping into considerable savings potential.

In order to offer sustainable, affordable mobility in the future for as many people around the world as possible, our range of drivetrains focuses on electrification. From today's perspective, conventional combustion engines will still

continue to make up a large share of the drive portfolio in the coming years. In the interest of using resources responsibly, it is therefore essential to further enhance this engine segment and systematically consolidate it for specific markets. In order to fulfill future emissions standards, it will be necessary to introduce powertrain measures such as significantly more sophisticated exhaust gas purification or increased use of hybridization of drivetrains, as well as vehicle measures such as optimized aerodynamics or reduced rolling resistance. We are working intensively on this in the further development of our product portfolio.

It is important to us to rigorously pursue the modular approach. We are optimizing the number of individual modules so that we can make a broad product portfolio economically viable. For example, we are reducing the number of versions of conventional combustion engines in the Group in the long term as part of our transformation towards e-mobility. This will create capacity for the development and production of new electrified drives.

Connectivity and automated driving

Mobilizing people and goods is a prerequisite for economic growth and social development. But natural resources are dwindling and climate change is advancing. Customers are therefore calling for comprehensive mobility concepts that minimize the environmental impact. Such solutions need to be efficient, sustainable, crisis-proof, customer-oriented and accessible anytime and anywhere.

We are researching and developing such concepts in our Group-wide alliance. In shaping the future of mobility, we are looking not only at the automobile and related services, but at all modes of transport, transport infrastructures and people's mobility habits. Digital connectivity and automated driving allow for new approaches to solving problems. They can help us contribute to a comprehensive mobility system of the future and advance our industry's transformation.

Software forms the basis. Software development is one of the target core competencies of the Volkswagen Group as a global automotive tech driver, and is embedded in the TOP 10 program of the Group strategy through the "software architecture" action area. The aim is to develop a sustainable, convenient, connected, safe automotive experience for the customers of our Group brands, with the support of synergistic Group software entity CARIAD.

The Volkswagen Group systematically enhanced its software governance in 2025. As such, CARIAD is taking the lead on developing synergistic core technologies – automated driving, infotainment, cloud and motion – across all Group architectures and software technologies. The aim is to make the development and delivery of software faster and more efficient for the Group brands and to establish an even closer cooperation model between CARIAD and the Group brands. CARIAD's scalable software can be used in all-electric vehicles as well as in internal combustion engine models and hybrid vehicles. CARIAD's developers work in innovation centers at sites in Germany, Europe, China and the USA.

In the reporting year, CARIAD supplied new software releases and online updates for vehicles based on new and already existing architectures from the Volkswagen Passenger Cars, Škoda, SEAT/CUPRA, Audi and Porsche brands in all major international markets. Models newly introduced or unveiled in 2025, such as the Škoda Elroq and the Porsche Cayenne Electric, also feature CARIAD software.

The next generation of vehicle software is also designed to pave the way for the autonomous driving functions of the future. The development of autonomous driving is a core element of our Group strategy, with CARIAD responsible for developing partially and highly automated driving functions for the Volkswagen Group's brands. These applications are to be introduced gradually in new vehicle models at varying performance levels. Volkswagen Commercial Vehicles is responsible specifically for the areas of Mobility as a Service and Transportation as a Service (MaaS/TaaS). Autonomous driving will be linked to new service models, i.e. shared mobility in these areas with robotic shuttles and vans.

Automated and autonomous drive technologies are both being developed with development partners.

Pooling strengths with strategic alliances

We are pursuing the clear strategy of transforming our core business activities, while at the same time expanding the mobility solutions business area. To achieve these goals, we are reinforcing our innovative strength through a global structure. The Volkswagen Group Innovation unit combines our technological activities at seven international locations, where sustainable solutions for urban and interurban mobility systems are developed and regularly transferred to our Group brands. In this way, we are creating an agile innovation structure that allows us to initiate projects quickly with international partners in the areas of digitalization, sustainability and e-mobility. Growth in the mobility sector is increasingly generated through regional innovation activities, which is why we concentrate our venture capital investments and partnerships specifically within the Group's global innovation ecosystem. This gives us a better understanding of the regional needs of customers, to adjust our product range and to establish competitive cost structures. Engagement activities are selected centrally so as to maximize the value for the Group and its brands.

We have an alliance with the Ford Motor Company for light commercial vehicles and electrification. This has led to the development of three vehicles, which are available on the market. In addition, Ford uses the MEB developed by Volkswagen for two electric volume models. The aim of the cooperation is to place both Volkswagen and Ford in a position to improve their competitiveness, tailor their products to better meet the needs of customers worldwide and at the same time leverage synergies related to cost and investments.

To design the framework conditions for the approval and introduction of our own self-driving system, we are actively involved in public projects. The experience we are gathering here benefits the Group brands and thus our customers.

The software subsidiary CARIAD is responsible for developing automated driving functions for private mobility throughout the Group. In the Automated Driving Alliance, CARIAD and Robert Bosch GmbH are working to make partially and highly automated driving suitable for the volume segment as well. In 2025, the alliance made targeted improvements to its software stack for automated driving functions at Levels 2 and 3 through the use of AI. These are expected to lead to more powerful, smart driver assistance systems that act like natural persons at the wheel. The software has already been deployed in a test fleet and is being continuously trained and refined.

CARIAD also uses local partnerships in the Chinese market to further consolidate development expertise. CARIAD China, Volkswagen Group (China) Technology Company and XPeng are working together to develop the new zonal electronic architecture, China Electrical Architecture (CEA), for the Chinese market.

In the Carizon joint venture, CARIAD is overseeing the development of highly automated driving functions together with its local partner Horizon Robotics.

CARIAD is also committed to open collaboration in the global developer community to create automotive software more efficiently and promote innovation, for example as a platinum member of the Zephyr Project, a member of the Linux Foundation, and a strategic member of the Software Defined Vehicle working group run by the Eclipse Foundation open-source community.

Rivian and Volkswagen Group Technologies, the joint venture established by Volkswagen and US electric vehicle manufacturer Rivian, commenced operations in 2024. The two partners hold equal shares in the joint venture, which operates as an independent company. The aim of the partnership is to develop next generation software-defined vehicle (SDV) architectures to be used in future vehicles of both companies. The joint venture builds on Rivian's existing software and electrical architecture to facilitate the joint development of best-in-class architectures and software for the SDVs of both partners.

Our employees' patents

In fiscal year 2025, we filed 7,915 (6,740) patent applications worldwide for employee inventions, the majority of them in Germany. The trend continued throughout 2025 that an ever-increasing share of these patents were for

important cutting-edge fields, such as driver assistance systems, automated driving, digitalization and automation, electromobility (including battery technology), and artificial intelligence.

As of December 31, 2025, our Research and Development departments – including the equity-accounted Chinese joint ventures – employed 62,954 people (+0.3%) Group-wide, corresponding to 9.5% of the total workforce.

PROCUREMENT

Procurement's main responsibility is to help steer the Company's success in the areas of efficiency, sustainability, resilience and process quality of purchased parts. In 2025, intensive efforts by Group Procurement and our suppliers were once again necessary to address supply bottlenecks in the long term.

Procurement Strategy

The Volkswagen Group procurement organizations make an essential contribution to the Group strategy. A key task is to strengthen the procurement network and deepen collaboration across brands and regions. Making use of global synergies also creates potential for a long-term reduction in costs for raw materials, components and services.

The frequency, duration and intensity of crises and the associated supply chain disruptions have risen significantly since the beginning of the 2020s. As a consequence, the procurement organizations intend to work together with internal interface partners and suppliers to strengthen supply resilience. The establishment of concepts and tools as well as the provision of additional capacities for strategy and risk analyses are intended to facilitate the proactive and comprehensive monitoring of supply chains based on defined criteria, such as political influencing factors, economic developments or environmental risks.

The transformation of the automotive industry toward e-mobility also requires procurement organizations to adapt their supplier networks. The aim is for collaboration with these suppliers to be structured on an individual basis through strategic partnerships, treating the transformation as a joint undertaking. Expansion of partnerships is generally another area of focus in Procurement, both internally within the Group in the form of collaboration across brands and departments as well as externally with the Volkswagen Group's suppliers. Digitalization and efficient processes are the foundation for all such strategic measures. In particular, the future use of a new digital supplier platform and the upcoming central data ecosystem, Catena-X, forms the foundation for data-driven value chains and is a core element of this area of action.

Digitalization of Supply

The supply chain of the future is connected, digital and transparent. This supports the safeguarding of supply, the leveraging of Group-wide synergies and creating transparency. We are therefore creating a shared database and using innovative technologies to enable efficient, networked collaboration in real time – both within the Group and with our partners. Within the Procurement division, the aim is for transactions with suppliers to be standardized in future and, where possible, automated, thus not only reducing transaction costs but also accelerating business processes. In these efforts, an important element is the integration of Catena-X, the data network for the automotive industry. The goal is to identify possible supply risks at an earlier stage, and develop corresponding measures and alternatives faster as a joint effort. With Procurement's digitalization strategy, we not only aim to strengthen Procurement's IT system environment but also to increase the organization's effectiveness, efficiency and future viability. The new IT landscape for procuring production and general materials will be rolled out throughout the Group until 2030 and has already been implemented at some brands.

Structure of Group Procurement

Volkswagen Group Procurement is responsible for ensuring cost-efficient, resilient, sustainable and high-quality supply chains. Procurement is organized at a global level, with a presence in the most important purchasing markets. Alongside local bodies and decision-making structures, Group Procurement manages the brands and regions. On the one hand, this helps us to jointly implement potential cost savings and, on the other hand, to control risks. Organized networking of the procurement organization across the brands will enable us to leverage Group-wide synergies and purchase production materials, investments in property, plant and equipment, and services worldwide in the quality required and on the best possible terms. In addition to the brands' procurement units, Procurement operates regional offices in strategic purchasing markets.

Supply Chain Management in Procurement

We are focusing supply chain management activities in Procurement on safeguarding supplies during start-up phases and for series production. This involves providing support in our suppliers' industrialization processes, monitoring series production and managing supply crises, which could occur, for instance, as a result of geopolitical crises or natural disasters. In 2024, the Volkswagen Group realigned its focus by introducing the strategic semiconductor management system. In doing so, the Volkswagen Group maintains direct business relationships with strategically relevant semiconductor manufacturers and directly influences the selection of components for the electronic architecture. The objective is to keep the Group's product portfolio competitive in the long term and to safeguard supplies of core components at the semiconductor level.

Even in the early stages of new projects, we conduct audits to ensure that our suppliers will be able to deliver. Furthermore, we provide support for purchased parts for the individual project milestones up to the start of production. Complex components in particular frequently require on-site support from our supplier management team. In the final step, an acceptance test of production capacities is carried out to facilitate the timely commencement of series production of the vehicles at our plants.

In addition, regular checks are carried out during series production, for example, checks relating to the continuous matching of demand and capacity or possible capacity adjustments at suppliers. This also safeguards suppliers' capacities when using existing components in new projects.

Thanks to our established crisis management structure and global supplier network, we are able to tackle complex challenges along the supply chain and utilize a wide range of locations and technologies. Cross-divisional work among Procurement, Quality Assurance, Development, Production and Logistics is carried out in order to largely reduce potential losses due to supply risks and to maintain production capability in cases where a reaction is required.

TECHNOLOGY

The "Technology" Board function is divided into four pillars, which are known as tech stacks. These encompass all activities relating to the battery, which are also in the "battery" action area of the Group TOP 10 program, all Group-wide topics relating to charging and energy, the activities of Volkswagen Group Components and the marketing of Volkswagen platforms and components to third parties (Platform Business).

Cross-brand management of all technology activities and the value creation strategy coordinated throughout the Group are designed to improve the Group's future viability and competitiveness. Synergies are to be leveraged across both traditional technologies and future areas to advance the transition to e-mobility.

Battery

With our battery activities, we aim to substantially reduce the complexity and cost of this key technology so as to make electric vehicles attractive and affordable for as many people as possible. The battery business field is divided into two units: the Center of Excellence Battery and PowerCo. The Center of Excellence Battery is the Group business field responsible for all activities relevant to battery systems and battery cells. This includes everything from product management, development, quality assurance and procurement to end-of-life recycling. The unit is also responsible for the Group-wide battery portfolio, including the PHEV batteries for the Modular Transverse Toolkit (MQB) and BEV batteries for the MEB platform. Following the successful production startup of the new all-electric MEB+ platform in early 2026 for the Core brand group's electric urban car family, the focus is now on an update to the previous MEB product portfolio (ID.3, ID.4, Škoda Enyaq, Cupra Born, Audi Q4 e-tron, etc.). The plan is to transition the current MEB platform with batteries based on the present module-to-pack design to cell-to-pack battery systems featuring the unified cell in the coming years. This will involve battery systems based on both LFP (lithium iron phosphate) and NMC (nickel manganese cobalt) cell chemistries. More battery systems based on the cell-to-pack design featuring the unified cell as the Volkswagen Group's new global technology platform are to follow in the next few years in China, Europe and the USA.

We will be bundling worldwide cell production activities within the Group with our own company, PowerCo SE, Salzgitter/Germany. From the European battery hub in Salzgitter, this company will manage the development of international factory operations, continuous development of cell technology, vertical integration of the value chain and supplies of machinery and equipment to factories. PowerCo's approach is based on two key concepts with which it aims to set future industry standards: the unified cell enables flexible use of a wide variety of cell chemistries and is intended to be used in up to 80% of all of the Group's all-electric models in the future. The second key concept is the standard factory, which aims to enable the rapid rollout of in-house production with standardized buildings, equipment, IT and infrastructure and will thus be quickly and flexibly adaptable to future innovations.

The Group's first own cell factory in Salzgitter came on stream in 2025 and delivered the first cells for further validation within the Group. Series production is slated to commence in 2026. In addition to Salzgitter, further cell factories are being built in Valencia/Spain and St. Thomas/Canada. The ramp-up of the factories is based on the expected volume of all-electric vehicles from the Volkswagen Group. Each of these factories is to operate on renewable power and be designed for future closed-loop recycling.

Vertical integration of value creation is another component of the battery strategy. The supply of raw materials is to be safeguarded both through long-term supply contracts and through investments with partners. In 2025, Volkswagen took a 9.9% stake in Canadian lithium company Patriot Battery Metals, which is currently developing the largest lithium resources in North America.

Charging and Energy

The ramping up of e-mobility affords the Charging and Energy area a key role in the Volkswagen Group's e-mobility strategy, with the aim of becoming a leading provider of a smart charging and energy ecosystem. The Group is focusing on two main areas. Firstly, sales of electric vehicles are being promoted with the expansion of a global fast-charging infrastructure. Secondly, the charging ecosystem for customers is to be made simpler and more cost-effective, while at the same time the battery is to be made usable as a flexible storage medium for the transition of energy. The Group operates as one of the largest charging ecosystem providers in Europe with its Elli brand, offering access to over one million charging points with approximately 88,000 fast-charging points in 28 countries. At the same time, the North American charging network Electrify America is expanding to over 5,000 fast-charging points and joint venture CAMS in China is continuing to expand its network, which boasts over 11,700 charging points at present. As part of the Volkswagen Group, Elli provides a seamless ecosystem for sustainable mobility and energy.

2025 was a decisive year for the Group subsidiary on its journey from a charging infrastructure provider to a holistic energy company. With the launch of a pilot project for bidirectional charging, Elli presented a charging solution at IAA Mobility 2025 for the first time that connects a home's solar power system and the electric vehicle via a modular software platform developed by Elli. In parallel, Elli expanded its portfolio to include energy trading as a service product for external customers, offering companies a reliable partner for structured and sustainable energy procurement. The Elli PowerCenter developed for this purpose serves as a platform for energy trading and grid-supportive services. These developments also form the basis for the Managed Battery Network – a virtual power plant in which stationary storage systems and vehicle batteries are interconnected in order to efficiently integrate renewable energy sources, smooth out peak loads and make surplus energy tradable. With these steps, the Volkswagen Group and Elli are unequivocally positioning themselves at the touchpoint between the automotive industry and the energy sector.

Volkswagen Group Components

The independent corporate entity Volkswagen Group Components, under the umbrella of Volkswagen AG, forms the third pillar of the "Technology" Board function. 58,000 staff with expertise in developing and manufacturing vehicle components work worldwide in more than 60 plants at 35 sites. This makes Volkswagen Group Components one of the largest automotive suppliers worldwide. Historically, Volkswagen Group Components has had a strong presence in the components segment for vehicles with conventional drive systems but is systematically moving forward with the transformation of its product portfolio, focusing on strategic core modules for e-mobility. The transformation to a system supplier is being effected gradually: in 2025, 7.7 million internal combustion engines and 6 million transmissions were manufactured worldwide, but 1.2 million electric drives and 1.2 million battery systems were produced at the same time. This change is also reflected in the skill profiles of employees. Core competencies with a focus on future technologies are being developed and expanded, and employees are being specifically trained to meet the requirements of e-mobility. By the end of 2024, around 25% of employees were already working in these strategic cutting-edge fields. This proportion rose to over 30% by the end of 2025, and is expected to continue to grow in the coming years.

The product portfolio comprises technical components such as chassis, axle systems, steering, transmission, electric drivetrains, including the related power electronics, thermal management systems and battery systems.

The entry into e-mobility places the focus on systematically optimizing the electrical powertrain for the Group as well as the transformation of plants for components from internal combustion engine to e-mobility components. The product portfolio has accordingly been strategically defined and focused. A good example is the APP550 electric performance drive, the most powerful and efficient electric drive system from Volkswagen Group Components to date.

In line with the transformation and based on its existing technological expertise, the division has also opened up to cooperation with external partners in order to leverage potential synergies and economies of scale, thereby accelerating the transformation to electric mobility and contributing to the establishment of Volkswagen technologies as the industry standard.

Platform Business

The fourth pillar of the "Technology" Board function is Platform Business (third-party business), which pools Group-wide responsibility for the external sale of platforms and components. This organizational unit is responsible for the initiation, acquisition (including contract design) and support of customer projects including the related order processing (logistics, billing). The tech stack platform business builds on decades-long experience in the Group's internal platform sharing. Ford was the first-ever external partner to use the Volkswagen Group's MEB platform. In this cooperation project, the required cross-brand structures and processes have been established within the Volkswagen organization so that collaborations with other external partners can also be set up in the future. For instance,

the Indian automotive manufacturer Mahindra has been supplied with MEB components for vehicles based on the INGLO platform since June 2024; the PowerCo unified cell is also planned to be delivered to the automotive manufacturer going forward.

PRODUCTION

Our international production network covers a large number of process steps from the supplier to the factories and assembly lines, to the dealerships and our customers. The long-term efficiency of this network is key to our competitiveness. In order to meet the challenges of the future, we rely on comprehensive optimizations, pioneering innovations, stable supply chains and flexible structures. The Volkswagen Group, including the Chinese joint ventures, produced 8.9 million vehicles worldwide in fiscal year 2025. This was a year-on-year decline of 1.0%. Productivity (vehicles per employee and per year), including in the Chinese joint ventures, rose by 4.3% compared with the prior year. Excluding the Chinese joint ventures, the Volkswagen Group produced 6.2 million vehicles worldwide, an increase of 0.6% year-on-year. Productivity climbed by 4.6% versus the previous year.

Production Strategy

Group production is focusing squarely on future viability, efficiency and sustainability with PULSE 2035. This is in response to the far-reaching changes in the automotive industry shaped by technological innovations, geopolitical developments and increasing environmental requirements. PULSE 2035 gives shape to a specific vision for 2035 based on five main targets: factory costs per vehicle; productivity; plant capacity utilization; innovative technologies and processes; and reduction of environmental impacts. These targets make the strategic orientation tangible and provide a clear direction.

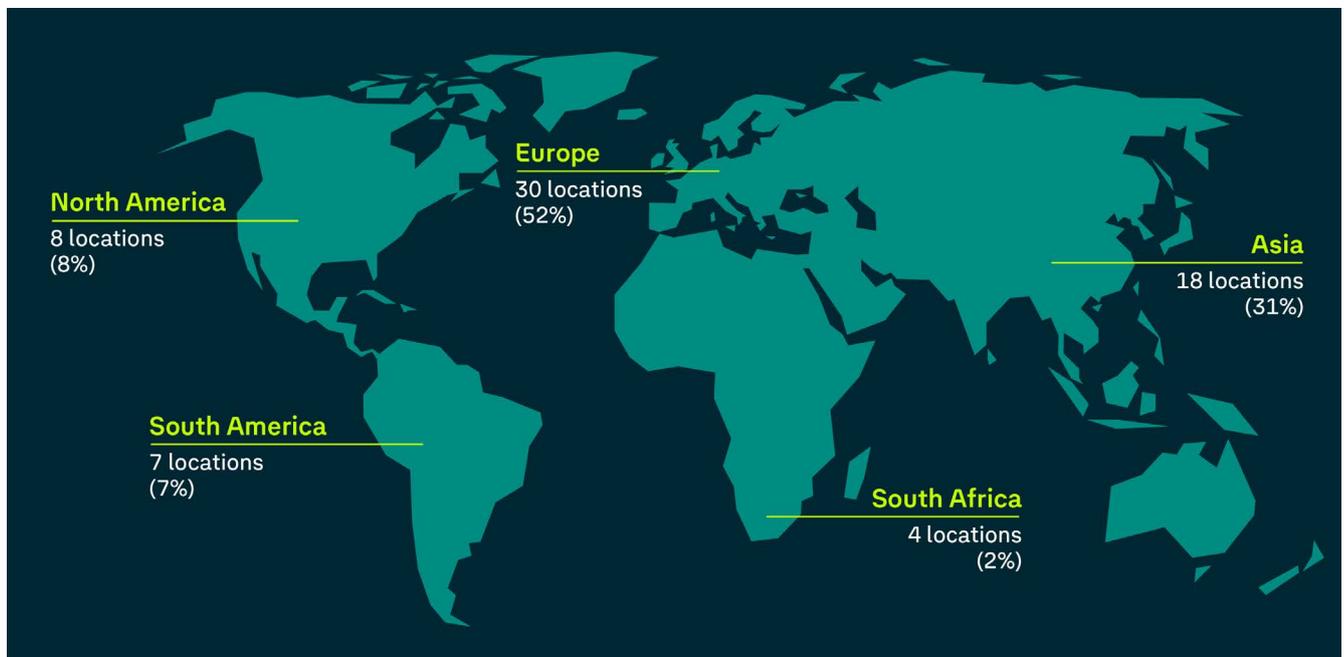
The vision of PULSE 2035 describes a production and logistics that is resource-efficient, optimized for maximum performance and driven by innovation – and is to be realized by 2035. So that this vision can be implemented in a structured manner, the strategy is based on a stable organizational framework comprised of seven categories: product and production processes; production network; supply chain; people; environment and energy; digitalization; operations and governance. This framework will provide the basis for implementation and facilitate consistent internal management of the transformation across all of the sites.

Global Production Network

At the end of the reporting year, the Group's production network encompassed over 111 production sites, including our Chinese joint ventures. Of these sites, 67 are vehicle production plants, including trucks, buses and motorcycles. Standardizing production with uniform product concepts, plants, operating equipment and production processes within a product family is a key factor in our forward-looking production. We are constantly enhancing our production concepts and aligning them with new technologies to achieve ambitious targets in the individual projects. In a challenging environment, the Volkswagen Group succeeded in starting up 46 vehicle projects in 2025, of which 26 were new products or successor products and 20 were product upgrades or derivatives.

VOLKSWAGEN GROUP VEHICLE PRODUCTION SITES

as share of total production in 2025 in percent



The flexible production capacities provided by our platforms allow us to respond to changing market requirements, make needs-based use of the production network and leverage synergies across brands through multibrand sites. Of the vehicle production plants for passenger cars and light commercial vehicles, almost half are already multibrand sites. Models for this approach within the Group are the Bratislava and Zwickau sites. In Bratislava, vehicles of the Volkswagen Passenger Cars, Škoda, Audi and Porsche brands are produced on the joint Modular Longitudinal Toolkit (MLB) and MQB platforms. At present, we manufacture Volkswagen Passenger Cars, Audi and CUPRA brand vehicles on the joint MEB platforms in Zwickau.

The transformation of the Volkswagen Group is focused on mobility solutions that are innovative, efficient, sustainable and customer-oriented, as well as geared towards profitable growth. The introduction of the MEB served as a basis for this, followed by the all-electric PPE for the premium and sports brands, thus leveraging synergies in production across the brands. As of the end of 2025, electric vehicles were manufactured at 19 sites across the global production network for passenger cars and light commercial vehicles.

New Technologies and Digitalization

Focus was placed on speed and the added value of IT products and on the use of AI as part of the Group's Top 10 program, which formed the strategic basis for new technologies and the digitalization of production in fiscal year 2025. The digital transformation is shaping the future development of our process landscape. The reorganization this involves includes a switch to value-stream- and product-oriented software development within the Group. Overall, more than 110 new applications are already available for use in the production and logistics processes. Examples range from virtual training courses for new vehicle start-ups, to identifying and implementing potential energy savings, to the use of AI in support of launching vehicles. The applications are being rolled out via the Digital Production Platform (DPP) developed jointly with our reaffirmed strategic partner Amazon Web Services (AWS). The DPP's capabilities are being continuously expanded in conjunction with AWS. There was a strong focus on data management services in the reporting year.

In the Volkswagen Group, our objective is to systematically validate digital and innovative technologies and to pilot and roll out the usage thereof for production and logistics; the aim is to reduce costs in the value chain and achieve more flexible implementation options, as well as to improve quality. In effecting the digital transformation in production and logistics, our goal is to simplify the entire process chain and make the best possible use of new technologies. In 2025, Volkswagen continued, amongst other points, the expansion of the ONE Log project, a logistics system based on SAP S/4 HANA. Using ONE Log, the Volkswagen Passenger Cars brand aims to shape the future of digital logistics worldwide together with other brands including Audi and Škoda, and Volkswagen Group Components. The goal of this is uniform information processing and the standardization of logistical processes, whereby optimizations are to be made scalable and innovative technologies to be powered centrally. The project includes various processes such as scheduling, shipping and materials management, from goods received to the production line. The targeted digitalization campaign is intended to make our plants more robust.

Innovation activities in 2025 focused on AI, such as for AI robotics and in generative AI. In generative AI, Volkswagen developed prioritized fields of application in 2025 and is using the first cross-brand applications to improve the efficiency of knowledge management in planning and maintenance. Other applications are being used in change and requirements management and directly in production. In using generative AI, Volkswagen aims to leverage cost savings in the context of information generation and processing in production.

SALES AND MARKETING

We regard ourselves as an innovative and sustainable mobility provider for all commercial and private customers worldwide – with a comprehensive product portfolio encompassing our brands and financial services.

The Volkswagen Group's financial strength and profitability is attributable to an extensive portfolio of strong brands. We want to continuously sharpen the brand profiles and to distinguish as clearly as possible between the customer segments served by the brands, supplementing them as required with tailored solutions. Our aim is to achieve high market saturation with great efficiency and a low level of brand cannibalization. To this end, we have established automotive-specific customer segmentation to steer and improve the positioning of our brands.

As part of our Group strategy, we have placed a particular focus on China as the largest single market and on the regions of Western Europe and North America as the largest regions for the Volkswagen Group due to their considerable strategic importance. The Group strategy forms the basis for further developing our sales activities into those of a global technology and mobility provider with the aim of enabling us to provide an even more flexible and targeted response to our customers' wishes and leverage additional revenue potential.

Together with their sales partners and importers, our passenger car brands agreed on a procedure for integrating state-of-the-art products and services into the sales network. The priority thereby is the safe and legally compliant handling of customer data and the way in which this is processed for digital products and services or in connection with the vehicle purchase. The legal requirements for handling customer data are strict. At the same time, the Group is launching a growing number of vehicles that are connected to the internet where available and depending on a vehicle's features. We are increasingly investing in distribution systems and processes with the goal of further digitalizing and improving the individual customer experience in all distribution channels.

Customer Satisfaction, Customer Loyalty and Customer Conquest

The Volkswagen Group aims its sales activities at exciting its customers. This is our top priority, as satisfied customers remain loyal to our brands and recommend our products and services to others. To this end we measure customer satisfaction with our brands at different customer contact points and make it a subject of discussion at Board of Management committee meetings. In addition to satisfaction with our products and services, we value an emotional connection to our brands. It is important for us to retain customers and win new ones. To measure our success in this area, we compile and analyze suitable indicators for the passenger-car-producing brands: The loyalty rate represents the proportion of customers of our passenger car brands who have bought another Group model. Thanks to their faithful customers, the Volkswagen Passenger Cars, Škoda, Audi and Porsche brands have remained in the upper loyalty rankings of the core European markets in comparison with their competitors for a number of years. Compared to other manufacturer groups, the Volkswagen Group continues to hold a top spot in the core European markets in terms of loyalty. The conquest rate shows the share of newly acquired passenger car customers as a proportion of a brand-specific selection of competitors. Volkswagen Passenger Cars continues to have an industry-leading conquest rate. The Škoda, SEAT, and CUPRA brands improved their conquest rates in 2025, while the figures for Porsche were down slightly compared with the previous year.

The brand image of Volkswagen Passenger Cars was similar to the overall market level in the European core markets in 2025, while confidence in the brand was higher than the average for the market as a whole, matching the level usually seen for the premium brands. Audi and Porsche continue to occupy top positions in the image ranking.

E-mobility and Digitalization in Group Sales

As part of our electrification campaign, we aim to gradually expand our offer of completely battery-electric vehicles. This campaign will be complemented by vehicle-related, customer-focused offerings, such as customized charging infrastructure solutions and mobile online services. The Volkswagen Group is thus transforming from an automotive manufacturer into a mobility service provider, which poses new challenges for Sales.

Digitalization provides opportunities for Sales, including improved customer contact. Our actions are based on extensive cooperation between the brands and markets to achieve the greatest possible synergies. We aim to create an optimal product experience for the customers of our brands – one which impresses with a seamless communication process, from the initial interest in purchasing a vehicle to servicing and ultimately to the sale of the used car. In doing so, we are opening up new business models relating to the connected vehicle – in particular with regard to mobility and other services.

Fleet Customer Business

Business relationships with fleet customers are often long-term partnerships. In a volatile environment, this customer group provides greater stability for sales of well-equipped, profitable vehicle models than the private customer segment.

The Volkswagen Group has an established base of business fleet customers, especially in Germany and the rest of Europe. Our extensive product range enables us to satisfy their individual mobility needs from a single source. In an increasingly competitive environment, we secured around 1,000 new fleet customers in Germany in 2025 alone, which meant that together with a dedicated dealer organization we sent out a clear signal of trust and sustainable growth.

In an overall passenger car market in Germany that grew by 1.4% in the reporting year, business fleet customers accounted for 18.0 (19.9)% of total registrations. The Volkswagen Group's share of this customer segment increased to 49.8 (48.0)%. Outside Germany, the Group's share of registrations by fleet customers in Europe was 28.4 (27.6)%. This shows that fleet customers' confidence in the Group remains at a high level. We were able to consolidate our strong market position in the fleet customer business in Europe.

After Sales and Service

In the after-sales business, we regard ourselves as a complete provider of all products and services relevant to customers. Together with our partners, our mission is to ensure lifelong mobility for our customers and vehicles. We are therefore continuously expanding our portfolio of tailor-made offers and services throughout the life cycle with the aim of improving customer experience and increasing the satisfaction of our customers. The partner businesses also offer a comprehensive portfolio of services in all vehicle classes.

In After Sales, we are supporting the changing world of mobility and our systematic focus on e-mobility by developing new services and innovative concepts. We are working towards the transformation with a range of partners specialized in the respective markets. With the resulting connectivity services, we will also be able to generate synergies in After Sales across the Volkswagen Group's brands and take advantage of new opportunities to boost customer loyalty.

In addition to individual service, the timely provision of genuine parts is essential to assure passenger car customer satisfaction in After Sales. The genuine parts supplied by our passenger car brands and the expertise of the service centers stand for the quality, safety and value retention of our customers' vehicles. With our global After Sales network, we are creating the prerequisites to supply almost all our authorized service facilities around the world, generally within 24 hours.

In the Digital After Sales project, we are modernizing processes and IT systems in After Sales. By adopting an approach that focuses product and service development on the individual needs of both dealers and customers, we aim to reduce the time needed for administrative tasks at the dealers through AI-based, interrelated services and also to stabilize existing IT systems and boost efficiency. In addition, innovative digital after-sales services are intended to improve the customer experience.

Around the world, our commercial vehicles business also prides itself on the quality of its products and on customer focus. Our range of trucks, buses and engines is complemented by services that aim to guarantee fuel efficiency, reliability and the ready availability of vehicles. By offering vehicles equipped with an all-electric or hybrid drivetrain, we take into consideration both customers' wishes and our responsibility to contribute to emission-free transportation. Workshop service and service contracts are intended to offer customers a high degree of quality as well as a high level of safety. We are reducing maintenance times and costs with a view to the vehicles' total operating costs.

QUALITY ASSURANCE

The quality of our products and services plays a key role in maintaining customer satisfaction. Customers are satisfied and loyal particularly when their expectations of a product or service are met or even exceeded. Appeal, reliability and service determine quality as it is perceived throughout the entire product experience. Our objective is to positively surprise our customers and inspire enthusiasm in all areas, and thus to win them over with our quality.

Digitalization was once again the beating heart of our work in the past fiscal year: We are continuously sharpening our focus on software-based system development, which is a critical factor for success in respect of customer satisfaction. Consistent application of the "Automotive SPICE" (Automotive Software Process Improvement and Capability Determination) process assessment model that we use to improve our processes is particularly important in our activities. It is a key building block for meeting the requirements of our customers as well as those of the regulatory and legislative bodies.

Group Quality Strategy

We review our New Quality functional area strategy periodically and coordinate it with the brands. Our actions are geared towards generating outstanding products, services and maximum levels of customer satisfaction. In line with the Group strategy, our quality strategy focuses primarily on achieving maximum levels of customer satisfaction throughout the entire customer experience – from ordering through to the digital ecosystem and up to the product as well as aftersales and customer service. The Group's TOP 10 Quality program derived from the Group's TOP 10 program represented one of our additional strategic targets in the reporting year. This program from Group Quality places a constant focus on internal and external customers, defines clear responsibilities for quality throughout the Group and coordinates an expeditious cooperation model between the Group, brand groups and brands. In the course of fiscal year 2025, six of the quality-specific action areas contributing to the Group's TOP 10 program were completed and six new action areas launched (with customer satisfaction being one of the focal points).

Legal and Regulatory Compliance

The legal and regulatory compliance of our products is paramount in our work. We employ the principle of multiple-party verification in our processes – on a risk-based basis, relevant decisions are not made by individuals. Among other things, software development is accompanied by quality milestones at all brands. This principle applies to all systems, components and parts that directly influence a vehicle's safety, type approval and functioning and therefore require particular vigilance. At the series production stage, we see to it that the conformity checks on our products are carried out and assessed. This applies in particular to checks related to emissions and fuel consumption.

We are also dedicating attention to our quality management system, reinforcing the interdisciplinary, process-driven approach throughout the Group. The quality management system in the Volkswagen Group is based on the ISO 9001 standard and the official type approval requirements. These standards and requirements must be complied with for us to obtain type approval for the manufacture and sale of our vehicles. We conducted numerous system audits in the reporting year to verify that our sites and brands continue to comply with these requirements. Particular focus was placed on assessing the risk of non-compliance with defined processes. Our quality management consultants pay attention to the implementation of and compliance with these and other new requirements, as well as official regulations; they are coordinated and supported in this endeavor by a central office in Group Quality.

Observing Regional Requirements

We use a variety of feedback instruments, such as specific customer surveys, to collect information on region-specific customer requirements. In addition, we monitor relevant internet forums and social media posts worldwide to obtain direct customer feedback and identify sentiment and trends at an early stage.

To achieve a perceived quality of our vehicles that is commensurate with that of our competitors, we take the needs of our regional customers into account in our vehicle audits. Every brand works together with the individual regions to decide how its product is to be positioned there. In this way, we strengthen the brands' responsibility. Consistent quality benchmarks apply across all brands and regions to obtain comparable results from the vehicle audit. We are continually adapting these in line with changing requirements. For more than 40 years now, we have been deploying auditors around the world to assess, from the customer's perspective, the vehicles that are ready for delivery and to ensure that these vehicles comply with the quality benchmarks defined.

PEOPLE

The Volkswagen Group is one of the world's largest private employers and seeks to fulfill the responsibility this entails with its human resources policy. As of December 31, 2025, the Volkswagen Group including the Chinese joint ventures employed a total of 662,942 (679,472) people and 602,659 (614,082) people excluding the Chinese joint ventures. This represents a year-on-year decrease of 2.4%. The ratio of our total workforce in Germany to those abroad remained largely stable over the past year, with 284,032 (293,338) employees working in Germany at the end of 2025.

EMPLOYEES BY MARKET

In percent, as of December 31, 2025



■ Europe (excluding Germany) / Other Markets	30%
■ Germany	43%
■ North America	7%
■ South America	5%
■ Asia-Pacific	15%

Group People Strategy and principles of the human resources policy

The Volkswagen Group has defined empowering and supporting employees for the transformation as a focus topic in its Group strategy. The Group People Strategy plays a key role in this context for our three brand groups Core, Progressive and Sport Luxury, and moving forward the key approaches of the human resources policy that are critical for success.

In our Group People Strategy we have identified a variety of elements with the aim of comprehensively addressing our employees' and the Company's needs and expectations, thereby enabling the best possible performance in terms of the Company's success.

- 1) "Me" (Me@Volkswagen): We aim to systematically improve the employee experience and ensure that all employees enjoy optimal conditions for the fulfillment of their responsibilities.
- 2) "My team" (Teams@Volkswagen): As our transformation takes shape, the way in which teams in the Volkswagen Group collaborate is fundamentally changing. Teamwork is shaped by hybrid, digital and agile forms of collaboration.
- 3) "All of us at Volkswagen" (All of us@Volkswagen): The seven Volkswagen Group Essentials set out in the Code of Conduct define the shared underlying values across all of the Group's brands and companies: We take on responsibility for the environment and society; We are honest and speak up when something is wrong; We break new ground; We live diversity; We are proud of the work we do; We not me; We keep our word.
- 4) "Volkswagen in society" (We@Volkswagen and the world around us): We are aware that without long-term social legitimacy at our locations and in our markets, we will not be able to continue our business model in times of accelerated changes in values – this applies from an economic, environmental and social perspective. We view our employees as Volkswagen Group ambassadors, representing our values in society.

Our broad range of transformation topics, such as digitalization and e-mobility, have us on a long-term pathway of transformation and continuous renewal. It is important to us to keep checking whether we are keeping to the course we have set out and are achieving our goals. In this context, the continued operationalization of the Group Strategy, encompasses a comprehensive revision of the strategic key performance indicators underpinning the Group People Strategy.

- > Engagement index: Three questions from the newly introduced myVOICE employee survey are used to determine the engagement index, which measures the engagement, motivation and commitment of employees along with the attractiveness of Volkswagen as an employer. The survey was conducted for the first time in four entities at the end of 2025 and will be rolled out at further companies from 2026 onwards. For 2025 and 2026, the engagement index in the context of the Group People Strategy will initially be reported as an actual figure that will form the basis for the targets set after 2027. Then, the engagement index will serve as a strategic key performance indicator for the Group People Strategy. The "internal employer attractiveness" KPI, which was based on the *Stimmungsbarometer* (opinion survey) last conducted in 2023, has been discontinued.
- > Diversity index: We have defined targets for the percentage of women in management and the international composition of our top management in order to promote diversity and equal opportunities. These two figures have been combined in the diversity index, which continues to serve as a strategic KPI. More information on this target can be found in the section entitled "Targets related to equal treatment and equal opportunities" in the "Employees and Non-Employees" chapter of the sustainability report and in the remuneration report.
- > Status of implementation of strategic HR planning: As part of the overhaul of the Group Strategy, this metric will no longer be used as a KPI after 2025.
- > Number of training hours per employee: The strategic KPI that records the average number of training hours per employee per year is currently being revised and, as a result, has been suspended for the reporting years 2025 and 2026. During this period, the KPI will not be reported as a strategic KPI in either the Group Strategy or regenerate+. More information on this can be found in the section entitled "Target related to training and skills development" under "Employees and Non-Employees" in the sustainability report.

"People" action area in the Group's TOP 10 program

In addition to the long-term management of our strategic targets in the Group People Strategy, we also run an annual TOP 10 program for Human Resources to support achievement of targets throughout the year, with active contributions from our Group companies in its implementation. Human Resources was represented in the Group's TOP 10 program in the reporting year with the top target "People". Volkswagen considers customer orientation, entrepreneurship and team spirit as the basis of its future success. The Group aims to become more competitive internationally by optimizing processes and enhancing efficiency. Volkswagen strives to be a socially responsible employer for a high performance team by offering innovative training and professional development along with sophisticated management programs and attractive remuneration and participation models. In the TOP 10 program for 2025, the Human Resources department translated this aspiration into ten key focus areas. These included global management of labor costs and systematic promotion of diversity in addition to a new conceptual framework for fostering talent and targeted offerings to promote individual health and resilience. Within these key focus areas, the Group-wide implementation of efficiency programs for selected brands and restructuring of parts of the management structure were also monitored in the reporting year. In the context of the efficiency programs, Volkswagen AG continues the comprehensive severance program, which supports a socially responsible reduction of the workforce along the demographic curve and will continue to be available in 2026 within the remaining budget.

Training and professional development

Due to the transformation in the automotive industry, we are facing the greatest process of change in both expertise and culture in the history of our Company. We are committed to securing the employability of our entire workforce in the long term. We invest extensively in training, which helps to ensure secure employment prospects at Volkswagen for our employees even when requirements change. In 2025, the focus continued to be on creating and expanding a program of digital training. We continue to implement and integrate the Success Factors HR system and the learning platform Degreed as a learning ecosystem for digital learning and self-directed training. In this way, we create a common framework for the training of all employees in the Volkswagen Group, provided and coordinated by the

Volkswagen Group Academy. More information on Degreed can be found in the section entitled "Creation and expansion of digital training" in the "Employees and Non-Employees" chapter.

The core components of training at Volkswagen are vocational training and cooperative education (dual study programs combining university studies with on-the-job training). At the end of 2025, the Volkswagen Group had trained 17,124 (17,201) young people. We have introduced the principle of dual vocational training at many of the Group's international locations over the past few years and are continuously working on improvements. Even after their vocational training has been completed, young people at the start of their careers are encouraged to continue their professional development with our Company.

We in the Human Resources department are contributing to the forward-looking transformation of the Volkswagen Group with our training and professional development offerings, socially responsible reduction of the workforce and targeted management of current focus topics through the TOP 10 program.

INFORMATION TECHNOLOGY (IT)

IT strategy

It is the Volkswagen Group's objective to become The Global Automotive Tech Driver. The field of IT plays an ever more important role in this, both in our vehicles and across the Company, and in opening up new business models.

Digitalized supply chains, automated and AI-optimized processes in all of the Company's business areas, data-driven management of the sustainability targets and a seamless integration of analogue and digital customer experience are all elements of this transformation.

The IT Board function has developed a strategy for Group-wide IT entitled Global IT++. In pursuit of the vision of One Strong Global Network, the strategy is to ensure clear and synchronous orientation, global networking, the sharing of knowledge, and mutual adaptability of the IT strategies of all brands and regions. The objective is to provide standardized cross-brand and cross-regional IT infrastructures, IT services, and IT solutions in appropriate bundles. This serves to reduce costs, utilize efficiencies, and leverage further potential for synergies. Distinctions are made and individual solutions provided only if specifically necessary or required under regulatory provisions.

The target dimensions of the strategy are to achieve a clear value contribution for the departments, to make an active contribution to the digitalization of the Company, to ensure that implementation is fast and adaptable, and to achieve cost efficiency. Long-term IT imperatives were defined to aid achievement of these targets. These focus on issues such as the transformation into a data- and AI-driven company, implementation of consistent infrastructure platforms across brands and regions, realization of a global, digital product landscape through a cross-brand, cross-regional cooperation model based on complementary skills, and operational excellence in implementation. We monitor the progress of implementation of the targeted measures through the annual Global IT TOP 10 program with agile half-yearly sprints that focus on business impact and speed in the One Strong Global Network. This IT network of Group departments, brands, regions and partner companies is known for pragmatic, cross-brand collaboration, transparent communication, and regular dialogue regarding efficient, worldwide staff deployment and avoidance of the duplication of work through synergies.

The measures for optimized data availability under the Global IT TOP 10 program forms the basis for up-to-date AI applications, thus generating the potential for Company-wide efficiencies. Systematic modularization plus the global rollout of large-scale IT programs helps to provide future-proof IT solutions, thereby driving the digitalization of all business areas locally and globally, for instance through the IT China strategy. The development and provision of digital products is to be accelerated through the introduction of the agile product organization. In this context, IT and the business areas work together in cross-functional teams with short development cycles to produce new digital products. We aim to ensure a uniform, strategic orientation by forging technical ties between the "IT" Board function and the chief information officers (CIOs) of the Core, Progressive and Sport Luxury brand groups and of Volkswagen Financial Services AG. This interface between technical and organizational aspects also facilitates the realization of synergies and further economies of scale. The systematic identification and Group-wide sharing of best practices – projects that have been successfully implemented at individual brands and companies – is aimed at enabling the

effective transfer of knowledge within the Company and generate greater speed and synergies, thus also reducing the need for funds.

The focus in the field of IT infrastructure is on further expanding and optimizing cooperation between the Group departments and brands. This course is consistently pursued. To this end, Group IT has a globally uniform structure across five operating platforms/domains (cloud, mainframe, high performance computing, on-premise and digital workplace (DWP)) and in the cross-functional services used in all brands and regions. In this context, we combine our shared resources in the brands and regions, and in the international companies of Global IT, for example in India. The advantages of global cooperation were highlighted in particular by the DWP platform in 2025.

Software development

The IT Board function is responsible for swiftly developing and introducing software and IT solutions for the Group based on the Group's needs. Part of this development work takes place in the Software Development Centers (SDC) around the world. The strategic goal is to safeguard and successively increase the proportion of in-house services relating to software products for critical business processes such as technical development. To this end, the international IT subsidiaries are to be systematically expanded, and new cooperation models are to be entered into with selected partners. This approach addresses the constantly growing need for software development within the Volkswagen Group. The gradual increase in in-house services is to reinforce governance and particularly to ensure the more efficient internal management and cost control of suppliers.

The optimization of processes and the definition of standards for software development remain at the forefront of our activities. Among other things, this entails international, data-driven management of activities in the SDC, strategic alignment of the business-critical enterprise systems and safeguarding intellectual property in the form of software product source codes. In addition, the use of artificial intelligence (AI) in connection with software development is a core component of the SDC's remit.

Use of Digitalization and AI

The Board of Management continuously monitors and supports the digital transformation. The Group Board of Management Committee for Digital Transformation addresses the digital transformation of business processes across the brands and business units. It manages the IT project portfolio and fosters digital cultural change, as well as innovations and synergies between the Group departments and brands. This makes it the highest decision-making body and key navigator in the Group's digital transformation.

The large-scale introduction of applications with AI into multiple business processes was accelerated in fiscal year 2025. The scope of application of AI within the Volkswagen Group is broad. The goal is to achieve tangible monetary savings (e.g. a reduction in process lead times through efficiency enhancements such as acceleration of the product development process), tangible improvements in product quality and the associated indirect cost savings (e.g. improved quality processes and thus also a reduction in ex gratia and warranty costs, and therefore in contracting no longer needed, such as translation and law firm costs), and ergonomic benefits for employees, through help in the use of systems.

AI is only of value to the Group where it delivers measurable benefits, whether through efficiency gains, quality improvements, or new business potential. The clear principle of economic relevance is therefore decisive for its use.

The Group Data & AI Strategy provides the strategic foundation for the scalable and responsible use of AI, the aim being to systematically advance data-driven innovation and leverage the added value of data and AI applications

across the Group for business purposes. This is also implemented in the Group TOP 10 program through the Data & AI action area.

One use case is the *Lastenheftassistent*, an AI-based tool for preparing technical specifications that assists departments with the precise, structured formulation of requirements for development services. The integration of generative AI helps to improve inputs, which are automatically checked against quality guidelines. This reduces the time spent on preparation and keeps sources of error to a minimum, thus yielding higher quality needing fewer alterations.

The Scorpion use case in the after-sales business shows how data-driven solutions can improve business performance in the long term. Scorpion analyzes sales and workshop data across all levels, from company headquarters to the importers, to the dealerships. The system is already being used in over 23 markets worldwide (including China, USA, Japan and Brazil). It facilitates a targeted customer approach, optimizes workshop visits and boosts sales revenue through smart campaign management. The results show significant increases in sales revenue and profits in the after-sales business.

Another forward-looking approach is the development of the large shape model (LSM), a generative AI model for 3D data. The LSM allows 3D objects to be automatically generated and edited from images, texts, or sketches, all in a matter of seconds. The technology, which is made available across the Group in the form of a central platform (LSMaaS), supports multiple use cases in design, engineering, production and marketing.

A further key factor in the success of AI in the Company are Group-wide information and training measures that provide training formats targeted at a variety of job profiles and skill levels. In addition, specific event formats created for specialist groups and internal experts promote the cross-brand and cross-domain transfer of knowledge on topics related to data and AI within the Volkswagen Group. The Group Skill Hub, for instance, is an internal system for continuously reviewing, adapting and expanding role-based skills, including the application of AI technologies in a professional context.

The systematic, responsible use of AI also requires efficient data management. Together with Group Data & AI Governance, the Group Data & AI Platforms & Enablers team of experts is jointly fashioning the cultural and technological transformation into a data architecture viable for the future. Here, the goal is the purposeful (re-)use of data for the consistent integration of AI into the Group's end-to-end processes.

IT Security

Safeguarding data and information throughout the Volkswagen Group worldwide is one of the main tasks of IT and has top priority. Strategic measures continued to be implemented under the Group Information Security Program in fiscal year 2025. The objective of the program is to create uniform processes and solutions across the Group to further enhance information security. The findings and solutions are being implemented within the Group. The main focus is on topics that could one day pose information security risks for the Group and that need to be specially safeguarded as part of the Group's digital transformation strategy. The content and orientation of the program is reviewed annually and updated if necessary.

The Volkswagen Group requires its suppliers to have passed TISAX (Trusted Information Security Assessment Exchange) certification. This sends out a signal regarding the security of cross-company information and data. Key information security processes at Volkswagen are also TISAX-certified. TISAX certification is an assessment method developed by the German Association of the Automotive Industry and is based on the international industry standard and the requirements of the automotive world. The aim is for sensitive data and information to be processed securely by our suppliers.

The task of automotive cybersecurity is to prevent and avert cyberattacks on our vehicles and on the digital vehicle ecosystem, responsibility for which lies with IT Security. We have implemented a Group policy based on the legal

requirements of UNECE Regulation No. 155 (UNECE R155) and have derived a brand-specific organizational guideline, taking the organizational circumstances into account.

To protect our customers' data against cyberattacks, and to implement our solutions in conformity with national and international legislation, we have established integrated, cross-brand, cross-regional management systems for information and cybersecurity. The cybersecurity management system required by UNECE R155 received its first certification in 2021, has undergone annual surveillance audits since then and was recertified by the KBA in 2025.

Key centralized information security processes have been audited and certified in line with the international ISO 27001 framework. This is the most important cross-sectoral standard for information security and is our basis for building an appropriate information security management system for handling all sensitive information in the Group. This system is being gradually expanded. It is audited annually and recertified at the required intervals.

In recent years, the introduction of the data protection management system and the data protection management organization has established the infrastructure for implementing and complying with data protection requirements at Volkswagen AG in the long term. A high level of attention is needed to ensure ongoing compliance with data protection requirements in view of the increasing digitalization and interconnectedness of business processes, new legislative initiatives with data protection relevance, and the sharp rise in the extent of international data protection legislation. Our activities in this respect are focused on continuously raising awareness among the workforce and further automating processes, for example through the use of artificial intelligence.

REPORT ON POST BALANCE SHEET DATE EVENTS

There were no significant events after the end of fiscal year 2025.

Report on Expected Developments

In 2026, the global economy is expected to grow at a similar pace to in the reporting year. Global demand for passenger cars will probably vary from region to region and will be on a level with the previous year.

In the following, we describe the expected development of the Volkswagen Group and the general framework for its business activities. Risks and opportunities that could represent a departure from the forecast trends are presented in the Report on Risks and Opportunities.

Our assumptions regarding external factors are based on current estimates by third-party institutions. These include economic research institutes, banks, international organizations and consulting firms.

DEVELOPMENTS IN THE GLOBAL ECONOMY

Our planning is based on the assumption that global economic output will grow overall in 2026 at a similar pace to 2025. Falling inflation in major economic regions and the gradual easing of monetary policy as a result are expected to boost consumer demand. We continue to see risks in the increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial, energy and commodity markets, and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are constraining growth prospects; risks stem in particular from the Russia-Ukraine conflict and the confrontations in the Middle East, as well as from growing uncertainties regarding the economic policy stance of the USA and the global increase of geoeconomic measures which could further exacerbate geopolitical tensions. We anticipate that advanced economies will maintain, on average, a momentum comparable to that of the reporting year, while the group of emerging markets is expected to exhibit somewhat softer dynamics.

We also foresee the global economy continuing on a path of steady growth through 2030.

Europe/Other Markets

In Western Europe, we expect the economy to grow at a somewhat slower rate than in the reporting year, with a further decline in the average inflation rate, but we do not expect the European Central Bank (ECB) to make any further key interest rate cuts as a result.

We estimate that the pace of growth in Central Europe will pick up somewhat in 2026, with some countries seeing persistently high though less dynamic price increases than in the previous year. Economic output in Eastern Europe will probably continue to recover at a similar pace to the reporting year following the heavy slump in 2022 as a result of the Russia-Ukraine conflict.

Germany

We expect gross domestic product (GDP) to develop positively in Germany in 2026, with a somewhat higher growth rate than in the previous year. The German inflation rate is likely to decrease somewhat on average over the year, while the labor market situation is unlikely to improve much.

North America

We anticipate continued stable economic growth in the USA in 2026 and expect that, on average, inflation will remain at a similar level to the previous year. The US Federal Reserve is likely to implement further key rate cuts in the course of 2026. For Canada we expect a somewhat slower growth rate than in the previous year, while economic growth in Mexico will probably be somewhat higher than in the reporting year.

South America

The Brazilian economy will most likely record a positive rate of growth in 2026, although it will be somewhat lower than that of the reporting year. Argentina is expected to continue to show positive growth, probably also at a somewhat lower level.

Asia-Pacific

Chinese GDP is projected to grow at a relatively high level in 2026, albeit at a somewhat lower rate than in the previous year. India's economic growth will likely see slightly lower momentum than in the reporting year. Japan's economic output is also expected to grow compared with 2025, but at a somewhat slower pace.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will continue to increase. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Moreover, sudden new or intensified geopolitical tensions and conflicts could lead in particular to rising prices for materials and declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but generally stable overall in 2026. Overall, the global volume of new car sales is expected to be on a level with the previous year. We are forecasting growing demand for passenger cars worldwide in the period from 2027 to 2030.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, we expect the sales volume for 2026 to be on a level with the previous year's figure. For the years 2027 to 2030, we expect demand for light commercial vehicles to increase globally.

Europe/Other Markets

For 2026, we anticipate that the volume of new passenger car registrations in Western Europe will be on a level with the reporting year. For the major individual markets of Italy and the United Kingdom, we expect growth in 2026 to be at the prior-year level, with growth in France to be similar to the previous year. We estimate that the Spanish market will come in at slightly below the level recorded in the previous year.

For light commercial vehicles, we expect the volume of new registrations in Western Europe in 2026 to be slightly higher than in the previous year. Mixed development is anticipated in the major individual markets of France, the United Kingdom, Italy and Spain.

We expect a strong year-on-year increase in sales of passenger cars overall in markets in Central and Eastern Europe in 2026 – subject to the further development of the Russia-Ukraine conflict. We expect a mixed development in the major markets of this region.

Registrations of light commercial vehicles in the markets of Central and Eastern Europe in 2026 will probably noticeably exceed the prior-year figures – subject to the further development of the Russia-Ukraine conflict.

Germany

In the German passenger car market, we expect the volume of new registrations in 2026 to be at the prior-year level.

We anticipate that the number of registrations of light commercial vehicles in 2026 will be noticeably up on the figure recorded the previous year.

North America

The sales volume in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America overall and in the United States in 2026 is forecast to be slightly lower than the level seen in the previous year. Demand will probably remain highest predominantly for models in the SUV and pickup segments. We expect to see a strong decline in new registrations of all-electric vehicles due to a realignment of BEV subsidies at the federal level. In Canada, the number of vehicles sold is likely to be slightly lower than in the previous year. We also expect the volume of new registrations in Mexico to be slightly under the prior-year level.

South America

Owing to their dependence on demand for raw materials worldwide, the South American markets for passenger cars and light commercial vehicles are heavily influenced by developments in the global economy. We anticipate a slight increase overall in new registrations in the South American markets in 2026 compared with the previous year. The market volume in Brazil is expected to be noticeably higher than in 2025, while in Argentina it is projected to be slightly up on the prior year.

Asia-Pacific

The volume of new passenger car registrations in the Asia-Pacific region in 2026 will probably be in the range of the previous year. We estimate that the market volume in China will likewise be in the range of the 2025 figure. Plug-in hybrid models with long ranges are likely to be increasingly in demand. A weaker-than-expected economic recovery or intensifying geopolitical tensions may have adverse effects. In particular, the volatile trade dispute between China and the United States is likely to continue to weigh on business and consumer confidence, as long as there is no resolution in sight. We expect the Indian passenger car market to be at the same level as the previous year, while demand in Japan will probably slightly exceed the prior-year volume.

The volume of new registrations for light commercial vehicles in the Asia-Pacific region in 2026 will probably be on a level with the previous year's figure. We are expecting demand in the Chinese market to be in the range of the prior year. For India, we project that the volume in 2026 will be slightly higher than in the reporting year. In the Japanese market, we estimate that volumes will also be slightly higher year-on-year.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

For 2026, we expect that new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes will be on a level with the previous year in the markets that are relevant for the Volkswagen Group, with regional variations.

In the EU27+3 region, market development is expected to be slightly up on the previous year. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – we expect new registrations to be slightly above the level of the previous year. We anticipate a noticeable dip in demand in South America in 2026.

On average, we anticipate that demand in the relevant truck markets will remain at a steady level for the years 2027 to 2030.

A slight year-on-year decrease in demand is anticipated for 2026 in the bus markets relevant for the Volkswagen Group, whereby this will vary depending on the region. In the EU27+3 region, we expect demand to be noticeably

under the prior-year level. We forecast noticeable growth for the bus markets in North America for 2026. New registrations in South America are expected to be significantly lower than the prior-year figure in 2026.

Overall, we predict demand for buses to be steady on average across the relevant markets for the period from 2027 to 2030.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

We assume that automotive financial services will continue to prove highly important to global vehicle sales in 2026 in synergy with the development of the vehicle markets. We expect demand to rise in emerging markets where market penetration has so far been low. Regions with already established automotive financial services markets will probably see a continuation of the trend towards achieving mobility at the lowest possible total cost. The shift from financing to lease contracts that has begun in the European financial services business with individual customers will continue. Integrated end-to-end solutions, which include mobility-related service modules such as insurance and innovative packages of services, are likely to become ever more important. Additionally, we expect that demand will increase for new forms of mobility, such as rental and car subscription services. Dealers will remain important strategic partners. The seamless integration of financial services into the online vehicle offering will become increasingly important. We estimate that this trend will also persist in the years 2027 to 2030.

In the mid-sized and heavy commercial vehicles category, we are seeing robust demand for financial services products in the emerging markets. In these countries in particular, financing solutions support vehicle sales and are thus an essential component of the sales process. In the developed markets, we expect to see increased demand for telematics services and services aimed at reducing total cost of ownership in 2026. This trend is also expected to persist in the period 2027 to 2030.

EXCHANGE RATE TRENDS

For 2026, we expect the euro to appreciate against the US dollar and pound sterling. The Chinese renminbi, Brazilian real, Mexican peso and South African rand are expected to depreciate to varying degrees against the European single currency. Due to persistently high inflation in Argentina and Türkiye, strong depreciation is projected for the Argentinian peso and the Turkish lira.

We anticipate that the European single currency will be largely stable against the US dollar and the Mexican peso between 2027 and 2030. We assume that the euro will appreciate slightly against pound sterling on average and that the Brazilian real will depreciate on average. An average rate of appreciation is forecast for the Chinese renminbi and the South African rand for the years 2027 to 2030 compared with 2026. The comparative weakness of the Turkish lira and the Argentinian peso is set to continue. However, there is still a general event risk, defined as the risk arising from unforeseeable market developments.

INTEREST RATE TRENDS

Although almost all major western industrialized countries and many emerging markets made their key interest rate cuts in 2025, further changes in key interest rates in 2026 in the respective countries will depend firstly on further inflation developments and secondly on the scale of a possible economic downturn. Overall, we expect a somewhat lower interest rate level on average in 2026 compared to 2025.

We estimate that, on the whole, interest rates will persist at around this level between 2027 and 2030.

COMMODITY PRICE TRENDS

We expect the prices of many commodities to rise in 2026. Due to the exchange rate effect, price increases will not necessarily always be reflected in the measurement in euros.

We anticipate continued volatility in the commodity markets at higher prices in some cases for the period from 2027 to 2030. We expect significant price increases for battery materials and precious metals in particular.

MODEL INNOVATIONS IN 2026

The Core brand group will focus its model innovations in 2026 on launching entry-level models from the Volkswagen Group's new urban electric family based on the next evolutionary stage of the modular electric drive platform, the MEB+.

One of these is the ID. Polo from the Volkswagen Passenger Cars brand. Furthermore, the ID.3 will receive a refreshed interior and exterior in 2026. The new T-Roc will be available with an economical hybrid engine. In particular the new electric models developed and built in China for China, the ID. UNYX 07, ID. UNYX 08 and ID. ERA 9X, will be introduced to the market.

Škoda will debut the new all-electric Epiq SUV in 2026, also a member of the new urban electric family. The Škoda Peaq, a spacious fully electric seven-seater, will expand the portfolio. In the Indian market, new models from the Kushaq and Slavia series will round off the range of vehicles developed and produced locally.

CUPRA will launch the Raval in 2026 on the basis of the MEB+ platform. The Born will also be available with a refreshed interior and exterior.

The new Transporter from Volkswagen Commercial Vehicles will be launched in 2026 with a plug-in hybrid drivetrain, and further double cab variants will also be introduced. The Caddy and Multivan will be comprehensively overhauled.

Audi will be updating its electric model portfolio in 2026 with the market launch of the new Q4 e-tron and the Q4 Sportback e-tron. Another highlight will be the launch of the new Q7. The AUDI E7X, an all-electric premium SUV, will make its debut in China as the second model of the "AUDI" word brand.

Porsche will press ahead with electrification of its models in 2026 with the new Cayenne Electric and Cayenne Coupé Electric. Other derivatives, including the Macan GTS, will be added to the product range in the course of 2026.

Bentley plans to update the Flying Spur in 2026. In addition, it will be bringing out new versions of the Continental GT and Continental GT Convertible models, which have already been updated.

Ducati will bring the Panigale V4 R and the limited-edition Diavel V4 RS to market in 2026. The Monster V2 and Hypermotard V2 will also be launched. Adventurous bikers will welcome the addition of the Multistrada V4 RS, Multistrada V4 Rally and Desert X to the enduro portfolio.

The TRATON GROUP will forge ahead with e-mobility and autonomous driving in 2026, but will continue to take an open approach to technology in offering the products that customers want.

In early 2026, Scania will commence deliveries of the first trucks to be sold under the new Next Era brand, which are being developed and produced for the Chinese market in China. In addition, other vehicle series will be fitted out with the Super 11 engine.

MAN will launch additional engine variants based on the D30 engine for the various vehicle series on the market in 2026.

International will push the use of the Integrated Powertrain throughout a broad product portfolio.

Volkswagen Truck & Bus will expand its line-up of battery-electric vehicles and offer customers new solutions.

INVESTMENT AND FINANCIAL PLANNING

In order to inspire our customers worldwide with a strong product portfolio and an attractive range of services throughout the entire customer and product life cycle, we are pushing Volkswagen's transformation into a Global Automotive Tech Driver as part of the implementation of our Group strategy. In this context, we wish to unleash our full business potential by means of competitive technologies and by efficiently leveraging synergies within the Group.

Under our current planning for 2026, most of the capex (investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs) is earmarked for the production of electric vehicles and the associated battery technologies, electric toolkits and platforms as key components of the transformation taking place in the mobility industry.

Particularly against the backdrop of the delayed ramp-up of e-mobility and in view of evolving market conditions, we continue to keep the appeal of our conventional vehicles, toolkits and platforms firmly in our sights. This approach is also reflected in the strategic alignment of our investment planning, which continues to include investments in our portfolio of vehicles with conventional drive systems. We are aiming to achieve a balance between vehicles with all-electric, hybrid and conventional drivetrains to cater to the needs of our various customer groups.

The focus of our capex further extends to the digitalization of our products and sites, measures to cut carbon emissions and promote sustainable production processes, and the expansion of our presence in markets such as North America (with the Scout brand) and China, where we will also step up our activities at a local level.

In addition to capex, our investing activities also encompass additions to capitalized development costs. Like capex, these costs relate, among other things, to upfront expenditures for measures to update and electrify the model range, as well as for technologies of the future. They also include expenditure for the software architectures of the future, with a synergistic approach for use throughout the Group.

It is with this investment in our facilities and models, in the development of electrified drives and platforms, and in digitalization that we are laying the foundation for profitable, sustainable growth at Volkswagen with a view to safeguarding our future viability. The investment also includes commitments arising from decisions taken in previous fiscal years. We assume that the investment ratio in the Automotive Division will lie between 11% and 12% in 2026.

We aim to finance the investments in our Automotive Division from our own capital resources and expect cash flows from operating activities to exceed the Automotive Division's investment requirements. We expect net cash flow for 2026 to be between €3 billion and €6 billion. This particularly includes cash outflows for investments for the future. Net liquidity in the Automotive Division in 2026 is expected to be between €32 billion and €34 billion.

These plans are based on the Volkswagen Group's current structures.

Our equity-accounted joint ventures in China are not included in the figures above. For 2026, these joint ventures plan to invest in e-mobility, further optimization of the model portfolio, the development of new mobility solutions and digitalization (especially in software). The corresponding capex will probably exceed the level recorded in 2025 and be financed from the companies' own funds.

In the Financial Services Division, we are planning higher investment in 2026 than in the previous year. We expect the development of lease assets and of receivables from leasing, customer and dealer financing to lead to funds tied up in working capital, of which around half will be financed from gross cash flow. As is common in the sector, the remaining funding requirements will be met primarily through unsecured bonds on the money and capital markets, the issuing of asset-backed securities, customer deposits from the direct banking business, and through the use of international credit lines.

SUMMARY OF EXPECTED DEVELOPMENTS

Our planning is based on the assumption that global economic output will grow overall in 2026 at a similar pace to 2025. Declining inflation in key economic regions and the resulting gradual easing of monetary policy are expected to boost consumer demand. We continue to see risks in the increasing fragmentation of the global economy and protectionist tendencies, in turbulence in the financial, energy and commodity markets, as well as in structural deficits in individual countries. Growth prospects are also weighed down by continuing geopolitical tensions and conflicts; risks stem in particular from the Russia-Ukraine conflict, the confrontations in the Middle East, as well as growing uncertainties regarding the policy stance of the USA and the global increase of geoeconomic measures, which could further exacerbate geopolitical tensions. We anticipate that advanced economies will maintain, on average, a momentum comparable to that of the reporting year, while the group of emerging markets is expected to exhibit somewhat softer dynamics.

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will continue to increase. Crisis-related disruptions to the global supply chain and the resulting impact on vehicle availability may weigh on new registration volumes. Moreover, suddenly arising or intensifying geopolitical tensions and conflicts could in particular result in rising material prices and declining energy availability, and necessitate a reassessment of existing resource allocations.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but stable overall in 2026. Overall, global new vehicle sales volumes are expected to be on a level with the previous year. In Western Europe, we anticipate that the volume of new passenger car registrations in 2026 will also be on a level with the reporting year. For the German passenger car market, we also assume that the volume of new registrations in 2026 will be at the prior-year level. We anticipate a strong year-on-year increase in sales of passenger cars overall in markets in Central and Eastern Europe – subject to further developments in the Russia-Ukraine conflict. In the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America overall, as well as in the USA, sales volumes in 2026 are forecast to be slightly below the previous year's level. The number of new registrations in the South American markets in 2026 is projected to show a slight overall year-on-year increase. The passenger car markets in the Asia-Pacific region in 2026 are expected to be similar to the previous year.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, the sales volume for 2026 is likely to be on a level with the previous year.

For 2026, we expect new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes will be on a level with the previous year in the markets that are relevant for the Volkswagen Group, with regional variations. A slight year-on-year decrease in demand is anticipated for 2026 in the bus markets relevant for the Volkswagen Group, but this will vary depending on the region.

We assume that automotive financial services will continue to play an important role in global vehicle sales in 2026, in conjunction with the development of vehicle markets.

In a challenging market environment, we anticipate that the number of deliveries to customers of the Volkswagen Group in 2026 will be on a level with the previous year.

Challenges will arise in particular from the economic environment, uncertainties related to international trade restrictions and geopolitical tensions, intensifying competition, volatile commodity, energy and foreign exchange markets, as well as stricter emissions-related requirements.

The sales revenue of the Volkswagen Group is likely to develop within the range of 0% to +3% in 2026. The operating return on sales for the Group is projected to be between 4.0% and 5.5%. We assume that the investment ratio in the Automotive Division will lie between 11% and 12% in 2026. We expect net cash flow for 2026 to be between €3 billion and €6 billion. Net liquidity in the Automotive Division in 2026 is expected to range between €32 billion and €34 billion. We remain committed to continuing our robust financing and liquidity policy.

The forecast is based on the assumption that the current tariff situation in international trade will persist.

OVERVIEW OF KPI PROJECTIONS

in € billion	Actual 2025	Forecast for 2026
Deliveries to customers (in million units)	9.0	at prior-year-level
Volkswagen Group		
Sales revenue	321.9	0 to +3.0%
Operating return on sales (in %)	2.8	4.0 to 5.5
Operating result	8.9	in forecast range
Passenger Cars and Light Commercial Vehicles segment		
Sales revenue	244.5	0 to +3.0%
Operating return on sales (in %)	2.0	4.0 to 5.0
Operating result	5.0	in forecast range
Commercial Vehicles segment		
Sales revenue	42.5	-5.0 to +7.0%
Operating return on sales (in %)	5.7	5.0 to 7.0
Operating result	2.4	in forecast range
Financial Services Division		
Sales revenue	62.1	0 to +3.0%
Operating result	3.7	> 4
Automotive investment ratio (in %)	11.8	11 to 12
Net cash flow in the Automotive Division	6.4	3 to 6
Net liquidity in the Automotive Division	34.5	32 to 34

Report on Risks and Opportunities

(CONTAINS THE REPORT IN ACCORDANCE WITH SECTION 289(4) OF THE HGB)

Promptly identifying the risks and opportunities arising from our business activities and taking a forward-looking approach to managing them is crucial to our Company's long-term success. A comprehensive risk management system and an internal control system help the Volkswagen Group deal with risks in a responsible manner.

In this section, we first explain the objective and structure of the Volkswagen Group's Risk Management System (RMS) and the standardized Internal Control System (ICS) and describe these systems, also with regard to the financial reporting process. We then outline the main risks and opportunities arising from our business activities.

OBJECTIVE OF THE RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

Only by promptly identifying, accurately assessing and effectively and efficiently managing the risks and opportunities arising from our business activities can we ensure the Volkswagen Group's long-term success. The aim of the RMS and the ICS is to identify potential risks at an early stage so that suitable countermeasures can be taken to avert the threat of loss to the Company, and any risks that might jeopardize its continued existence can be ruled out.

Assessing the likelihood of occurrence and the extent of future events and developments is, by its nature, subject to uncertainty. We are therefore aware that even the best RMS cannot foresee all potential risks and even the best ICS can never completely prevent irregular acts.

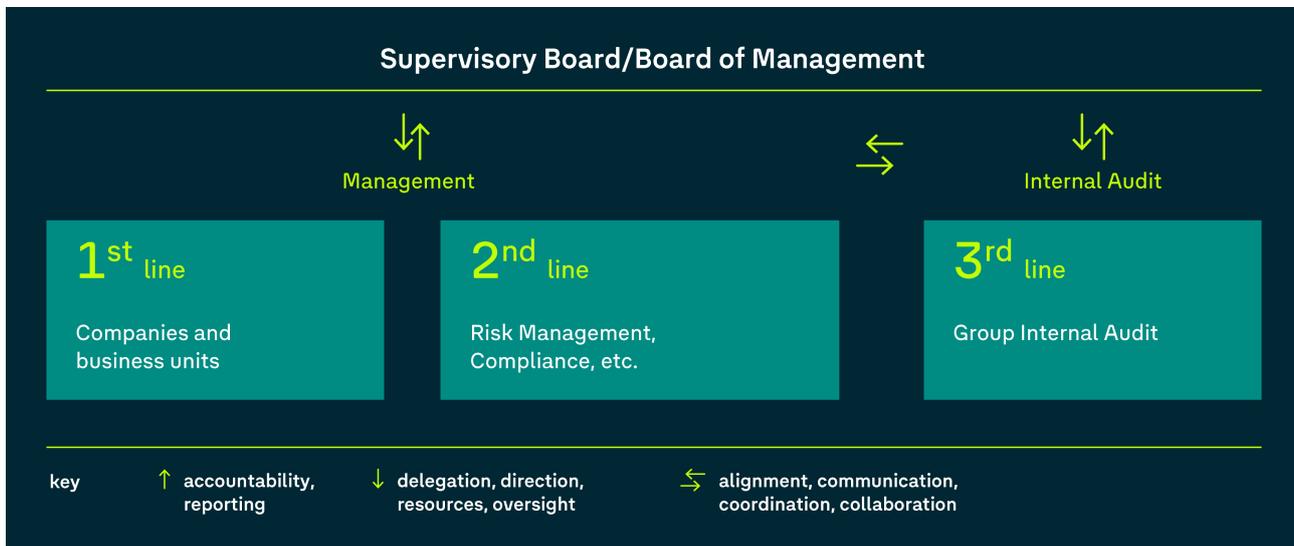
STRUCTURE OF THE RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

The organizational design of the Volkswagen Group's RMS and ICS is based on the internationally recognized COSO framework for enterprise risk management (COSO: Committee of Sponsoring Organizations of the Treadway Commission). The purpose of structuring the RMS/ICS in accordance with the COSO framework for enterprise risk management is so that potential risk areas are covered in full. Uniform Group principles are used as the basis for managing risks in a standardized manner. Opportunities are not recorded in the RMS processes.

Another key element of the RMS and ICS at Volkswagen is the Three Lines Model, which is required by, among other bodies, the European Confederation of Institutes of Internal Auditing (ECIIA). In line with this model, the Volkswagen Group's RMS and ICS have three lines designed to protect the Company from significant risks occurring.

The minimum requirements for the RMS and ICS, including the Three Lines Model, are set out in guidelines for the entire Group and are regularly reviewed and refined. In addition, regular training is offered on the RMS and ICS.

THE VOLKSWAGEN THREE LINES MODEL



A separate Group Board of Management Committee for Risk Management deals with the key aspects of the RMS and ICS every quarter. Its tasks are as follows:

- > to further increase transparency in relation to significant risks to the Group and the management thereof
- > to discuss specific issues where these constitute a significant risk to the Group
- > to make recommendations on the further development of the RMS and ICS
- > to support the open approach to dealing with risks and promote an open risk culture

First line: Operational risk management and ICS

The first line comprises the operational risk management and internal control systems at the individual Group companies and business units. The RMS and ICS are integral parts of the Volkswagen Group's structure and workflows. Events that may give rise to risk are identified and assessed locally in the divisions and at the Group companies. Countermeasures are introduced, the remaining potential impact is assessed, and, if necessary, the information is incorporated into the planning in a timely manner. Material risks are reported to the relevant committees on an ad hoc basis. The results of the operational risk management process are incorporated into planning and financial control on an ongoing basis. The targets agreed in the planning rounds are therefore continually reviewed in revolving planning updates. At the same time, the results of risk mitigation measures are promptly incorporated into the regular forecasts regarding further business development. This means that the Board of Management also has access to an overall picture of the current risk situation via the documented reporting channels during the year.

Second line: Group Risk Management and ICS

Each quarter, in addition to the ongoing operational risk management, the Group Risk Management department sends standardized surveys regarding the risk situation and the implementation of countermeasures – through the quarterly risk process (QRP) – to all Group brands and significant Group companies. The risks are identified and approved in a multiple-party verification process and then checked for plausibility by Group Risk Management.

CALCULATION OF THE RISK SCORE



A score is calculated for each risk by multiplying the likelihood of occurrence (Prob) by the potential extent of the damage. This enables comparison of the risks. The potential extent of the damage is calculated from the criteria of financial loss (Mat) and reputational damage (Rep) and the potential risk of non-compliance with external legal requirements (Req). A score of between zero and ten is assigned to each of these criteria. The measures taken to manage and control risk are taken into account in the risk assessment (net perspective).

The score for a likelihood of occurrence of more than 50% in the analysis period is classified as high; for a medium classification, the likelihood of occurrence is at least 25%. For the criterion of financial loss, the score rises in line with the loss; the highest score of 10 is reached when the potential loss is upwards of €1 billion. The criterion of reputational damage can have characteristics ranging from local erosion of confidence and loss of trust at the local level to loss of reputation at regional or international levels. The potential risk of non-compliance with external legal requirements is classified based on the potential impact on the local company, the brand or the Group.

In addition to strategic, operational and reporting risks, risks arising from potential compliance violations (compliance risks) and from sustainability issues (ESG) are also integrated into this process.

Volkswagen Financial Services AG and Volkswagen Financial Services Overseas AG have implemented their own RMS and ICS processes and regularly report to Group Risk Management on their current risk situation.

To review the Volkswagen Group's risk-bearing capacity, Group Risk Management uses the risk reports for a regular comparison of the aggregated risk situation and risk-bearing capacity. A simulation is used to check whether individual risks might become a going-concern risk if they are aggregated. There were no indications of insufficient risk-bearing capacity at the Volkswagen Group in the 2025 fiscal year.

Risk reporting to the committees of Volkswagen AG depends on materiality thresholds. Risks with a risk score of 40 or more or potential financial loss of €1 billion or more are presented quarterly to the Board of Management and the Audit Committee of the Supervisory Board of Volkswagen AG. In addition, the reporting includes all risks from the QRP with a risk score of 20 or more.

In addition, significant changes to the risk situation that can arise in the short term, for instance from unexpected external events, are reported to the Board of Management as required. This is necessary if the risk may lead to potential financial loss of €1 billion or more and the likelihood of occurrence is estimated at greater than 50% in the next 24 months.

In recent years, a standardized ICS to better protect against process risks has also been developed and put in place in significant companies. A risk-driven review of the companies to be included in the standardized ICS is per-

formed annually. The ICS thereby goes significantly beyond the requirements for the accounting-related ICS. In 26 catalogs of controls, the Group companies within its scope are presented with guidelines in respect of the process risks and control objectives to be covered to ensure that a standardized approach is taken to safeguard the value chain.

In addition to financial reporting issues, these catalogs address matters such as process risks in development or production, as well as in the areas of compliance and sustainability. The catalogs of controls are checked at regular intervals to verify that they are up to date and are regularly expanded.

Key controls to cover process risks and control objectives are also tested for their effectiveness; any significant weaknesses identified are reported to the responsible bodies at Volkswagen AG and resolved in the departments.

Like the QRP, the standardized ICS is supported by the RiskRadar IT system.

We regularly optimize the RMS and ICS as part of our continuous monitoring and improvement processes. In the process, we give equal consideration to both internal and external requirements. In addition to the RMS and the ICS, our Compliance Management System (CMS) is also subject to these control and adjustment mechanisms. External experts assist in the continuous enhancement of our RMS, ICS and CMS on a case-by-case basis.

Third line: Review by Group Internal Audit

Group Internal Audit helps the Board of Management to monitor the various divisions and corporate units within the Group. It regularly checks the risk early warning system and the structure and implementation of the RMS, ICS and CMS as part of its independent audit procedures. The audit plan adopted by the Board of Management includes the first and second lines, i.e. the risk-mitigating functions in addition to the operational units.

RISK EARLY WARNING SYSTEM

The requirements for a risk early warning system are met by means of the RMS and ICS elements described above (first and second line). The Company's risk situation is ascertained, assessed and documented and therefore also complies with legal requirements. Independently of this, the external auditors check both the processes and procedures implemented in this respect and the adequacy of the documentation on an annual basis. The plausibility and adequacy of the risk reports are examined via spot checks in detailed interviews with the divisions and companies concerned. The auditor examines the risk early warning system integrated into the risk management system with respect to its fundamental suitability to be able to identify risks at an early stage that might jeopardize the Company's continued existence and assesses the functionality of the risk early warning and monitoring system in accordance with section 317(4) of the HGB.

In addition, scheduled examinations are conducted as part of the audit of the annual financial statements at companies in the Financial Services Division. Volkswagen Financial Services AG as a financial holding company is subject to supervision by the European Central Bank, while Volkswagen Versicherung AG as an insurance undertaking is subject to supervision by the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – the German Federal Financial Supervisory Authority). As part of the scheduled supervisory process and unscheduled audits, the competent supervisory authority assesses whether the requirements, strategies, processes and mechanisms ensure solid risk management and solid risk coverage. Furthermore, the *Prüfungsverband deutscher Banken* (Auditing Association of German Banks) audits Volkswagen Bank GmbH – as part of Volkswagen Financial Services AG – at irregular intervals.

Volkswagen Financial Services Overseas AG also operates a risk early warning and management system. Its aim is to ensure that the locally applicable regulatory requirements are adhered to and at the same time to enable appropriate and effective risk management at Group level. Important components of it are regularly reviewed as part of the audit of the annual financial statements.

MONITORING THE EFFECTIVENESS OF THE RISK MANAGEMENT SYSTEM AND THE INTERNAL CONTROL SYSTEM

Reporting to the Board of Management and Supervisory Board of Volkswagen AG includes the results of the continuous monitoring and improvement of the RMS and ICS along with the evaluation of the Company-wide risk situation based on the QRP and the presentation of the results of the internal control process based on the standardized ICS and downstream control systems at individual brands.

On this basis, an overall conclusion is reached once a year at a Volkswagen AG Board of Management meeting on the adequacy and effectiveness of the Volkswagen Group's RMS and ICS. The Board of Management has received no information to indicate that our RMS or ICS as a whole were inadequate or ineffective in fiscal year 2025. Furthermore, the Board of Management of Volkswagen AG receives regular status updates on the CMS and the topics within the remit of the Group Integrity & Compliance organization – prevention of corruption, money laundering, embezzlement and breach of trust. Here, too, the Board of Management has received no information to indicate that our CMS as a whole was inadequate or ineffective.

Nevertheless, there are inherent limits to the effectiveness of any risk management, compliance management and internal control system. Even a system judged to be adequate and effective cannot, for example, ensure that all risks that actually occur will be identified in advance or that any process disruptions will be ruled out under all circumstances.

THE RISK MANAGEMENT AND INTEGRATED INTERNAL CONTROL SYSTEM IN THE CONTEXT OF THE FINANCIAL REPORTING PROCESS

The accounting-related part of the RMS and ICS that is relevant for the financial statements of Volkswagen AG and the Volkswagen Group as well as its subsidiaries comprises measures intended to ensure that the information required for the preparation of the financial statements of Volkswagen AG, the consolidated financial statements and the combined management report of the Volkswagen Group and Volkswagen AG is complete, accurate and transmitted in a timely manner. These measures are designed to minimize the risk of a material misstatement in the accounts and in external reporting.

Main features of the Risk Management and integrated Internal Control System in the context of the financial reporting process

The Volkswagen Group's accounting is essentially organized along decentralized lines. For the most part, accounting duties are performed by the consolidated companies themselves or entrusted to the Group's shared service centers. In principle, the financial statements of Volkswagen AG and its subsidiaries prepared in accordance with the IFRSs and the Volkswagen IFRS Accounting Manual are transmitted to the Group in encrypted form. A standard market product is used for encryption.

The aim of the Volkswagen IFRS Accounting Manual, which has been prepared taking into consideration external expert opinions, is to ensure the application and assessment of uniform accounting policies based on the requirements applicable to the parent. In particular, it includes more detailed guidance on the application of legal requirements and industry-specific issues. Components of the Group companies' reporting packages that are necessary to prepare the consolidated financial statements are also set out in detail there, and requirements have been established for the presentation and settlement of intragroup transactions and the balance reconciliation process that is based on these.

Control activities at Group level include analyzing and, if necessary, adjusting the data reported in the financial statements presented by the subsidiaries, also taking into account the reports submitted by the auditors and the outcome of the meetings on the financial statements with representatives of the individual companies. These discussions address both the plausibility of the separate financial statements and specific significant issues at the subsidiaries. Alongside plausibility checks, other control mechanisms applied during the preparation of the separate and

consolidated financial statements of Volkswagen AG include the clear delineation of areas of responsibility and the application of the "four eyes" principle.

The effectiveness of the internal control system in the context of the accounting process is systematically assessed in significant companies as part of the standardized ICS. This begins with a risk analysis and definition of controls with the aim of identifying significant risks for the financial reporting process. Regular tests based on random samples are performed to evaluate the effectiveness of the controls. These form the basis for a self-evaluation of whether the controls are appropriately designed and effective.

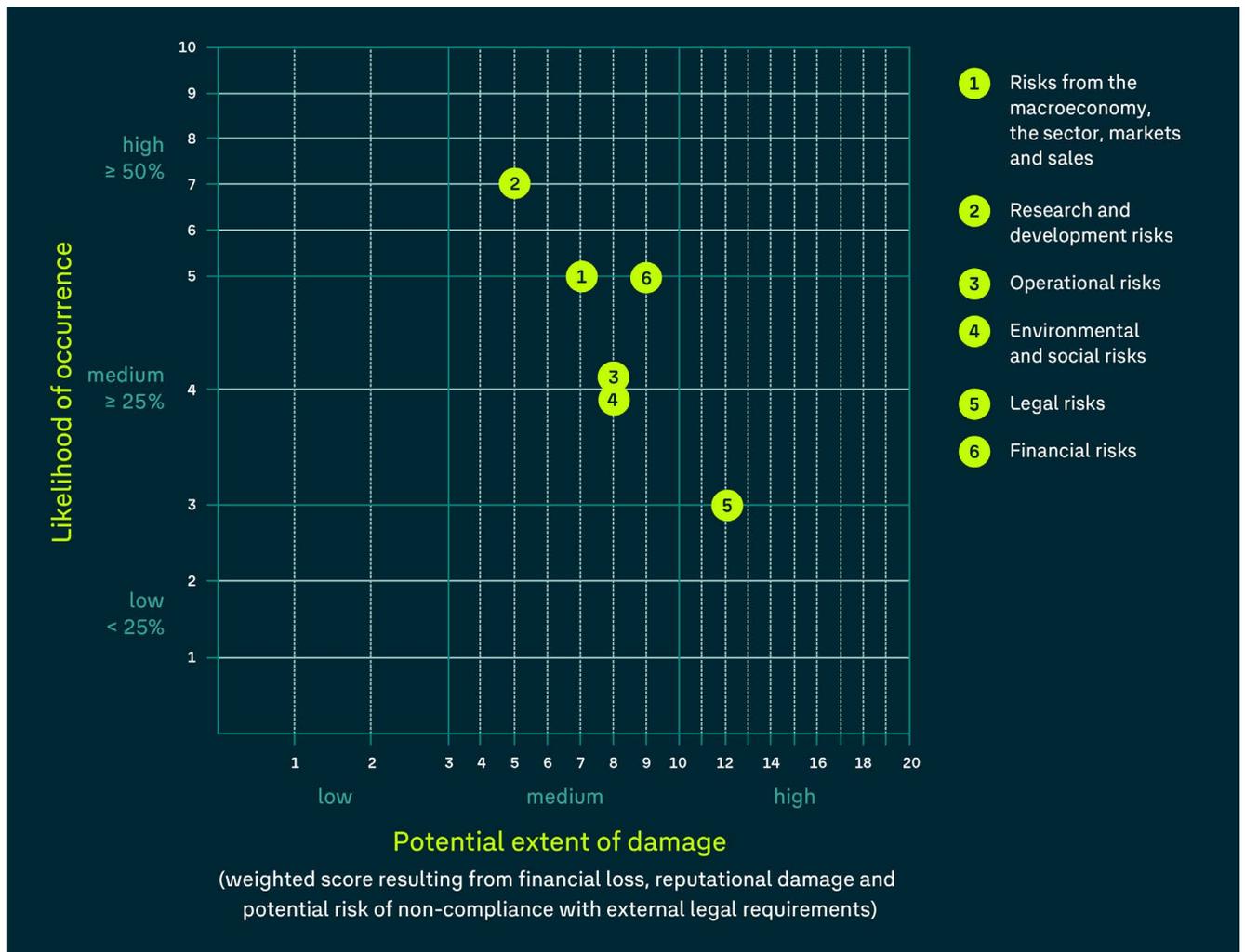
The combined management report of the Volkswagen Group and Volkswagen AG is prepared – in accordance with the applicable requirements and regulations – centrally but with the involvement of and in consultation with the Group units and companies. Specific systems are used for data collection in the Group departments.

In addition, the accounting-related internal control system is independently reviewed by Group Internal Audit in Germany and abroad.

Integrated consolidation and planning system

The Financial Accounting Controlling Tax System (FACTS) enables the Volkswagen Group to consolidate and analyze both Financial Reporting's backward-looking data and Controlling's forward-looking data. FACTS offers centralized master data management, uniform reporting, an authorization concept and the required flexibility with regard to changes to the legal environment, providing a technical platform that benefits Group Financial Reporting and Group Controlling in equal measure. To verify data consistency, FACTS has a multi-level validation system that primarily checks content plausibility between the balance sheet, the income statement and the notes.

AVERAGE SCORES OF THE RISK CATEGORIES



RISKS AND OPPORTUNITIES

In this section, we outline the main risks and opportunities arising in our business activities. In order to provide a better overview, we have grouped the risks and opportunities into categories as presented in the chart above and detailed further below. At the beginning of each risk category, we state the most significant risks in order of their importance as identified using the risk score from the QRP. We then describe the individual risks in no particular order. These individual risks, which are listed over and above the QRP, are generally inherent in nature and do not reach the materiality thresholds previously described. Unless explicitly mentioned, there were no material changes to the specific risks and opportunities compared with the previous year though the weighting of individual risks has changed.

Going forward, we aim to use a uniform risk formulation for the individual risks of the Report on Risks and Opportunities and the risk factors in our securities prospectuses; as such, we have harmonized the formulations in the reporting year. This approach reduces complexity and increases the comparability of both reporting formats.

The assessment of the Volkswagen Group's risk categories and the reports to the Board of Management include, among other things, all risks with a risk score of 20 or more reported to Group Risk Management by the units included

in the QRP. The risk categories are plotted on the graph based on the average scores. There were no risks reported for the "Risks from mergers & acquisitions and/or other strategic partnerships/investments" risk category with these scores.

We use analyses of the competition and the competitive environment in addition to market studies to identify not only risks but also opportunities that have a positive impact on the design of our products, the efficiency with which they are produced, their success in the market and our cost structure. Where they can be assessed, risks and opportunities that we expect to occur are already reflected in our medium-term planning and our forecast. Below, we therefore report on internal and external developments as risks and opportunities that, based on existing information, may result in a negative or positive deviation from our forecast or targets.

Risks and opportunities from the macroeconomy, the sector, markets and sales

For this risk category, the likelihood of occurrence is classified as high (previous year: high) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP arise from a negative influence on markets and unit sales driven among other factors by trade restrictions, increasing protectionist tendencies and intensifying competition.

Macroeconomic risks and opportunities

The demand for and sales volume of our products and services depends upon the general global economic situation.

Risks to the global economy and stability can arise from a global turn away from globalization and the increasing fragmentation of the global economy, volatilities in financial, energy and commodity markets and increasing geopolitical and geoeconomic tensions and conflicts as well as fundamental business cycles. Political uncertainty, primarily due to changed political priorities, protectionist measures, structural supply and demand deficits also pose a threat to the development of individual advanced economies, emerging markets and other regions. Economic growth and developments in advanced economies and emerging markets can also be directly or indirectly affected by regional and global conflicts. Relevant influencing factors include geopolitical confrontations such as the Russia-Ukraine conflict or the confrontations in the Middle East, security-related events such as terrorist attacks and cyber-attacks, health challenges due primarily to the spread of infectious diseases and structural changes such as demographic developments. The impact on economic developments can vary from region to region. Economies react differently to external influences depending on their structure, geopolitical situation and global interdependence. Distortions in the global economy, increasing volatilities in the financial, energy and commodity markets and increasing migration movements can be possible consequences. In addition, individual markets may show higher price sensitivity, which are attributable to changed supply and demand conditions as well as increased uncertainties. Changes in monetary policy, structural deficits or high levels of public and private debt can also adversely affect economic growth.

Stagnating economic growth or economic downturns or disruptions, especially in countries and regions with high economic relevance to the global supply chain and interdependence, such as the US and China, can have a direct impact on the global economy and thus pose a significant risk to our business, and lead to, among other things, intensified price competition, rising inventories, increase in tied-up capital and excess capacity in production.

Rising protectionist tendencies in any of our key markets, the introduction or extension of tariff and non-tariff barriers, minimum content requirements or other similar measures as well as the withdrawal from existing free trade agreements, may exacerbate the above-described macroeconomic risks. Direct or indirect trade tensions between the US, Canada, Mexico, the EU and/or China, a reorientation of the economic policies of countries that represent our key markets, for example as part of an effort to strengthen their domestic businesses or manufacturing bases, have

had and could continue to have adverse effects on us. In particular, we are exposed to the potential intensification of ongoing trade disputes as a result of, among other things, existing, as well as abruptly introduced, trade tariffs imposed by the US and retaliatory measures by other countries. Trade disputes, tariff volatility and uncertainty and other geoeconomic pressures, such as sanctions, trade restrictions, investment controls or currency interventions, expose us to unpredictable costs, supply chain disruptions and compliance challenges. Such measures have in the past and could in the future target specific sectors and products, including the automotive sector. Existing and prospective US tariffs and non-tariff barriers adversely impact US sales of vehicles produced by us in other jurisdictions, including Europe.

Any future potential armed international conflict or any escalation in tensions in our key markets, such as the US and China or a direct confrontation of foreign powers with NATO member states, should they occur, are likely to have a significant adverse effect on the Volkswagen Group.

Overall, we expect the global economy to grow in 2026. However, primarily due to the risk factors mentioned, as well as cyclical and structural aspects, a slump in global economic growth or a period of below-average growth rates is also possible.

The macroeconomic environment could also present opportunities for the Volkswagen Group if actual developments turn out to be more positive than expected.

Competition in the Automotive Industry

We operate in highly competitive global automotive markets and we anticipate that this competition will continue to intensify, resulting in sustained pricing pressure and an increased use of sales incentives by market participants.

The automotive industry will continue to undergo significant transformation in the coming years due primarily to ongoing vehicle electrification, digitalization and new technologies. The competitive environment is increasingly shaped by new business models (e.g., Mobility as a Service, Transportation as a Service, car sharing), products (e.g., autonomous driving) and new market participants. For the Volkswagen Group, as a provider of both volume and premium models, the heightened competitive intensity and resulting price pressure represent a risk.

Competitive pressure may arise from the market entry of new manufacturers – particularly from China, the United States, or India – an expansion of production by established manufacturers, or government regulations. This will particularly affect automotive markets in Western Europe, the United States, China, Brazil and India. Competitors may also increasingly seek to serve the Western European market with spare production capacity or new product offerings tailored to European consumers.

Exposure to key markets

A significant percentage of vehicle sales of the Volkswagen Group is attributable to our key markets such as Western Europe, particularly in Germany, and China and we are exposed to risks stemming from deteriorations in economic conditions and financial markets in these regions, which have led to declines in demand in the past and could do so again in the future.

A sustained decrease in demand for our products and services in our key markets, or intensified competitive pressure, has required us to adjust production capacity in these regions and may continue to do so. This could lead to additional costs, one-off expenses, or otherwise reduced profitability.

Our future growth plans significantly also depend on the market development in China. The highly competitive Chinese market environment continued to negatively impact our deliveries in 2025. China's automotive market is fiercely contested, with numerous domestic and foreign manufacturers seeking to maintain or grow market share

through tactical measures. Competition is especially intense in the battery electric vehicle segment. Many Chinese customers currently also prefer domestic manufacturers due to their more locally customized digital service offerings.

An economic slowdown or new, adverse government measures – such as ending subsidies, the introduction of or increase in trade duties, or introducing quota regulations for New Energy Vehicles (e.g., battery electric vehicles and plug-in hybrids) – could weaken demand for automobiles. Additionally, restrictions on vehicle registrations in metropolitan areas such as Beijing, Shanghai and Guangzhou could be extended to other major cities, impacting our deliveries in China.

A sharp decline in demand for vehicles in our key markets – caused by changes in customer behavior, price adjustments, changes in investment activity or economic conditions, intensified competition or political and armed conflicts – would have a particularly strong impact on our earnings, including those of our financial services business.

Growth potential in key markets of Volkswagen Group

The Volkswagen Group embraces growing international competition, including from China, and views it as an opportunity that benefits our customers.

To secure our market share and future success in existing and new markets, it is essential, that we are able to respond to changing customer preferences, especially regarding electric mobility. During this transformation phase, a flexible powertrain offering is essential, as regions worldwide are developing at different speeds. With our broad product portfolio we can meet demand: customers can choose between efficient combustion engines, fully electric models, or high-performance hybrid powertrains.

China

Vehicle demand in China is expected to continue rising in the coming years, driven by the ongoing need for individual mobility. This trend extends to the rapidly expanding e-mobility market, which is currently led by high-volume domestic manufacturers, among others. In addition, demand is expected to shift from major coastal metropolitan areas to the country's interior, accompanied by intensifying competitive pressure from local manufacturers. We are continuously expanding our product portfolio with models specifically developed for this market, aiming to participate in the opportunities this market offers – particularly with regard to e-mobility. To this intend, we are increasingly entering into partnerships to better meet regional customer requirements.

USA

In the US market, the share of light trucks - particularly SUVs and pickups - is expected to continue to increase slightly in the coming years. Overall, as in other markets, the electrification of mobility is strongly influenced by government incentives and regulatory requirements for fleet emissions and fuel consumption. However, changes in government administrations can repeatedly lead to policy shifts.

Under the current administration, for example, there is a significant rollback at the federal level of government purchase incentives for electrified vehicles, as well as the elimination of fuel efficiency standards. A substantial relaxation – or even complete removal – of CO₂ emissions requirements is being pursued.

Volkswagen Group of America is consistently pursuing its strategy to establish itself as a full-scale volume supplier and expanding its market share. The expansion of local production capacity – including electric vehicle manufacturing since 2022 – enables the Volkswagen Group to better serve the North American market. We are also actively developing additional products tailored to US consumer preferences, including a full-size pick-up and a robust SUV, to capture the electric and hybrid vehicle market with the US brand Scout.

Risks in our growth markets

In addition to our performance in our key markets, our commercial success depends on our own and our competitors' efforts in growth markets in Asia, North America, South America and Central and Eastern Europe. We already have a strong presence in numerous established and emerging markets or are pursuing to increase market share.

We have made substantial investments in these growth markets and intend to continue doing so. However, prevailing conditions in these markets could make it more difficult to increase sales volumes. Examples include requirements regarding the share of local production, minimum requirements for homologation and vehicle registrations, import restrictions such as potential bans on certain foreign components and software solutions, as well as other trade barriers, which currently represent a potential challenge in the United States. As a result, it could not be possible to achieve a return on investment in these markets at all or only later than planned.

Several competitors, particularly larger Asian manufacturers, are expanding their production capacities in these markets to meet local demand. Asian - especially Chinese and Indian - manufacturers are increasingly exporting to emerging regions outside their home markets. This further intensifies competitive pressure on the products and services of the Volkswagen Group.

Opportunities in our growth markets

India

India represents a significant future market for us, with demand for new vehicles expected to rise in the coming years, partly as a result of demographic changes. The Volkswagen Group has consolidated its operations in India and offers a range of models tailored to local customer preferences, including the Virtus and Taigun from the Volkswagen Passenger Cars brand, as well as the Škoda Kushaq, Slavia and Kylaq.

Brazil

In Brazil, the demand for individual mobility and demand are expected to increase slightly in the coming years, particularly in the low-price, small-vehicle segments. Given the presence of trade barriers, local production remains a key factor for competitiveness. To strengthen our competitive position in Brazil, we offer vehicles specifically designed for this market and produced locally, such as Polo and Polo Track, T-Cross, Saveiro, Nivus or the new Tera.

Local content requirements

Local content requirements may expose us to compliance risks, competitive disadvantages and investment uncertainty.

Certain governments are implementing, or have proposed, regulations requiring that a specified portion of a vehicle's components, subcomponents (such as semiconductors) or value be sourced or manufactured domestically or regulations imposing restrictions on the use of components and/or subcomponents imported from specific countries. Compliance with these requirements is often a prerequisite for vehicle homologation, registration, participation in public procurement processes or access to government incentives, subsidies, or tax benefits.

Local content requirements add complexity to our supply chain management, thereby increasing the risk of supply chain disruptions. We may be urged to engage with a restricted pool of local suppliers, some of whom may face challenges such as meeting competitive pricing, which potentially results in increased production costs and reduced competitiveness relative to established domestic manufacturers.

In addition, compliance with such regulations as a matter of course for us may lead to higher operational costs. On the other hand we are exposed to the risk of penalties for non-compliance. Local content mandates can also trigger trade tensions and retaliatory measures under international agreements, while frequent changes or lack of clarity in

these regulations may create investment uncertainty and impede effective long-term business planning for us and also our suppliers.

On the other hand, local content quotas offer opportunities, for example to develop alternative sources of supply more quickly.

Customer demand

A decline in purchasing power could significantly affect our business.

Lower disposable income or weakened financial conditions among consumers typically result in reduced vehicle sales. A decline in purchasing power can be caused by increasing unemployment levels, rising inflation and interest rates and similar adverse economic developments. Other factors negatively impacting demand include financing costs, customer dissatisfaction with existing vehicles and shifts in mobility trends or infrastructure, such as increased car sharing and transportation services.

Changes in consumer sentiment or media coverage of the global economy and financial markets – including shifts in unemployment, inflation, interest rates, income and personal wealth – may lead to declines in demand for automobiles that are not directly correlated with underlying macroeconomic factors. Concerns about the economy can deter potential customers, especially in saturated markets like Western Europe, from purchasing or leasing new vehicles and retain their current cars longer or lead them to opt for cheaper models.

The macroeconomic environment and consumer sentiment risks described above can also negatively affect used vehicle resale or the price levels in the used car market. This could have a negative impact on the profitability of the used car business in Volkswagen's dealer organization including Volkswagen's Financial Services Division.

The Volkswagen Group believes it is well positioned with its broad portfolio of products and drive systems, as well as its target-group-focused customer care and thereby insulated from the risk of default of individual fleet customers or markets. The consistently high market share in Europe shows that fleet customers have confidence in the Volkswagen Group.

Brand overlap

With our diverse brand portfolio, it can be difficult to clearly differentiate between the individual brands in the Volkswagen Group, especially where customer segments or product portfolios overlap. These overlaps can lose the distinctiveness of a brand and make it difficult for customers to differentiate between them. This brand convergence can trigger internal competition, which means that different Group brands may compete for the same customer base. This could lead to cannibalization and dilution of the respective brand value.

In addition, jurisdictional or regulatory constraints may occasionally limit brand deployment in certain markets. We are closely monitoring such developments and adapting our strategies accordingly to work towards planned and compliant market entry.

Enhancing brand differentiation and broadening brand perception require dedicated marketing initiatives and investments. Through targeted positioning strategies and the continuous refinement of our brand identities, we are actively working to strengthen the distinctiveness of each brand. While these efforts may involve higher marketing costs and repositioning expenses, they are designed to reinforce long-term brand equity and overall Group value.

Overall, the Volkswagen Group pursues a proactive approach to minimising the risks of brand overlap and securing a clearly structured brand architecture – thereby reinforcing the Group's long-term competitiveness and business resilience.

Corporate customers

The vehicle business with corporate customers is important to us, so we are also dependent on their economic situation and preferences.

Viewed over an extended period, the corporate customer business is more stable than the business with retail customers. Corporate customers need vehicles to travel, distribute their goods and services and visit their customers. They rely on cars, light commercial vehicles, trucks and buses for their daily work and in most cases, they provide a specific budget for the acquisition of the vehicles. By representing approximately half of our registrations in Europe during any given year, fleet registrations for passenger vehicles highlight the importance of these customers to the Volkswagen Group.

While the Volkswagen Group does not depend on any individual corporate customer, the segment is important, making us exposed to risks related to the economic health of these customers. Corporate demand for vehicles primarily depends on the financial health of these customers, their investment outlook and access to financing, satisfaction with existing products and evolving mobility trends and infrastructure. Economic downturns may cause corporate customers to delay or reduce vehicle purchases or leases, impacting our sales.

Furthermore, the corporate customer business is experiencing increasing concentration and internationalization, meaning that the loss of a relatively small number of corporate customers could still result in a significant decrease in vehicle sales.

Corporate customers tend to include CO₂ restrictions in relation to exhaust emissions into their company policies. There is a risk that corporate customers will reduce or eliminate purchases of our products if we are not able to offer products with sufficiently low exhaust emissions values. Additionally, corporate customers have been and continue to be increasingly interested in battery electric vehicles, new forms of mobility as well as mobile online services, as they seek to comply with fleet emission requirements as well as internal ESG policies. There is a risk that we could lose sales if our transformation towards e-mobility or other new mobility concepts does not proceed in a timely manner.

The Volkswagen Group believes it is well positioned through its extensive portfolio of products and drive systems, alongside customer care tailored to specific target groups. This approach mitigates the concentration of default risks among individual fleet customers or specific markets. The Volkswagen Group's consistently high market share in Europe demonstrates the continued confidence of fleet customers in its offerings.

Changing consumer preference

Changing consumer preferences with respect to the choice of modes of transportation could limit our ability to sell traditional product lines at current volume levels.

The size, performance and accessory features of our passenger cars and light commercial vehicles, as well as market-specific functions, have a direct impact on our profitability. For example, larger vehicles from higher-quality segments typically contribute more to operating results than smaller or lighter equipped vehicles or those of more affordable segments.

Rising demand for fuel-efficient vehicles such as hybrid and electric models requires smaller, more efficient engines that are comparatively costly and technically challenging to develop. Competitive market conditions have in the past and could in the future limit our ability to offset rising costs through pricing adjustments, potentially impacting our profitability. Furthermore, stagnating interest in hybrids and electric vehicles could negatively impact our carbon dioxide (CO₂) fleet balance, potentially resulting in higher costs to meet the CO₂ regulatory requirements set in certain jurisdictions.

Due to growing urbanization, we see a sustained shift in mobility patterns, with both private and commercial customers showing a growing inclination toward alternative transportation solutions over privately owned vehicles. A shift in consumer preferences or government policies away from motorized transport in urban areas or a broader

trend towards smaller vehicles and alternative drivetrains, could result in decreased demand for a portion, or all, of our vehicles.

We counter this risk by constantly developing new, fuel-efficient vehicles and alternative drive technologies, based on our drivetrain, fuel and mobility strategies.

Risks arising from government interventions

Demand for our products, in particular hybrid and electric vehicles, is driven to a certain extent by government, tax and other third-party and other environmental incentives promulgated, which may be reduced or terminated at any time.

Automotive markets globally are subject to risks arising from government interventions, including tax increases that curb private consumption, as well as from trade restrictions and protectionist measures – particularly those occurring in the United States and in the form of sanctions. Additionally, our business may be impacted by changes to or the introduction of new free trade agreements. Any amendments or increased restrictive conditions in such agreements could disadvantage us compared to competitors with production facilities in countries benefitting from such agreements. Furthermore, in this context there are prospective risks associated with the sale of electrified vehicles if minimum local content requirements under free trade agreements are not met. Moreover, our reliance on existing free trade provisions poses risks. The use of sales incentives could result in shifts in the timing of demand creating uneven sales.

Government sales incentives could target market segments which are not beneficial for us, potentially reducing our vehicles' appeal to customers. For example, due to political changes, governments may no longer target demand stimulus for electric and hybrid vehicles through direct incentives, tax and other third-party incentives either partially or at all, and may even adopt policies that have the effect of disfavoring electric and hybrid vehicles. Furthermore, governments may introduce other conditions or pre-requisites (e.g. transparency and supply chain due diligence, local content requirements, Diversity & Inclusion obligations) in order to qualify for such stimulus or incentives which we may not be able to comply with.

Further, special sales incentives and increased price pressures in the new car business also influence price levels in the used car market.

Commercial vehicle demand

Key factors for commercial vehicle customers are total cost of ownership, vehicle reliability and the service provided.

Commercial vehicle demand is highly sensitive to economic shifts, requiring manufacturers to adapt quickly to fluctuating transport needs and are capital-intensive goods, and customers may delay or reduce purchases during periods of economic or regulatory uncertainties. Production volumes for trucks and buses are lower than for passenger cars and their technical complexity is significantly higher, which increases manufacturing costs and operational challenges. This complexity might limit our ability to scale production efficiently in response to fluctuating demand. In addition, the capital-intensive nature of commercial vehicles makes inventory management and capacity planning more difficult, potentially leading to underutilized resources or supply chain inefficiencies.

Additionally, global freight delivery may shift from trucks to other modes, reducing demand for Group commercial vehicles.

We address the resulting risk of production fluctuations by a high degree of flexibility.

Research and development risks

For this risk category, the likelihood of occurrence is classified as high (previous year: high) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP result from the inability to develop products in line with demand and requirements, in particular with regard to software and the associated architecture, as well as e-mobility.

Risks arising from research and development

The automotive industry faces a process of transformation with far-reaching changes and our future business success depends on our ability to develop new, attractive and energy-efficient products, especially in view of e-mobility, software and digitalization trends.

The automotive industry has undergone and continues to undergo a fundamental transformation process as customers are increasingly focusing on lower fuel consumption and exhaust emissions as well as automotive digitalization of products and services. Our economic success and competitiveness depend on how swiftly we are able to tailor our portfolio of products and services to changing customer needs.

Due to the intensity of automotive competition and the pace of technological developments, we face potential risks in connection with our ability to timely recognize market trends as well as to develop and commercialize new products and services in line with demand and to improve existing products and services within shorter timeframes. Research and development focuses on alternative propulsion technologies, such as electric and hybrid systems, as well as Range-Extended Electric Vehicles. A key focus is also on Software Defined Vehicles (SDV) and their digital architecture components, including connected services, autonomous driving functions and AI (Artificial Intelligence)-supported applications.

Given our multinational presence, product research and development activities are required to adhere to stringent legal requirements applicable in the jurisdictions where we conduct business. Increasingly rigorous emission and fuel regulations – like China's C6 and Europe's Euro 7 – combined with complex and varied test procedures and cycles (such as WLTP) and homologation requirements, add to operational challenges. Such legislation is continuously evolving, becoming more specific across different jurisdictions which affects on our workflows and raises risks for our research and development.

Research and development of our complex products, software and services entails considerable risk, including uncertainties regarding the widespread adoption by consumers and available infrastructure for such products. These risks also include uncertainties regarding recognizing the market trends and achieving performance targets in timely fashion and in line with cost specifications while satisfying the quality standards and regulatory requirements. Furthermore, there are uncertainties regarding the level of investments required for achieving certain development milestones. For example, starting in 2027, all electric vehicles in North America are expected to use the "North American Charging System" network.

As the Volkswagen Group transitions from traditional automotive manufacturing to offering sustainable mobility solutions, our vehicles are moving from mainly mechanical systems to software-defined platforms. If we are not advanced enough in introducing these software platform concepts, this might result in reduced demand for our products and a decline in our market share. Successfully making this transition depends on building strong technological and organizational capabilities, including hiring skilled programmers and therefore creates personnel risks for the Volkswagen Group.

We are investing in e-mobility, battery technology and digitalization to expand our electric vehicle range. These initiatives involve significant risks, including regulatory uncertainty, government support, consumer adoption, charging

infrastructure, investment requirements, cybersecurity threats, supply chain constraints, and scaling production and organizational capabilities to meet market demand, which we may not be always be able to manage successfully.

Furthermore, research and development trends, along with global political conditions and requirements, may evolve in an unforeseen manner that does not align with our strategy.

We have in the past entered and, in the future, will continue to enter into significant cooperative arrangements to research and develop new technologies. Such investments, which can require significant resource commitments, have in the past not been and, might in the future not be successful and we might not achieve our objectives or targeted return on investment and might not be able to recoup or benefit from these arrangements. Our competitors may be able to develop better solutions and manufacture the resulting products more rapidly, in larger quantities, with a higher quality or at a lower cost which could result in decreased demand for our products and loss of our market share.

In the course of our research and development activities, we face a heightened risk of unintentionally infringing on third-party patents, which could lead to legal disputes, financial liabilities, or delays in bringing products to market.

To reduce this risk, we conduct thorough analyses of third-party industrial property rights, increasingly also in relation to communication technologies.

We conduct research such as trend analyses and customer surveys and examine the relevance of the results for our customers. We counter the risk that it may not be possible to develop modules, vehicles, or services – especially in relation to e-mobility, digitalization and software – within the specified time frame, to the required quality standards, or in line with cost specifications, by continuously and systematically monitoring the progress of all projects.

We regularly compare the results of all of these analyses with the respective project targets; in the event of any discrepancies, we introduce appropriate countermeasures. Our end-to-end project organization fosters cooperation across all of the departments involved in the process, ensuring that specific requirements are incorporated into the development process as early as possible and that their implementation is planned in good time.

Risks and opportunities from the modular strategy

In production of vehicles across our Group, we use, among other things, modular toolkits, that while allowing for flexible cross-brand utilization, entail a greater risk of production disruptions. We are continuously expanding our modular toolkits, focusing on future customer requirements, legal requirements and infrastructural requirements.

With higher volumes of vehicles produced using modular toolkits – such as the Modular Transverse Toolkit (MQB) for different vehicle dimensions, and the Modular Electric Drive Toolkit (MEB) and Premium Platform Electric (PPE) for electric drive vehicles – there is a greater risk that supply chain disruptions such as part shortages could affect a large part of our vehicle offerings. Furthermore, non-identified malfunctions or issues with these components or lack of prompt response after the identification thereof would impact a wider range of our brands' vehicles.

The MQB is an extremely flexible vehicle architecture that was created to allow conceptual dimensions – such as the wheelbase, track width, wheel size and seat position – to be harmonized throughout the Volkswagen Group and utilized flexibly. Other dimensions, for example the distance from the pedals to the middle of the front wheels, are always the same, ensuring a uniform system in the front end of the car. Thanks to the resulting synergies, we are able to reduce both development costs and the necessary one-time expenses, as well as manufacturing times. The toolkits also allow us to produce different models from different brands in varying quantities, using the same equipment in a single plant. This means that our capacities can be used with greater flexibility throughout the entire Volkswagen Group, enabling us to achieve efficiency gains.

We have also transferred this principle of standardization with maximum flexibility to the MEB and PPE concepts developed for all-electric drives. The synergies and efficiency gains offered by the modular toolkit strategy are enabling us to bring e-mobility into mass production worldwide with the MEB- and PPE-based vehicles. In future, we aim to reinforce these synergistic effects by combining the MEB and PPE in the Scalable Systems Platform (SSP).

Operational risks and opportunities

For this risk category, the likelihood of occurrence is classified as medium (previous year: high) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP lie particularly in our procurement markets and in the area of quality.

Supply chain risks

Our products and services depend on a complex global supply chain that we need to manage.

Our production depends on the quality of the parts, components, subcomponents, commodities and other materials, as well as reliable and timely delivery by suppliers.

The transformation of the automotive industry towards e-mobility adds further risks in our supply chain. The industry-wide transformation towards e-mobility and the associated restructuring of supply chains has in the past led and could in the future again lead to bottlenecks in supplies and price increases of certain critical materials (e.g. lithium, rhodium or cobalt) and subcomponents (e.g. semiconductors) that could limit us from scaling new technologies profitably. The technological transformation will require significant changes to our supply chain, as we increasingly source parts and supplies designed for new technologies, which also requires finding and developing constructive relationships with new suppliers. Such planned changes are usually challenging. We continuously analyze and assess trends in raw materials and demand on an interdisciplinary basis to enable steps to be taken at an early stage in the event of potential bottlenecks.

We generally source automotive parts and components from several suppliers, however, in some cases, we depend on one or a few suppliers for the delivery of certain parts, components, subcomponents and other materials and therefore face increased risks should the suppliers not fulfill delivery obligations. For example, supply risks arise particularly in the area of battery cell production due to the dependence of automotive manufacturers on a limited pool of suppliers, technological developments and the service life of battery cells. To counter these risks, the Volkswagen Group maintains multiple strategic supplier relationships while extending the scope of its own activities along the value chain, for example with regard to raw material extraction or cell production, at the same time.

Commodity risks can be partially mitigated through backward integration of the value chain. We use partnerships and long-term supply agreements with commodity suppliers, for example, to ensure the supply of the relevant material while also achieving competitive prices.

There is a risk that a potential supply breakdown may not be recognized early enough and that countermeasures may not be initiated in time to maintain adequate production levels.

A significant shortage of a key component within our supply chain or the supply of components that are not in accordance with our specifications has in the past disrupted, and may in the future disrupt our operations or increase our production costs if such components cannot be readily sourced from a different supplier within a reasonable timeframe. Suppliers have, on occasion, been unable to deliver components in a timely manner or in accordance with

agreed specifications. This may also occur in the future due to range of factors including production issues, limited availability of materials, shipping problems, restrictions on transactions with certain countries or companies, geopolitical tensions, natural disasters, escalation of hostilities and the increased frequency of climate-induced extreme weather events.

Financial distress of individuals in the supply chain, highlighted by the industry's transformation towards e-mobility, has resulted and may result in some of our suppliers experiencing financial distress or filing for insolvency which could lead to delivery bottlenecks and prices and cost increases. Suppliers are further challenged by surging commodity, energy and personnel costs, as well as increased financing expenses and tighter lending conditions, which constrain their ability to invest in new projects or expand capacity. Procurement employees specialized in restructuring and supply reliability constantly monitor the financial situation of our suppliers throughout the world, taking measures designed to counter the risk of possible supply disruptions.

The supplier risk management department in Procurement at the Volkswagen Group evaluates in particular the financial situation of suppliers, before they are entrusted with the implementation of projects. Procurement takes into account the recommendations of the supplier risk management department.

Additionally, if vehicle sales decline significantly across the automotive market, competition in the automotive industry will increase, potentially harming the financial stability of some of our suppliers.

Supply risks should be identified in Procurement by means of early warning systems, and task force and mitigation structures to reduce these risks. In addition, strategic measures are to be taken to avoid future impacts in the long term. Moreover, measures to counteract further risks include comprehensive safety and emergency response concepts such as fire prevention, property protection, hazardous goods management and task forces, and we take out corresponding insurance coverage where this makes economic sense.

Procurement costs and raw material risks

Prices of certain raw materials we require have been and continue to be highly volatile.

Increases in prices for commodities, raw materials, subcomponents, energy or other inputs as well as personnel costs that we and our suppliers use in manufacturing products, systems, components and parts, such as steel, precious metals, non-ferrous metals, critical minerals or other similar raw materials, or increases in logistics and related costs, have led and may continue to lead to higher production costs for parts, components, subcomponents and vehicles. More specifically, elevated cost, or reduced availability, of critical materials for our EV propulsion systems, including lithium, nickel, cobalt and certain rare earth metals, could lead to higher production costs for our EVs and could impede our ability to successfully deliver on our EV strategy.

Bottlenecks in the producing countries can lead to shortages of raw materials and energy or price fluctuations.

Trends in raw materials and demand are continuously analysed and assessed on an interdisciplinary basis to enable steps to be taken at an early stage in the event of potential bottlenecks.

Supply chain compliance

As a result of complexity of our supply chain we face social obligations and both we and our suppliers are required to adhere to a range of legal and human rights obligations globally. Failure to meet these requirements, by us or our suppliers, may result in significant fines, penalties, damages, or other materially adverse consequences.

Social or environmental issues may lead to financial costs, reputational harm, or supply instability. The complexity of our products and reliance on suppliers increase our risk if suppliers fail to meet human rights or environmental rights obligations. This risk is particularly significant when sourcing metals for electric vehicle batteries from countries with low sustainability standards and weak enforcement of labor and environmental laws. Compliance with such regulations has previously required, and may continue to require, us to allocate resources to the analysis of our

supply chain. Future legislation can also increase financial risks due primarily to fines, import restrictions or exclusion from public procurement tenders.

To address these risks, we conduct gap analyses to compare legal requirements with existing processes and develops measures to close identified gaps. In 2022, we implemented a Responsible Supply Chain Management System designed to identify, prevent and mitigate human rights, social and environmental risks throughout the supply chain. This system is based on risk analysis and includes both preventive and reactive standard measures as well as deep-dive measures, such as the Human Rights Focus System, the Raw Materials Due Diligence Management System, and collaboration with external partners to advance sustainability within the supply chain.

There is no assurance that our suppliers will always adhere to these standards or that we will always be able to identify and rectify any violations. A breach could result in supply shortages, delivery delays for affected vehicles, reputational harm and possible legal penalties.

Business interruptions

Unforeseen business interruptions to production facilities may lead to production bottlenecks or downtime, and deviations from planning in connection with large projects may hinder their realization.

We have numerous production facilities worldwide and rely on the international network of our suppliers. Both our production facilities and those of our suppliers may experience disruptions or interruptions in their operations.

Disruptions can be caused by external physical risks - such as extreme weather events like floods, droughts, severe storms and heatwaves, or the release of environmentally or health-hazardous substances. At several sites, the Volkswagen Group has already examined the specific exposure to climate hazards and has taken countermeasures. In the coming years, the effectiveness of these countermeasures will gradually be analyzed at additional production sites. The Group's own assets are secured with appropriate insurance policies. These policies are regularly reviewed and adapted to changing risk situations in collaboration with insurers.

Additional risks of interruption might arise from social and political changes, such as workforce availability, epidemics/pandemics, sabotage, or regulatory changes. These could cause operational issues that lead to regional, national, or international restrictions on our business activities or those of our suppliers, potentially resulting in reduced production output or temporary shutdowns at our sites. Countermeasures and precautions are implemented in line with risk management principles to mitigate each identified risk.

Disruptions to our operational capability may also result from the failure of critical infrastructure or from issues within the external part of the production network. The supply of electricity and other energy sources, water, components, services and stable data connections are necessary for uninterrupted production. The Volkswagen Group addresses these risks through measures to lower consumption and by increasing flexibility in the use of raw materials, provided this is economically viable. In addition, we prepare compensatory measures, such as an optimal allocation of resources, between locations that should reduce the economic effects of risks for the Volkswagen Group as a whole.

Furthermore, internal factors such as machine failures, system malfunctions, or human error can also affect production. Our comprehensive preventive maintenance concepts and emergency response concepts should prevent these failures or mitigate their impact.

Production capacity

We might not be able to adjust our production capacity sufficiently and in a timely manner in response to certain scenarios.

Fluctuations in overall or specific vehicle demand require regular adjustments to production capacity across our global facilities.

Excess capacity in global automotive production may result in increased inventories and tied-up capital, and, if demand for vehicles and parts declines, the Volkswagen Group may be forced to adjust capacities or intensify sales measures, presenting risks that could entail additional costs and increased pricing pressure.

Production capacity for each vehicle project is planned several years in advance based on expected sales developments. A significant change of demand for vehicles or their features could require adjustments to our production capacity. An unforeseen and prolonged decline in demand, resulting in excess capacity, might lead to restructuring measures or even site closures. Any inability to adapt production capacity adequately or in a timely manner might lead to inefficient utilization of our production resources. Overestimating demand could leave capacity unused, while underestimating might cause shortages and unmet customer needs. To mitigate this risk, an initial investment can be directed toward a defined minimum number of units, allowing the remaining planned units – or even additional units – to be financed flexibly as needed. Another option for preventive risk minimization is the use of the turntable concepts, in which the workload between production sites can be balanced.

If demand fluctuations exceed our organizational and technical flexibility, we or our suppliers might not be able to adjust production capacities in a timely and sufficient manner. This might result in higher overall costs. In addition, in certain scenarios we might not be able to adjust production capacity as planned for political, regulatory or legal reasons. Measures, such as the closing or relocation of production facilities, could lead to significant one-time costs.

The transition from conventional combustion engine vehicles to electric vehicles could lead to temporary capacity underutilization, particularly in cases where the transformation towards e-mobility occurs unevenly. The international production network enables us to respond flexibly at the sites and adjust capacity utilization between production facilities by means of turntable concepts.

Complex processes and technical systems associated with the variety of models and shorter product life cycles have contributed to an increased risk of production start delays for vehicles in recent years. We address this risk by drawing on the experience of past production starts and identifying weaknesses at an early stage to ensure – to the highest degree possible – that production volume targets and quality standards are met during the start of production of our vehicles throughout the Volkswagen Group.

Regulatory framework changes could impact production by temporarily narrowing the range of available products, which may concentrate demand on specific variants. Additionally, model variants that have not been registered could result in production interruptions. In such cases, until official registration is granted, production can be stabilized by producing and temporarily storing vehicles, including customer-specific vehicles. The resulting tied-up capital and the availability of storage areas are limiting factors.

Moreover, a slow outflow of completed vehicles might create a backlog, thereby restricting the number of production units. We counteract this risk through targeted measures, such as the short-term procurement of additional transport capacities or external storage capacities. Preventively, the risk is mitigated through the early contractual commitment of transport capacities.

Ability to maintain high quality

Our performance is, in part, dependent on complying with quality and safety standards such as safety and security for our employees, emissions or environmental standards, meeting customer expectations and maintaining our reputation for designing, building and selling safe, high-quality vehicles.

We aim to detect and resolve quality issues early in product development to prevent malfunctions and production delays. Due to the increasing use of modular components in our platform strategy, it is essential to quickly identify and rectify any malfunctions. If internally or externally sourced parts, components, or functions do not conform to our specifications, this may require additional time and cost to address, potentially resulting in violations of safety and other regulations, customer complaints, litigation, penalties, fines, waste disposal orders, and recalls, any of which could also adversely impact the Volkswagen Group's reputation. Additional challenges related to quality and safety arise in countries such as US, Brazil, India and China where we develop country specific-vehicles or rely on local suppliers and manufacturers due primarily to among others, local laws and regulations.

Failure to maintain effective quality management could lead to the loss of various certifications, which may in turn result in the withdrawal of type approval from certain authorities.

As part of system audits that include a conformity of production (CoP) component, we evaluate the compliance of series products at vehicle manufacturing facilities. Additional risks may arise from discrepancies detected during conformity of production assessments or in-service conformity (ISC) measurements.

Given the global nature of our business, these standards and expectations may vary across the markets in which we operate. In order to maintain high quality standards for our products and to comply with complex government-prescribed standards, we incur substantial costs for monitoring and quality assurance.

Failure to meet or adhere to required vehicle safety standards or applicable regulation or breach of applicable safety standards or regulation by our products or components or by components sourced from suppliers or by components or designs we supply to third parties could result in fines, penalties, other claims or liabilities. In such a case, we may be required to or voluntarily decide to recall vehicles years after a vehicle's sale. Product recalls may also harm our reputation, force us to halt the sale of certain vehicles and cause consumers to question the safety or reliability of our products. Further, failure to provide adequate support to the customer in the event of issues or during product maintenance could result in warranty and goodwill claims. Moreover, several countries have implemented special, and in some cases continuously new, regulations aimed at protecting customers in their interactions with vehicle manufacturers, which might increase our compliance costs.

Furthermore, with vehicles becoming more technically complex through greater connectivity and shared platforms and toolkit systems in use across brands, ensuring the quality of supplied parts and software is increasingly important.

Quality problems may necessitate technical measures involving a considerable financial outlay where costs cannot be passed on to the supplier or can only be passed on to a limited extent. While we strive to identify and rectify quality problems at an early stage during the development of our products, we face risks for delays to the start of production. As we are using an increasing number of modular components as part of our platform strategy, it is particularly important when malfunctions do occur to identify the cause quickly and eliminate the faults. Nonconformity of internally or externally sourced parts, components or functions may necessitate time-consuming and cost-intensive measures, leading to recalls and therefore damage to the Volkswagen Group's image.

We recognize appropriate provisions for warranty and goodwill cases. Nevertheless, it cannot be ruled out that recalls and field measures will lead to additional expenses.

Product quality significantly influences consumers' decision to purchase vehicles. Customers increasingly demand that we assume the costs of repairs even after the guarantee period has expired.

To meet our customers' expectations and minimize warranty and ex gratia repair costs, we are continuously optimizing the processes at our brands with which we can prevent potential quality issues. We have established quality processes so that the Volkswagen Group brands and their products fulfill all respective applicable requirements and local authorities receive timely notification of all issues requiring reporting. In this way, we reduce the risk of customer complaints or other negative consequences. For example, we have established the *Ausschuss Produkt sicherheit* (APS - Product Safety Committee) to assess and address product safety risks, with responsibilities and processes defined in Group policies and implemented by individual brands and companies. The APS investigates safety defects, legal compliance concerns and quality issues, and manages related authority inquiries, while the Car Security Board (CSB) supports on cybersecurity matters. Central departments handle incoming reports on APS and CSB topics, using a transparent management and tracking system to monitor cases through to APS decisions without employee involvement. Regular training and events are held to raise awareness of safety risks and legal compliance, and the APS process is subject to ongoing internal and external audits to ensure compliance and minimise risks in decision-making.

Furthermore, we constantly analyze the conditions specific to each market and adapt our quality requirements to their individual needs. We counter the local risks we identify by continuously developing measures and implementing them locally, thereby preventing quality defects in the supply chain from arising.

We counter the risk of losing various certifications by continuously training the Volkswagen Group's system auditors, while our quality management system and process quality undergo internal audits.

Additionally, we have established a system for monitoring the conformity of CoP and ISC measurements for manufactured vehicles. To achieve that the results of the emissions CoP and ISC measurements are analyzed systematically, we have implemented an IT system throughout the Volkswagen Group. This is used for status reporting and documenting the results of the series of measurements.

IT infrastructure risks and opportunities

Our ability to keep our business operating effectively depends on the functional and efficient operation of our information, data processing and telecommunications systems, including essential functional processes such as our vehicle design, manufacturing, inventory tracking, billing and payment systems, as well as other central information systems and applications, employee workstations and other information technology (IT) equipment.

These processes cannot be carried out without properly working IT systems and IT infrastructure. The IT infrastructure is adapted to existing requirements and future developments. In doing so, we also take into account the growing demands on data capacity. Our vehicles, processes and industrial facilities are becoming more computerized and increasingly connected to external cloud-based systems.

Our systems, infrastructure and applications along with the systems of our suppliers/service providers, may be vulnerable to damage, disruptions, or shutdowns caused by attacks from hackers and by artificial intelligence, computer viruses, or breaches due to errors or malfeasance by employees, contractors and others who have access

to these systems and applications or otherwise be subject to IT downtime or other interruptions. Further, software and hardware of some of Volkswagen's established IT systems might no longer be supported by their vendors, which could increase the difficulty of ensuring that they continue to operate properly and securely. Any such occurrence could compromise the operational integrity of these systems and applications and could result in data theft, loss of proprietary data, unauthorized access to, modification and extraction of sensitive electronic corporate, customer or employee data, interruptions or delays in our business operations, reputational damage, or damage to our financial performance and to our relationships with customers and suppliers, legal claims or initiation of legal proceedings, or regulatory sanctions as well as limited systems availability as a consequence of downtime.

New vehicle and software development requirements are also the focus of increasing cybersecurity guidelines and standards in the EU, the United States and China. Materialization of any of the IT risks such as unauthorized access to our IT systems, modification and extraction of our data or significant downtime of our IT system could negatively affect our brands and reputation.

We maintain high standards in data handling for both customers and employees, considering cyberattacks as a significant threat. Regulations such as UNECE R155 and data protection regulations guide our vehicle and software development, impacting IT systems and prompting interdisciplinary protection efforts supporting system security, transparency, autonomy and customer safety.

We manage IT risks by using state-of-the-art IT security technologies, defined incident response processes and strict access controls, including recurring identity checks and centralized administration. Backup strategies and system redundancies counteract data loss or service disruptions, informed by business impact analyses. Risks are regularly assessed and reported to top management, especially for critical systems and sensitive data.

An oversight committee, including Information Security, Data Protection, Legal Affairs and other stakeholders, manages information security and reports directly to the Board of Management. Technical measures are reinforced through employee training, awareness programs and crisis simulations. Our IT landscape is protected by state-of-the-art, market-standard technologies, with ongoing standardization and updates to ensure future readiness.

Continuously increasing automation enhances process reliability and the data quality within the process.

The further development and Group-wide use of IT governance processes, particularly the further standardization of the risk management process for IT and information security, also help to identify weaknesses at an early stage and to reduce or avoid risks effectively.

Another focus to reduce risks on IT infrastructure in the reporting year was the continuous advancement of Group-wide security measures to detect and respond cyberthreats. Artificial intelligence is playing an increasingly important role in this context.

In-vehicle IT systems risks

Any unauthorized control or manipulation of our in-vehicle systems could impact the safety of our customers and reduce confidence in our products.

Our vehicles contain increasingly complex IT systems controlling various vehicle functions including engine and battery, transmission, safety, steering, navigation, acceleration, braking and window and door lock functions. These in-vehicle systems could also be impacted by, or a cybersecurity incident might result from, the negligence or misconduct of insiders or third parties who have access to our networks and systems.

Hackers have in the past attempted, and may attempt in the future, to gain unauthorized access to modify, alter and use such systems to gain control of, or to change, vehicles' functionality, user interface and performance characteristics, or to gain access to data stored in or generated by the vehicle. These disruptions are likely to increase in terms of sophistication and frequency as the level of connectivity and autonomy in our vehicles increases as well as a result of the development of the cybercrime and -espionage sector.

We might rely on third parties for connectivity and automation technology and services, including for the collection of our customers' data. These third parties can unlawfully resell or otherwise misuse such information, or suffer data breaches.

A cybersecurity incident, unauthorized access to or control of our vehicles or their systems or any loss of data, or undiscovered software flaws or other malfunctions, could impact the safety of our customers or security of their private data, reduce confidence in our products, or result in legal claims or proceedings, liability or regulatory penalties.

The Volkswagen Group is continuously enhancing its Automotive Cyber Security Management Systems across all brands to better monitor and manage cyberattack risks. By harmonizing processes and sharing information, it shall be ensured that the Volkswagen Group can respond rapidly to incidents and prompt resolution of vulnerabilities. This integrated approach not only protects customers and products but also ensures compliance with UNECE cybersecurity regulations.

Reputation and brand image risks

The image of the Volkswagen Group and its brands is one of the most important assets and forms the basis for long-term business success. Our attitude and strategic orientation with regard to issues such as integrity, ethics and sustainability may face close public scrutiny. Issues in relation to misconduct or criminal acts by individuals and the resulting damage to our reputation can never be completely prevented. Media reactions could adversely affect the image of the Volkswagen Group and its brands. However, our transparent communication and effective crisis response strategies help mitigate the impact of negative media coverage.

Environmental and social risks

For this risk category, the likelihood of occurrence is classified as medium (previous year: medium) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP arise from non-fulfillment of CO₂-related requirements and transformation-related programs for the future.

Risks of employee relations

Our high fix cost base and the employment, legal and social environment may continue to put pressure on our market position compared to our competitors.

In the course of our business activities, we depend on recruiting highly qualified personnel at competitive cost levels and retaining them over the long term. A significant portion of our value creation is located in Europe. Especially in economies affected by demographic change, it may become increasingly difficult to find suitable personnel. Regulatory interventions may increase the cost of labor. An above-average rise in personnel expenses would impair our competitiveness.

Our competitors, particularly foreign companies operating under more flexible conditions, may pose a risk if they are able to realize a significantly lower cost base. For the majority of employees at Volkswagen, collective bargaining agreements apply, and freedom of association is ensured.

Our operations have in the past been, and may in the future be, affected and impacted by industrial actions. We may not be able to conclude new agreements before the end of the applicable peace obligation, or renegotiate existing agreements on terms and conditions that we consider to be reasonable.

We counter the risk that new collective bargaining agreements in Group companies are not compatible with our global cost targets by consistently monitoring the targets agreed between the parties of the collective bargaining agreement and with an internationally coordinated management of the collective bargaining negotiations taking place worldwide in the Volkswagen Group. In addition to the workforce reductions pursued in 2025, further measures to reduce personnel costs were agreed upon. Since the return to a single company collective agreement (*Haustarifvertrag*) at Volkswagen AG in 2024, the complexity of collective bargaining topics has been significantly reduced.

We employ a range of instruments to manage economic risks, market and competition changes, and shortages of supplied components, enabling us to remain flexible in personnel deployment while simultaneously offer job security even when faced with fluctuating order volumes. Time accounts, flexible shift models, extra shifts, closure days and legally regulated options such as *Kurzarbeit* (short-time working) as well as temporary workers are used.

Qualified personnel risks

Our success depends substantially on our ability to continue to attract qualified employees.

Limited availability of key employees due to changed market conditions, turnover, targeted recruiting by competitors or other employers, or due to age can result in a major loss of expertise. The industry is highly competitive for skilled professionals, especially in automotive, electrical engineering, chemistry, IT and R&D. If our staff lack the necessary skills, we might fail to meet our technological and digitalization goals.

We mitigate the risk of a lack of expertise by providing comprehensive training and development opportunities for all employees, with a particular focus on international locations to address technological and industry changes. To counter potential shortages of skilled specialists, especially in digitalization and IT, we align our recruitment tools, engage with talent early, and offer innovative training programs as well as cooperations with universities and business schools. We also enhance our attractiveness as an employer to secure talent in key fields. Additionally, we address risks from employee turnover and loss of expertise through targeted succession planning and training.

In addition, we use our global positioning to build competencies that are critical for the future in countries that are not characterized by talent shortages.

Environmental and other emission regulations

Our business operations worldwide are subject to comprehensive, onerous and constantly changing environmental regulatory and legal requirements that are not always homogeneous.

We are subject to numerous regulatory requirements on the national and international level. This relates to the protection of the environment, pollutant emissions and fuel consumption, health and safety as well as the use, handling and storage of various substances and also includes restrictions or prohibitions on the use of chemicals, heavy metals, biocidal products and volatile organic compounds emissions. They are subject to the manufacturing process and their use in our products, including the use of parts provided by suppliers, as well as in car-related infrastructure designed or built by the Volkswagen Group.

The various regulatory requirements we comply with are not always homogeneous, and we are subject to increasing governmental scrutiny and enforcement. This applies in particular to regulatory requirements for the protection of the environment, health and safety. For example, vehicles are particularly affected by regulatory requirements concerning fuel economy, CO₂ and other emission limits (such as NO_x), as well as tax regulations in relation to CO₂ or fuel consumption-based motor vehicle tax models. Different requirements of various countries prevent worldwide marketing of vehicles with the same specifications.

The costs of compliance with regulatory requirements are considerable, and such costs are likely to increase in the future.

In order to comply with emissions standards, we continuously tailor our range of vehicle model and drivetrain variants to the relevant thresholds in each market. These requirements may lead to higher costs and consequently to price increases and declines in volumes. We invest considerable resources in a product compliance management system. These measures aim to avert or minimize compliance risks.

Failure to comply with applicable regulations could lead to the imposition of penalties, fees, damages, recalls, restrictions on or revocations of our permits and licenses (including vehicle certifications or other authorizations that must be in place before a particular vehicle may be sold in the authorizing jurisdiction), restrictions on or prohibitions of business operations, reputational harm and other adverse consequences.

Regulatory risks

We are subject to governmental regulations in various jurisdictions.

Laws in various jurisdictions include occupant safety, environmental impact, sustainability-related disclosures (including environmental, social and governance issues), automobile design, manufacture, research and development, supply chain, marketing and after-sales services or measures undertaken to encourage customer loyalty to the vehicle and brand following sale, including vehicle recycling, vehicle registration and operation regulations and activities in the financial services sector. The breadth and complexity of the new requirements present implementation challenges.

Volkswagen maintains a selective distribution system. Within the European Union, dealers and service partners are selected – where permissible – by using qualitative and quantitative-qualitative criteria in accordance with the provisions of EU Regulations 461/2010 and 720/2022. The previously relevant EU Regulation 330/2010 was revised by the European Commission and replaced by the new, successor EU Regulation 720/2022, which entered into force on June 1, 2022. As things stand at present, this revised EU regulation does not require any changes to be made to the current distribution system of Volkswagen AG. However, Volkswagen AG is still required to observe the market situation and, if its market share ends up exceeding 40%, to review the quantitative-qualitative distribution system and adjust it as required. On April 17, 2023, with its Regulation (EU) 2023/822, the European Commission extended the block exemption for the vehicle sector (MVBBER – Regulation (EU) 461/2010) by another five years. The block exemption would have technically expired on May 31, 2023. However, in view of the aforementioned extension, the European Commission also issued Communication (EU) C/2023/2335 amending the "Supplementary guidelines on vertical restraints in agreements for the sale and repair of motor vehicles and for the distribution of spare parts for motor vehicles" that accompany Regulation (EU) No 461/2010 to allow for the environmental and digital transformation taking place in the vehicle sector. In the updated guidelines, the European Commission no longer focuses solely on "technical information", but refers in general terms only to "input", which, in addition to technical information, will in future include tools, training and vehicle-generated data. The guidelines also expressly clarify that if vehicle manufacturers unilaterally withhold a particular input, including vehicle-generated data, this may be considered abuse under Article 102 of the TFEU. Parallel to its obligation to provide data, Volkswagen AG is required to fulfill its obligation to comply with cybersecurity requirements. It is not yet possible to predict whether and to what extent Volkswagen AG will be affected by these types of claims from independent operators and what economic impact

these claims may have. Competition law requirements, including the Block Exemption Regulation 461/2010 and EU Regulations 2018/858 and 2021/1244, aim to ensure and promote effective competition in the motor vehicle aftermarket. Volkswagen AG, too, is exposed to this competitive pressure and associated risks with regard to its servicing and maintenance offering.

Lastly, recent changes to European (Directive 2024/2823 of October 23, 2024) and German design laws, including the introduction and EU-wide harmonization of the "repair clause", restrict design protection for spare parts used for the repair of complex products, such as car parts, might have an adverse effect on our genuine parts business.

The implementation of the Euro 7 Regulation (Regulation (EU) 2024/1257), which came into force in 2024, introduced stricter and extended requirements for vehicle emissions, including not only exhaust emissions but also emissions from tyre abrasion and brake particles. These enhanced standards will apply to new vehicle types from November 2026 and to all new vehicles from November 2027. As a result, manufacturers will face substantial increases in costs across their whole portfolio.

After the UK Financial Conduct Authority (FCA) banned all discretionary commission arrangements (DCAs) in the motor finance market in January 2021, the Supreme Court of the United Kingdom subsequently ruled that customers were being treated unfairly by motor finance providers charging high levels of commission, especially where these were not disclosed. In October 2025, the FCA published a consultation paper proposing an industry-wide redress scheme for motor finance customers. This seeks compensation for customers who entered into financing arrangements during a specific time frame if they suffered loss or damage due to the commission not being disclosed. The consultation is set to close at the end of March 2026. Depending on the final form of the redress scheme, Volkswagen Financial Services (UK) Ltd., Milton Keynes, could be significantly impacted, especially by payment obligations and also litigation in this connection.

A change in regulatory requirements is also expected in other jurisdictions. Complying with new regulatory requirements can incur significant costs.

Legal risks

For this risk category, the likelihood of occurrence is classified as medium (previous year: medium) and the potential extent of damage is classified as high (previous year: high).

The most significant risks from the QRP are associated with the diesel issue.

Litigation

Volkswagen AG and the companies in which it is directly or indirectly invested are involved in a substantial number of legal disputes and governmental proceedings in Germany and abroad. Such legal disputes and other proceedings occur, among other things, in connection with products and services or in relation to employees, public authorities, dealers, investors, customers, suppliers, or other contracting parties. For the companies in question, these disputes and proceedings may result in payments such as fines or in other obligations or consequences. In particular, substantial compensatory or punitive damages may have to be paid and cost-intensive measures may have to be implemented. In this context, specific estimation of the objectively likely consequences is often possible only to a very limited extent, if at all.

Various legal proceedings are pending worldwide in which customers are asserting purported product-related claims, either individually or in class actions. These claims are as a rule based on alleged vehicle defects, including defects alleged in vehicle parts supplied to the Volkswagen Group.

Compliance with legal or regulatory requirements is another area in which risks may arise. This is particularly true in gray areas where Volkswagen and the relevant public authorities may interpret the law differently.

In connection with their business activities, Volkswagen Group companies engage in constant dialogue with regulatory agencies, including the *Kraftfahrt-Bundesamt* (KBA – German Federal Motor Transport Authority). It is not possible to predict with assurance how government regulators will assess certain issues of fact and law in a particular situation. For this reason, the possibility that certain vehicle characteristics and/or type approval aspects may in particular ultimately be deemed deficient or impermissible cannot be ruled out. This is fundamentally a question of the regulatory agency's specific evaluation in a concrete situation.

A comparable challenge results from the tension between divergent national and international statutory or regulatory requirements regarding obligations to transfer information or documents, on the one hand, and privacy mandates under national and international data protection law on the other. Volkswagen is advised by outside law firms on these issues so as to preclude compliance violations as far as possible despite the sometimes unclear state of the law.

Litigation may furthermore result from demands for more extensive climate protection measures or from allegedly incomplete disclosures regarding the impact of climate change. The response of the Volkswagen Group to this risk includes, among other things, certification of its self-imposed decarbonization targets through independent and internationally respected organizations and systematic alignment of its non-financial reporting with the requirements of the law and the capital markets.

Risks may also result from actions for infringement of intellectual property, including infringement of patents, brands, or other third-party rights, particularly in Germany, before the Unified Patent Court and in the United States. If Volkswagen is alleged or determined to have violated third-party intellectual property rights, it may for instance have to pay damages, modify manufacturing processes, or redesign products, and may be barred from selling certain products; this may result in delivery and production restrictions or interruptions.

Criminal acts by individuals, which even the best compliance management system can never completely prevent, are another potential source of legal risks.

Appropriate insurance has been taken out to cover these risks where they were sufficiently definite and such coverage was economically sensible. Where necessary based on the information currently available, identified and correspondingly measurable risks have been reflected by recognizing provisions in amounts considered appropriate or disclosing contingent liabilities, as the case may be. As some risks cannot be assessed or can only be assessed to a limited extent, the possibility of material loss or damage not covered by the insured amounts or by provisions cannot be ruled out. This is, for instance, the case with regard to the legal risks assessed in connection with the diesel issue.

Unless otherwise explicitly stated, the amounts disclosed for the litigation being reported on refer only to the respective principal claim. Ancillary claims, such as for interest and litigation expense, are generally not considered.

Diesel issue

On September 18, 2015, the US Environmental Protection Agency (EPA) publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide (NO_x) emissions had been discovered in emissions tests on certain Volkswagen Group vehicles with 2.0 l diesel engines in the USA. In this context, Volkswagen AG announced that noticeable discrepancies between the figures recorded in testing and those measured in actual road use had been identified in type EA 189 diesel engines and that this engine type had been installed in roughly eleven million vehicles worldwide. On November 2, 2015, the EPA issued a "Notice of Violation" alleging that irregularities had also been discovered in the software installed in US vehicles with type V6 3.0 l diesel engines.

The so-called diesel issue is rooted in a modification of parts of the software of the relevant engine control units – which, according to Volkswagen AG's legal position, is only unlawful under US law – for the type EA 189 diesel engines that Volkswagen AG was developing at that time. This software function was developed and implemented from 2006 on without knowledge at the level of the Board of Management. Members of the Board of Management did not learn of the development and implementation of this software function until the summer of 2015.

There are furthermore no findings that, following the publication in May 2014 of the study by the International Council on Clean Transportation, an unlawful "defeat device" under US law was disclosed to the persons responsible for preparing the 2014 annual and consolidated financial statements as the cause of the high NO_x emissions in certain US vehicles with 2.0 l type EA 189 diesel engines. Rather, at the time the 2014 annual and consolidated financial statements were being prepared, the persons responsible for preparing these financial statements remained under the impression that the issue could be resolved with comparatively little expense. In the course of the summer of 2015, however, it became progressively apparent to individual members of Volkswagen AG's Board of Management that the cause of the discrepancies in the USA was a modification of parts of the software of the engine control unit that was later identified as an unlawful "defeat device" as defined by US law. This culminated in Volkswagen's disclosure of a "defeat device" to the EPA and the California Air Resources Board (CARB), a department of the Environmental Protection Agency of the State of California, on September 3, 2015. According to the assessment at the time by the responsible persons dealing with the matter, the magnitude of the costs expected to result for the Volkswagen Group (recall costs, retrofitting costs, and financial penalties) was not fundamentally dissimilar to that in previous cases involving other vehicle manufacturers. It therefore appeared to be manageable overall considering the business activities of the Volkswagen Group. This assessment by Volkswagen AG was based, among other things, on the advice of a law firm engaged in the USA for regulatory approval issues, according to which similar cases had in the past been amicably resolved with the US authorities. The EPA's publication of the "Notice of Violation" on September 18, 2015, which the Board of Management had not expected, especially at that time, then presented the situation in an entirely different light.

The AUDI AG Board of Management members in office at the time in question have likewise stated that they had no knowledge of the use of "defeat device" software that was prohibited by US law in the type V6 3.0 l TDI engines until the EPA issued its November 2015 "Notice of Violation."

Within the Volkswagen Group, Volkswagen AG has development responsibility for the four-cylinder diesel engines and AUDI AG has development responsibility for the six- and eight-cylinder diesel engines.

As a consequence of the diesel issue, numerous judicial and regulatory proceedings were initiated in various countries. Volkswagen has in the interim succeeded in making substantial progress and ending many of these proceedings. In the USA, Volkswagen AG and certain affiliates reached settlement agreements with various government authorities and private plaintiffs, the latter represented by a Plaintiffs' Steering Committee in a multidistrict litigation in the US state of California. The agreements in question include various partial consent decrees as well as a plea agreement that resolved certain civil claims as well as criminal charges under US federal law and the laws of certain US states in connection with the diesel issue. Although Volkswagen is firmly committed to fulfilling the obligations arising from these agreements, a breach of these obligations cannot be completely ruled out. In the event of a violation, significant penalties could be imposed as stipulated in the agreements, in addition to the possibility of further monetary fines, criminal sanctions and injunctive relief.

In agreement with the respective responsible authorities, the Volkswagen Group is making technical measures available worldwide for virtually all diesel vehicles with type EA 189 engines. For all clusters (groups of vehicles)

within its jurisdiction, the KBA determined that implementation of the technical measures would not result in any adverse changes in fuel consumption, CO₂ emissions, engine output, maximum torque, and noise emissions.

Following the studies carried out by AUDI AG to check all relevant diesel concepts for possible irregularities and retrofit potential, measures proposed by AUDI AG have been adopted and mandated by the KBA in various recall orders pertaining to vehicle models with V6 and V8 TDI engines. AUDI AG continues to anticipate that the total cost, including recall expenses, of the ongoing largely software-based retrofit program that began in July 2017 will be manageable and has recognized corresponding balance-sheet risk provisions. AUDI AG has in the meantime developed software updates for affected powertrains and, after approval by the KBA, already installed these updates in the vehicles of a large number of affected customers.

In connection with the diesel issue, potential consequences for Volkswagen's results of operations, financial position and net assets could emerge primarily in the following legal areas:

1. Criminal and administrative proceedings worldwide

Criminal investigations, regulatory offense proceedings, and/or administrative proceedings have been commenced in some countries. Criminal investigations into the core factual issues are being conducted by the Offices of the Public Prosecutor in Braunschweig and Munich.

In May 2025, the main trial proceedings relating to type EA 189 engines in connection with the diesel issue, which the Braunschweig Regional Court had commenced in September 2021 against individuals who were in some cases former employees of Volkswagen AG, concluded with the defendants' conviction on the charge of fraud. All four defendants were sentenced to prison terms, which were suspended subject to probation for two of them. The judgment is not yet final; all defendants filed appeals. The trial of a former chair of the Board of Management of Volkswagen AG, which had been severed from the aforementioned proceedings, was terminated on a provisional basis by the Braunschweig Regional Court in July 2025. Volkswagen AG is not party to these proceedings.

In June 2020, the Munich II Regional Court accepted the substantially unchanged indictment of the Munich II Office of the Public Prosecutor, which also named a former Chair of the Board of Management of AUDI AG, and opened the main trial proceedings on charges of, among other things, fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. The trial before the Munich II Regional Court concluded in June 2023; the former Chair of the Board of Management of AUDI AG and two other defendants were sentenced to prison terms, the enforcement of which was in each case suspended subject to probation. The conditions of probation include the payment of sums set by the court. In December 2025, the *Bundesgerichtshof* (BGH – Federal Court of Justice) rejected the defendants' appeals. The judgment is thus now final.

In August 2020, the Munich II Office of the Public Prosecutor issued a further indictment charging three former members of the Board of Management of AUDI AG and others with, among other things, fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. The Munich II Regional Court, which decides whether to accept the indictment, definitively terminated the proceedings against one of the three defendant former members of the Board of Management of AUDI AG subject to payment of a sum set by the court. However, the court has since accepted the indictments against the other two former members of the Board of Management of AUDI AG and opened main trial proceedings.

In February 2026, an indictment was brought against Volkswagen AG before a criminal court in Paris in connection with the diesel issue relating to vehicles equipped with engines of type EA 189. The indictment accuses Volkswagen AG of serious deception of customers and environmental criminal offenses. For the most part, the indictment is based not on evidence gathered by the French authorities through their own investigative measures, but on media reports and on reports on criminal proceedings in Germany, including proceedings, inter alia, against former Group employees of Volkswagen AG. The company contests the allegations in their entirety. As early as 2018, the Braunschweig Public Prosecutor's Office brought the administrative offense proceedings, which also covered all vehicles sold in France and also extended to the facts now forming the subject matter of the indictment in France, to a legally binding conclusion by issuing a fine notice against Volkswagen AG. By reason of the Europe-wide prohibition of double

jeopardy (*ne bis in idem*), the conduct of these further criminal proceedings against Volkswagen AG is inadmissible. This position, which is also shared by the Braunschweig Public Prosecutor's Office, has already been confirmed by numerous courts and authorities in several European countries, including Spain, Belgium, Austria, Switzerland, and Portugal.

As the type approval authority of proper jurisdiction, the KBA is moreover continuously testing Audi, Volkswagen, and Porsche brand vehicles for problematic functions. If certain functions are deemed impermissible by the KBA, the affected vehicles are recalled pursuant to a recall order or they are brought back into compliance by means of a voluntary service measure.

In judgments rendered in July and November 2022, the European Court of Justice (ECJ) ruled that a so-called thermal window (i.e. a temperature-dependent exhaust gas recirculation) in the range of 15°C and 33°C outside temperature represents a defeat device. In this context, the ECJ developed a new, unwritten criterion according to which a thermal window, even if it serves to prevent sudden and extraordinary damage, is impermissible if it is active "for most of the year under real driving conditions prevalent in the territory of the European Union." The KBA commenced formal administrative proceedings relating to certain first and second generation type EA 896 engines that were installed in certain older vehicle models as well as to individual vehicle models with type EA 189 engines. In July and October 2023, the KBA issued two administrative rulings against AUDI AG in which it ruled that the originally incorporated thermal window version failed to meet the ECJ's new vehicle engineering criterion in some of the affected vehicles. AUDI AG has appealed the rulings, and they are therefore not final. The KBA issued corresponding administrative rulings against Porsche AG in December 2023 and against Volkswagen AG in January 2024. Porsche AG and Volkswagen AG have appealed the rulings. The Volkswagen Group had previously already begun rolling out software updates that modify the thermal window in accordance with the ECJ's new vehicle engineering criterion and will continue to do so.

In September 2025, the Higher Administrative Court of Schleswig-Holstein dismissed the appeals filed by Volkswagen AG and the KBA against the February 2023 trial-level decision of the Schleswig Administrative Court. In an action filed against the KBA by *Deutsche Umwelthilfe* (DUH - Environmental Action Germany), the Schleswig Administrative Court had ruled in favor of the plaintiff and invalidated the notice of approval for a software update for certain older Golf Plus model vehicles to the extent this notice classified the thermal window, the so-called altitude correction feature (regulating exhaust gas recirculation as a function of atmospheric pressure), and the so-called taxi switch (regulating exhaust gas recirculation as a function engine idling time) as permissible deactivation devices (defeat devices). The Higher Administrative Court of Schleswig-Holstein affirmed the legal position of the Administrative Court as regards the temperature-dependent and the atmospheric-pressure-dependent regulation of exhaust gas recirculation. It denied leave to appeal its decision. Volkswagen AG is involved in the litigation as an interested party summoned. Volkswagen AG and the KBA have filed complaints on grounds of wrongful denial of leave to appeal. The decision of the Higher Administrative Court of Schleswig-Holstein remains non-final until the Federal Administrative Court has ruled on the petition to grant leave to appeal. In a separate action filed by DUH contesting the notices of approval for further Audi and Porsche brand vehicles equipped with type EA 189 engines or with selected V-TDI engines, the Schleswig Administrative Court issued a judgment in January 2024 applying its initial February 2023 decision to further vehicles with type EA 189 engines and invalidating the KBA's notices of approval for those vehicles; Volkswagen AG and the KBA appealed this judgment in April 2024. This decision is thus not legally final. Prior to judgment, the part of the action contesting the notices of approval for Audi and Porsche brand vehicles equipped with selected V-TDI engines was severed from the rest of the complaint and remains pending in three separate proceedings before the Schleswig Administrative Court. Also still pending before the Schleswig Administrative Court is a further action brought by DUH challenging all of the Group's Euro 5 and Euro 6b/c diesel vehicles.

Moreover, additional administrative proceedings relating to the diesel issue are ongoing in other jurisdictions. The companies of the Volkswagen Group are cooperating with the government authorities.

Risks may furthermore result from possible decisions by the ECJ construing EU type approval provisions.

Whether the criminal and administrative proceedings will ultimately result in fines or other consequences for the Company, and if so what amounts these may entail, is currently subject to estimation risks. According to Volkswagen's estimates, the likelihood that a sanction will be imposed is 50% or less in the majority of these proceedings. Contingent liabilities have therefore been disclosed where the amount of such liabilities could be measured and the likelihood of a sanction being imposed was assessed at not less than 10%.

2. Product-related lawsuits worldwide

A general possibility exists that customers in the affected markets will file civil lawsuits or that importers and dealers will assert recourse claims against Volkswagen AG and other Volkswagen Group companies. Besides individual lawsuits, various forms of collective actions (i.e. assertion of individual claims by plaintiffs acting jointly or as representatives of a class) are available in various jurisdictions. Furthermore, in a number of markets it is possible for consumer and/or environmental organizations to bring suit to enforce alleged rights to injunctive relief, declaratory judgment, or damages.

Customer class action lawsuits and actions brought by consumer and/or environmental organizations were pending in the reporting year against Volkswagen AG and other Volkswagen Group companies in a number of countries including Brazil, England and Wales, France, Germany, the Netherlands, and South Africa. These actions asserted alleged rights to damages and other relief. The pending actions included in particular the following:

In Brazil, two consumer protection class actions are pending. In the first class action, which pertains to some 17 thousand Amarok vehicles, the Superior Court of Justice in August 2022 rejected in part the appeal filed by Volkswagen do Brasil against the May 2019 judgment at the first appeals level that had initially reduced the damage liability of Volkswagen do Brasil considerably to around BRL 172 million. Following Volkswagen do Brasil's appeal, the Superior Court of Justice vacated its own prior decision in its entirety. The case was remanded to the lower appellate court for rehearing of certain issues. In October 2025, the appellate court ruled, among other things, that damages for intangible harm could not be awarded globally and instead had to be determined case-by-case in separate proceedings. The judgment is enforceable but remains non-final. In the second class action, which pertains to roughly 67 thousand later generation Amarok vehicles, the Superior Court of Justice rejected the appeal filed by the plaintiff against the June 2023 appellate court decision in April 2024. Subsequently, the plaintiff filed an interlocutory appeal against this decision with the Superior Court of Justice at the end of April 2024.

Actions have been filed in courts in England, Wales, and Scotland against Volkswagen AG, Volkswagen Group United Kingdom Limited, Volkswagen Financial Services (UK) Limited, and other Volkswagen Group companies in connection with various other diesel vehicles. So-called "outline generic particulars of claim," which provide a rough overview of the grounds of the complaint, were served in England and Wales in September 2024. In Scotland, motions for commencement of a class action and appointment of a representative were formally served, starting in October 2024, on Volkswagen Group United Kingdom Limited, Volkswagen Financial Services (UK) Limited, Volkswagen AG, SEAT S.A., and Škoda Auto a.s. The details of the respective complaints remain uncertain.

In France, a class action is pending that was filed by the French consumer organization *Confédération de la Consommation, du Logement et du Cadre de Vie* (CLCV) against Volkswagen Group Automotive Retail France, Volkswagen Group France, and Volkswagen AG for up to 1 million French owners and lessees of vehicles with type EA 189 engines. This is an opt-in class action in which CLCV is primarily seeking rescission without compensation for use of the vehicle or, in the alternative, damages amounting to 20-30% of the purchase price. In March 2025, a procedural

judgment was rendered holding the opt-in class action to be admissible with respect to Volkswagen Group France and Volkswagen AG. The complaint against Volkswagen Group Automotive Retail France was ruled inadmissible, however. In the further course of the proceedings, the trial court will now consider the substantive merits of the action. The procedural judgment is not yet final. The decision regarding the admissibility of the complaint is subject to review in the context of an appeal against the anticipated trial court judgment.

In the Netherlands, Volkswagen AG signed a settlement agreement in July 2025 with Stichting Volkswagen Car Claim, the Diesel Emissions Justice Foundation (DEJF), and others terminating the class actions in relation to EA 189 vehicles. The opt-out class action lawsuit brought by DEJF seeking monetary damages on behalf of Dutch consumers remains pending in part to the extent it pertains to engines other than the EA 189. In the DEJF action, the appellate court had ruled in August 2024 that the new class action regime – which permits damage awards in addition to declaratory judgment on the existence of claims – is applicable to vehicles in the Euro 6 emissions category. The decision is not yet final.

In South Africa, an opt-out class action seeking damages is pending; the action pertains to some 80 thousand vehicles, including vehicles with type EA 189 engines.

Furthermore, individual lawsuits and similar proceedings are pending against Volkswagen AG and other Volkswagen Group companies in various countries; most of these lawsuits are seeking damages or rescission of the purchase contract.

In Germany, roughly 5 thousand individual lawsuits relating to various diesel engine types are currently pending against Volkswagen AG or other Group companies, with the plaintiffs suing for damages or rescission of the contract in most cases. Fundamental judgments handed down by the BGH in previous years resolve legal issues of major importance for the litigation still pending. Details on these decisions can be found in the chapter entitled “Litigation” in the Annual Report of the Volkswagen Group for the fiscal year in which the respective fundamental judgment was issued.

Volkswagen estimates the likelihood that the plaintiffs will prevail to be 50% or less in the great majority of cases: customer class actions, complaints filed by consumer and/or environmental organizations, and individual lawsuits. Contingent liabilities are disclosed for these proceedings where the amount of such liabilities can be measured and the chance that the plaintiff will prevail was assessed as not remote. Given the early stage of the proceedings, it is in some cases not yet possible to quantify the realistic risk exposure. Furthermore, provisions were recognized to the extent necessary based on the current assessment.

At this time, it cannot be estimated how many customers will choose to file lawsuits in the future in addition to those already pending and what prospect of success such lawsuits might have.

3. Lawsuits filed by investors worldwide

Investors from Germany and abroad have filed claims for damages against Volkswagen AG – in some cases along with Porsche Automobil Holding SE (Porsche SE) as joint and several debtors – based on purported losses due to alleged misconduct in capital market communications in connection with the diesel issue.

Almost all investor lawsuits are now pending before the Braunschweig Regional Court or the Braunschweig Higher Regional Court. In August 2016, the Braunschweig Regional Court issued an order referring common questions of law and fact relevant to the investor lawsuits pending in Braunschweig to the Higher Regional Court in Braunschweig for binding declaratory rulings pursuant to the *Kapitalanleger-Musterverfahrensgesetz* (KapMuG – German Capital Investor Model Declaratory Judgment Act). The investor lawsuits pending against Volkswagen AG in Germany are stayed pending resolution of the common issues, unless the cases can be dismissed for reasons independent of the common issues that are to be adjudicated in the model case proceedings. The resolution in the model case proceedings of the common questions of law and fact will be binding for the pending cases that have been stayed as

described. The model case plaintiff is Deka Investment GmbH. Oral argument in the model case proceedings before the Braunschweig Higher Regional Court began in September 2018. The Braunschweig Higher Regional Court issued several notification rulings stating its position on certain legal issues of fundamental importance for the litigation. In July 2023, the Braunschweig Higher Regional Court issued an order for the taking of evidence including the examination of numerous persons as well as the production and consultation of documents and records. The mandated taking of evidence focuses initially on whether the Board of Management of Volkswagen AG or individual members thereof and/or individual members of Volkswagen AG's Ad Hoc Disclosure Clearing Office (the persons with ad hoc disclosure responsibility in the court's view) had or, as Volkswagen AG's state of knowledge indicates, lacked knowledge of the installation of deactivation devices prohibited under US law in Volkswagen AG vehicles, as well as on the conceptions of these persons regarding the potential share price impact of the information that each respectively possessed. Volkswagen AG has the burden of proof on some issues. The taking of testimony commenced in September 2023 and also continued in 2025. Several witnesses invoked a privilege against giving testimony. In some cases (not as to persons with ad hoc disclosure responsibility), the Braunschweig Higher Regional Court affirmed a comprehensive right to refuse to testify. In other cases, the decision was deferred in light of ongoing criminal investigations against the individuals in question. A large number of witnesses have testified since mid-September 2023. To date, none of the witnesses heard has testified that members of the Board of Management or persons with ad hoc disclosure responsibility at Volkswagen AG had knowledge prior to September 18, 2015 of any information relating to the diesel issue that Volkswagen AG considered to have share price relevance. Pursuant to § 286 of the Code of Civil Procedure, the Braunschweig Higher Regional Court must decide at its discretion and conviction, taking account of the entire content of the hearings and the results of the evidence taken.

Further investor lawsuits are pending before the Stuttgart Regional Court against Volkswagen AG, in some cases along with Porsche SE as joint and several debtor. An additional investor action for model declaratory judgment was filed with the Stuttgart Higher Regional Court against Porsche SE; Volkswagen AG is involved in this action as a third party intervening in support of a party to the dispute. The Wolverhampton City Council, Administrating Authority for the West Midlands Metropolitan Authorities Pension Fund, was appointed model case plaintiff. The Stuttgart Higher Regional Court rendered a model declaratory judgment in late March 2023. Based on the determinations made in the model declaratory judgment and the current substantive status of the underlying actions, all of the suspended investor lawsuits against Porsche SE would in effect have to be dismissed. The model declaratory judgment is not yet final. The model case plaintiff, several interested parties summoned, and Porsche SE petitioned the BGH for review on points of law. Volkswagen AG joined the proceedings as a third-party supporting the petition for review of Porsche SE. In a ruling dated November 18, 2025 that was made public in late January 2026, the BGH suspended proceedings on the petition for review and referred to the European Court of Justice (ECJ) various questions that the BGH regarded as material to the outcome concerning the interpretation of Directive 2003/6/EC of the European Parliament and of the Council of January 28, 2003 on insider dealing and market manipulation (Market Abuse Directive). In addition to questions probing the conditions that must be met in order for Porsche SE to have an ad hoc disclosure obligation with respect to matters arising within the organizational sphere of Volkswagen AG, the BGH also asked whether Art. 6 (1) of the Market Abuse Directive is to be construed as requiring the disclosure of inside information only where knowledge thereof is imputable to the issuer. Once the ECJ renders its decision, the BGH will rule on the petition for review in accordance with the ECJ's guidance.

As in the preceding year, the claims being asserted worldwide against Volkswagen AG in connection with the diesel issue in the form of investor lawsuits, judicial applications for dunning and conciliation procedures, and claims registered under the KapMuG amount to approximately €8.6 billion despite the withdrawal and legally final dismissal of various actions in the reporting year. Since the beginning of the proceedings, investor lawsuits in excess of €1 billion have been withdrawn or finally and conclusively dismissed. Volkswagen AG remains of the opinion that it duly complied with its capital market obligations. Therefore, no provisions have been recognized for these investor lawsuits. Contingent liabilities have been disclosed where the chance of success was estimated to be not less than 10%.

4. Special audit

In a November 2017 ruling, the Higher Regional Court of Celle ordered, upon the request of three US funds, the appointment of a special auditor for Volkswagen AG. The special auditor was supposed to examine whether the members of the Board of Management and Supervisory Board of Volkswagen AG breached their duties in connection with the diesel issue from June 22, 2006 onwards and, if so, whether this resulted in damages for Volkswagen AG. Volkswagen AG had filed a constitutional complaint with the German Federal Constitutional Court against this decision, which was originally unappealable as a formal matter. Volkswagen AG also filed a constitutional complaint against the subsequent (and likewise formally unappealable) decision by the Higher Regional Court of Celle to appoint a special auditor other than the one initially appointed. Following November 2022 rulings by the Federal Constitutional Court that upheld both of the constitutional complaints and remanded the cases to the Celle Higher Regional Court, this court dismissed the motion for appointment of a special auditor as well as the petitioners' motion in the action for replacement of the special auditor by rulings of November 2024 and December 2024 respectively. The petitioners have filed appeals on points of law with the BGH against both decisions. Volkswagen AG had in addition previously filed an action before the Braunschweig Regional Court seeking to enjoin the special auditor from performing the audit as long as he had not furnished sufficient proof of his independence. The Braunschweig Regional Court dismissed the action for injunctive relief in the summer of 2022; Volkswagen AG then appealed this decision to the Braunschweig Higher Regional Court.

A second motion seeking appointment of a special auditor for Volkswagen AG to examine matters relating to the diesel issue was filed with the Regional Court of Hanover. The proceedings in this matter were resumed after initially being stayed pending the decision of the Federal Constitutional Court in the first special audit case.

5. Risk assessment regarding the diesel issue

An amount of around €0.4 (0.6) billion has been included in the provisions for litigation and legal risks as of December 31, 2025 to account for the currently known legal risks related to the diesel issue based on the presently available information and the current assessments. Where adequately measurable at this stage, contingent liabilities relating to the diesel issue have been disclosed in the notes in an aggregate amount of €4.0 (4.0) billion, whereby roughly €3.8 (3.8) billion of this amount results from lawsuits filed by investors in Germany. The provisions recognized, the contingent liabilities disclosed, and the other latent legal risks in the context of the diesel issue are in part subject to substantial estimation risks given the complexity of the individual relevant factors, the ongoing coordination with the authorities, and the fact that the fact-finding efforts have not yet been concluded. Should these legal or estimation risks materialize, this could result in further substantial financial charges. In particular, adjustment of the provisions recognized in light of knowledge acquired or events occurring in the future cannot be ruled out.

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

Additional important legal cases

In 2011, *ARFB Anlegerschutz UG (haftungsbeschränkt)* filed a claim for damages against Volkswagen AG and Porsche SE for allegedly violating disclosure requirements under capital market law in connection with the acquisition of ordinary shares in Volkswagen AG by Porsche SE in 2008. The damages being sought based on allegedly assigned rights currently amount to approximately €2.26 billion. In late September 2022 the 1st Antitrust Chamber of the Higher Regional Court of Celle issued a model case ruling by which all of the plaintiffs' objects of declaratory judgment

were either dismissed or declared to be irrelevant. The legal positions of the model case defendants were thus upheld in their entirety. Two appeals alleging error of law in the model case ruling have been received, one of which is also directed against Volkswagen AG.

In Brazil, the Brazilian tax authorities commenced tax proceedings against Volkswagen Truck & Bus; at issue in these proceedings are the tax consequences of the acquisition structure chosen for Volkswagen Truck & Bus in 2009. In December 2017, an adverse administrative appeal ruling was rendered against Volkswagen Truck & Bus. Volkswagen Truck & Bus challenged this ruling before the regular court in 2018. In 2024, new legislation led to significant reductions in the penalties. In May 2025, the Brazilian Attorney General for the National Treasury reviewed the first phase of the proceedings. This led to a reduction of the risk due to the partial deduction of penalties, the related interest, and the allocable litigation costs. The partial success in the first phase reduced the risk from approximately BRL 3.1 billion to approximately BRL 2.3 billion for the entire contested period from 2009 onwards; this amount has been included in contingent liabilities in the notes. Estimation of the risk in the event the tax authorities were to prevail on all points of their original legal position remains subject to uncertainty because of differences in the amount of penalties and interest that might then apply under Brazilian law.

The Indian customs authorities initiated investigations into the question of the application of local customs duties at ŠKODA Auto Volkswagen India Private Limited (ŠKODA Auto India) and issued a "Show Cause Notice" in 2024. A final decision by the Indian authorities has not yet been made. In response to the allegations, ŠKODA Auto India filed an action with the High Court. However, due to the early stage of the investigations and the resulting uncertainty surrounding the information currently available, risks in this regard cannot yet be conclusively quantified.

After Volkswagen do Brasil had successfully brought an action in the Brazilian courts against what was held to constitute unconstitutional double taxation of vehicles on the part of the Brazilian federal government, Volkswagen do Brasil received a refund of the excess amount paid from the state of Brazil. In December 2023, the Brazilian dealership association Associação Brasileira Dos Distribuidores Volkswagen (Assobrav) and individual dealers, among others, filed lawsuits against Volkswagen do Brasil alleging that the dealers were at least partially entitled to the refunded amount. Eight such actions are pending. The lawsuit brought by Assobrav with a provisionally estimated amount in dispute of roughly BRL 2.4 billion is by far the largest of these actions. In January 2024, the court dismissed the dealership association's lawsuit in its entirety. In February 2026, the appellate court upheld the dismissal, the judgment is not yet final.

In 2011, the European Commission conducted searches at European truck manufacturers for suspected unlawful exchange of information during the period from 1997 to 2011; in November 2014, the Commission issued a statement of objections to MAN, Scania, and the other truck manufacturers concerned. In its settlement decision of July 2016, the European Commission assessed fines against five European truck manufacturers. MAN's fine was waived in full as the company had informed the European Commission about the irregularities as a key witness. In September 2017, the European Commission imposed a fine of €0.88 billion on Scania, which the European Court of Justice upheld in 2024 as the court of last resort. Furthermore, antitrust lawsuits seeking damages have been received from customers. As is the case in any antitrust proceedings, this may result in further lawsuits for damages. No provisions have been recognized for a large number of these legal disputes as they are not expected to result in final damage awards at the highest appeals level. Provisions have been recognized for those actions in which, after reassessing the risks, the final outcome at the highest appeals level appears more likely than not to result in the payment of damages by MAN or Scania.

In July 2021, the European Commission assessed a fine totaling roughly €0.5 billion against Volkswagen AG, AUDI AG, and Dr. Ing. h.c. F. Porsche AG pursuant to a settlement decision. Volkswagen declined to file an appeal, hence the decision became final in 2021. The subject matter scope of the decision was limited to the cooperation of German automobile manufacturers on individual technical questions in connection with the development and introduction of SCR (selective catalytic reduction) systems for passenger cars that were sold in the European Economic Area. The manufacturers were not charged with any other misconduct such as price fixing or allocating markets and customers. Following the European Commission's July 2021 administrative fine decision, several class actions were filed in the United Kingdom beginning in late 2021 against Volkswagen AG, among others. Neither provisions nor contingent liabilities have been reported as a realistic estimate of risk exposure is not possible at the present stage of the proceedings. After analyzing potential violations based on the facts of the EU case, the Korean competition authority KFTC issued its administrative fine decision in April 2023. No fine was imposed on Volkswagen AG, and Porsche AG is not affected by the decision. A fine equaling just under €3 million was assessed against AUDI AG. AUDI AG and Volkswagen AG have appealed the decision to the relevant court in Seoul/Korea. The Turkish competition authorities, who investigated similar matters, issued a final decision in January 2022 in which they determined anticompetitive behavior to allegedly exist, but found that it had no effect on Türkiye, for which reason they refrained from imposing fines on the German automakers. The written grounds of the final decision are not yet available. Volkswagen AG, AUDI AG, and Porsche AG have filed appeals. Based on comparable matters, the Chinese competition authority has instituted proceedings against Volkswagen AG, AUDI AG, and Porsche AG, among others, and issued requests for information. On the basis of comparable matters, the Brazilian competition authority *Conselho Administrativo de Defesa Econômica* (CADE) likewise opened proceedings in July 2024 against Volkswagen AG, AUDI AG, Porsche AG, and others.

In April 2025, the European Commission and the English Competition and Markets Authority (CMA) assessed fines against various automobile manufacturers and automotive industry organizations pursuant to settlement procedures. This followed an investigation of European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA) on suspicion of having agreed in the period from 2001/2002 and up until the initiation of the proceedings – in particular through the ACEA Working Group Recycling and related sub-groups thereof – to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV) (specifically passenger cars and light utility vehicles). Also alleged was an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data (recyclates, recyclability, recovery) for competitive purposes. The European Commission assessed a fine of approximately €128 million against Volkswagen AG. The CMA imposed an overall fine of approximately GBP 15 million on Volkswagen AG and Volkswagen Group UK jointly. These proceedings are thereby terminated. In June 2024, the Chinese competition authorities also served Volkswagen AG with a request for information in this matter. The Korean competition authority KFTC also carried out a search of Volkswagen Group Korea in the same context and issued requests for information to Volkswagen Group Korea and Volkswagen AG, among others. The Spanish competition authority issued a request for information to SEAT S.A. in February 2026.

In October 2024, the Brazilian competition authority CADE opened proceedings against numerous companies on charges of improper anti-competitive exchange of human resources information. Within the Volkswagen Group, Volkswagen do Brasil is party to the proceedings.

In addition, a few national and international authorities initiated antitrust investigations. Volkswagen is cooperating closely with the responsible authorities in these investigations. An assessment of the underlying situation is not possible at this early stage.

The lawsuit brought by an organic farmer with Greenpeace support against Volkswagen AG remains pending. In his complaint filed in November 2021 with the Detmold Regional Court, the plaintiff in the action had sought, among other things, to compel Volkswagen AG to initially reduce in stages, and by 2029 completely cease, its production and placement into the stream of commerce of vehicles with internal combustion engines, as well as to reduce greenhouse gas emissions from development, production, and marketing (including third party vehicle use). The lawsuit further seeks to compel Volkswagen to exercise influence over Group companies, subsidiaries, and joint ventures so as to cause them to fulfill these demands as well. In February 2023, the Detmold Regional Court dismissed the action as unfounded. In April 2023, the plaintiff appealed this decision to the Hamm Higher Regional Court.

In the action brought in Russia by Automobile Plant GAZ LLC (GAZ) alleging claims of approximately RUB 28.5 billion, in October 2025 the Supreme Court of Russia – following the court of cassation and the appellate court – also upheld the July 2024 judgment ordering Volkswagen AG to pay damages in an amount of approximately RUB 16.9 billion. The judgment thereby became final. Volkswagen AG will continue to mount a comprehensive defense in the enforcement proceedings. In April 2025, the plaintiff GAZ assigned its alleged claims to a third-party entity, Kameya JSC, which in this manner assumed the procedural role of plaintiff in the lawsuit.

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

Data Protection

Any unauthorized dissemination of personal data could have detrimental effects on our corporate reputation, disrupt operational continuity and erode stakeholder trust.

We process personal data encompassing information about our customers, employees and business partners within data centers and across information technology networks, some of which are managed by third-party service providers. As the scope and intricacy of electronically processed personal data continue to expand, the regulatory obligations imposed on our IT infrastructure have grown markedly more rigorous.

Operating on a global scale, we are subject to a diverse array of national and international data protection statutes. These include, but are not limited to, the European Union's General Data Protection Regulation and the Personal Information Protection Law. The regulatory environment in this domain remains fluid, characterized by evolving interpretations, frequent legislative amendments as well as court decisions. These invariably necessitate greater compliance efforts and may drive up associated costs.

Failure to comply with pertinent data protection laws may subject us to regulatory scrutiny, significant financial penalties and potential litigation, particularly in instances of data breaches or the improper handling of personal information. The rapid adoption of artificial intelligence technologies further augments the complexity and heightens the risk landscape in this arena.

In response to these challenges and to ensure robust compliance with data protection mandates, we have instituted a comprehensive management system dedicated to data protection. This system incorporates regular, systematic risk assessments using a standardized methodology deployed across our organization. Relevant risks are promptly reported to the appropriate member of our Board of Management. Additionally, a cross-functional committee promotes the exchange of information regarding data protection issues throughout our business units. We implement targeted awareness initiatives and training programs to enhance our employees' proficiency in data protection and regulatory compliance. Test simulations are routinely conducted to validate our data protection protocols and maintain operational preparedness. Furthermore, we maintain vigilant oversight of legal developments to swiftly identify and adapt to regulatory changes.

We also undertake structured monitoring activities to assess the efficacy of our data protection measures. These processes are aligned with international and local standards, among which – where applicable – is the Standard Data Protection Model (SDM), also applied by German supervisory authorities. This systematic approach enables us to rigorously evaluate adherence to data protection principles and to perpetually refine our protective measures.

Tax and tariff risks

We are exposed to risks, that could arise in particular as a result of tax and custom audits.

We operate globally and are subject to ongoing audits by local tax and customs authorities. Amendments to tax laws, customs regulations and changes in legal precedent or their interpretation by authorities in the respective countries may result in tax payments and customs duties that differ from the estimates reflected in our consolidated financial statements.

Additionally, risks particularly arise from the tax assessment of cross-border supply of intragroup goods and services.

Furthermore, German tax authorities may not accept all expenses incurred by Volkswagen and its subsidiaries in Germany as a result of the diesel issue as tax deductible business expense.

We have recognized appropriate provisions for potential future retrospective tax payments, customs duties and ancillary tax payments for previous years; however, these provisions could be insufficient to cover any actual settlement amounts. Further risks may arise from changes in tax laws or accounting principles.

Through organizational measures, we continually track the development of tax and customs risks and their impact on our consolidated financial statements and thus try in particular to counteract the risk arising from cross-border, intra-group deliveries and services. We minimize risks in this context for example also by implementing advance pricing agreements and by monitoring compliance with transfer pricing and customs regulations.

Our tax and customs principles are outlined in relevant Volkswagen Group policies. They undergo annual reviews to ensure they remain current. These principles are intended to help identify and assess financial, regulatory and reputational risks related to taxes and tariffs. Such risks are communicated, managed and monitored as part of the Volkswagen Group's overall risk management processes and systems. Additionally, standardized requirements are defined for the implementation of a Group-wide tax compliance management system; these requirements must be met by the Group companies and serve to monitor compliance with tax regulations.

The Board of Management has also published its tax strategy principles, that focus in particular on complete fulfillment of applicable tax obligations. Among other things, these principles require Group companies to conduct transactions with each other at arm's length in order to satisfy relevant OECD guidelines for multinational enterprises. Inappropriate legal arrangements, and particularly an "aggressive" tax strategy must be avoided.

Financial risks

For this risk category, the likelihood of occurrence is classified as high (previous year: medium) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP arise mainly from exchange rate risks and the deterioration of financing opportunities.

Strategies for hedging financial risks and the resulting risks arising from financial instruments

We operate across numerous jurisdictions around the world, conducting business in multiple currencies and as a result, are exposed to financial risks that may arise from changes in interest rates, exchange rates, raw material prices, or share and fund price – as well as from unforeseeable events such as a sudden outbreak of geopolitical or geo-economic tensions and conflicts or the intensification of existing tensions and conflicts. We continuously monitor these financial and liquidity risks and mitigate them using non-derivative and derivative financial instruments. These give rise to counterparty risks, which we mitigate using our counterparty risk management.

Interest rate risk is the possibility of losses in business operations or financial transactions due to fluctuations in market interest rates. This risk arises when there are differences in interest rates between assets and liabilities within a portfolio or on the balance sheet. For example, variable interest rate exposures on the liability side have arisen due to the issuance of a floating rate bond by the Automotive Division in the past, which was intentionally not hedged with a derivative instrument. We hedge interest rate risk – where appropriate in combination with currency risk – and risks arising from fluctuations in the value of financial instruments by means of interest rate swaps, cross-currency interest rate swaps and other interest rate contracts with generally matching amounts and maturities. The principle of matching amounts and maturities applies to financing arrangements within the Volkswagen Group in the Automotive Division. In the Financial Services Division, the risk of changes in the interest rate is managed on the basis of limits using interest rate derivatives as part of the defined risk strategy.

We are exposed to the effects of changes in the exchange rates especially against the euro – of several currencies that play a role in our worldwide operations. Such currencies include but are not limited to, the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese renminbi, Czech koruna, Hong Kong dollar, Hungarian forint, Indian rupee, Japanese yen, Mexican peso, Norwegian krone, Polish zloty, Singapore dollar, South African rand, South Korean won, Swedish krona, Swiss franc, Taiwan dollar and US dollar. As a result, we are also exposed to financial risks that might arise from changes in interest rates. Foreign currency risk is reduced in particular through natural hedging, i.e. by adapting our production capacity at our locations around the world, establishing new production facilities in the most important currency regions and also procuring a large percentage of components locally. We partially hedge the residual exchange rate risk using hedging instruments. These mainly comprise currency forwards and currency options. We use these transactions to limit the exchange rate risk associated with forecasted cash flows from operating activities, intragroup financing and liquidity positions in currencies other than the respective functional currency, for example as a result of restrictions on capital movements. The currency forwards and currency options can have a term of up to ten years, Volkswagen applies a layered hedging approach in this regard. We use these to hedge our principal foreign currency risks, mostly against the euro and primarily against the currencies already mentioned above.

We have used and are expected to continue to use hedging instruments in the future to manage commodity and energy price fluctuations. There are risks in hedging raw materials with regard to raw material availability and price trends. We manage commodity and energy price risks by entering into forward contracts and swaps. We have hedged aluminum, copper and lead needs for up to six years and cobalt and lithium for less than three years. Nickel is hedged strategically for up to ten years, mainly covering the next six years. The hedge ratios decrease with longer maturities. We also have contracts in place to hedge electricity and gas prices. The hedging periods for platinum, palladium and rhodium are typically limited to a maximum of three years. In the case of certain commodities, this may include adjustments in physical inventories. Transactions involving emission allowances have also been conducted to hedge the prices associated with CO₂ emissions that are expected to exceed free allocations under the European Union Emissions Trading System (EU ETS) for the coming years.

We invest surplus liquidity into special funds which are subject to equity price risks and fund price risks. These risks are managed by diversifying investments and adhering to the limits specified in the relevant investment guidelines. Hedging measures are executed, when required by market conditions.

Channeling excess liquidity into investments and entering into derivatives contracts gives rise to counterparty risk. We counter this risk through our counterparty risk management, which we describe in more detail in the section entitled "Principles and Goals of Financial Management" in the "Results of Operations, Financial Position and Net Assets" chapter. The financial instruments held for hedging purposes give rise to counterparty risks, and also to balance sheet risks, which we limit using hedge accounting.

In addition, financial instruments used in risk hedging strategies may result in losses if the hedging exchange rates are less favorable than the rates achievable on the market at the maturity of the financial instrument.

Our hedging policy, the hedging rules, the default and liquidity risks and the quantification of the hedging transactions mentioned, risks that arise in connection with trade receivables, and risks arising from financial services are explained in the notes to the consolidated financial statements. We also disclose information on market risk within the meaning of IFRS 7 in the notes.

Liquidity risk

The Volkswagen Group's ability to meet its financing requirements depends on maintaining sufficient liquidity. There is an inherent risk that existing capital needs may not be met if the Company cannot obtain funding or if financing is only available under unfavorable conditions.

The Automotive Division and the Financial Services Division generally pursue independent refinancing strategies, though both encounter comparable refinancing risks. Within the Automotive Division, liquidity is maintained primarily through retained earnings, utilization of credit lines and the issuance of financial instruments in the money and capital markets. For the Financial Services Division, capital demands are predominantly addressed by sourcing funds from both domestic and international markets – this includes securitizing receivables, issuing unsecured bonds and attracting customer deposits via direct banking operations.

Our investment activities are also financed through loans sourced from national development banks such as *Kreditanstalt für Wiederaufbau* (KfW) and *Banco Nacional de Desenvolvimento Econômico e Social* (BNDES), as well as from supranational development banks.

In addition to committed credit lines, our diversified refinancing framework is further supported by uncommitted credit lines provided by commercial banks.

Our financing opportunities might be adversely affected by a deterioration in financial and general market conditions – also resulting from a sudden outbreak of geopolitical tensions and conflicts or an intensification of existing ones –, a weakening of our credit profile and outlook as well as by a rating downgrade or withdrawal or increasing relevance of ESG ratings to investors. In these cases, the demand from capital market participants for securities issued by us may decrease, which could adversely impact the rates of interest we have to pay and may result in lower capacity to access the capital markets.

If financial and general market conditions deteriorate or credit spreads and/or the general level of interest rates increase, this would result in higher interest expenses. Unlimited exposure to fluctuations in interest rates could result in materially higher financing costs, which, in turn, would adversely affect our profitability.

Credit risks and opportunities and counterparty risk in the financial services business

We are exposed to the risk that the credit quality of our retail customers and business partners such as dealers and other corporate customers may deteriorate and in the worst case that they may default.

Credit risks and opportunities

Credit risk describes the risk of losses arising from defaults in customer transactions, specifically due to the default of the borrower or lessee. The default is caused by the insolvency or unwillingness of the borrower or lessee to pay. This includes the fact that the contractual partner does not make interest and principal payments on time or in full.

The aim of a systematic credit risk monitoring system is to identify the potential insolvency of a borrower or lessee at an early stage, to take appropriate account of the facts in the loss allowance calculation and, if possible, to prevent a potential default.

The consequence of a default could be a loss of entrepreneurial assets. If, for example, an economic downturn leads to increased insolvencies or unwillingness of borrowers or lessees to make payments, higher loss allowances and losses must be recognized.

An essential basis for credit decisions is the credit assessment of the borrowers. Rating/scoring procedures are used to provide an objective basis for decision-making of granting a credit or leasing.

Credit risks are managed and monitored on the basis of defined guidelines and processes. All loans are monitored with regard to the economic circumstances of the borrower or lessee, the meeting of contractual obligations, external or internal conditions defined in the credit approval process, existing collateral and adherence to any granted limits. For this purpose the commitments – according to their risk content – are managed in an appropriate monitoring level (normal, intensified and problem loan management). Furthermore, the management of the credit risk is made by credit approval or reporting limits and defined credit approval competencies, which are determined individually for each branch or subsidiary.

An opportunity from credit risks may arise if the losses from the credit and leasing business are lower than the previously expected losses and the corresponding risk provision recognized on this basis. Particularly in countries where an increased need for risk provision has been identified due to the uncertain economic situation, a stabilization of the economic situation and the associated improvement in the creditworthiness of borrowers may result in a chance that the losses realized will be lower than expected.

Counterparty risk/issuer risk

We are exposed to the risk that the creditworthiness of our contractual counterparties in the money and capital markets may deteriorate. In our Automotive and Financial Services Divisions, we maintain extensive business relationships with banks and financial institutions, in particular, to control liquidity through call money and fixed term deposits as well as to hedge against such risks as currency exchange rate, interest rate and commodity price risks using derivatives. In this context, we are exposed to default risks with respect to the repayment of and interest on the deposits and the fulfillment of obligations under such derivatives. It might become necessary to sell financial instruments prior to or at maturity – for example, due to concerns about the creditworthiness or insolvency of the issuer – which might result in losses. Under certain circumstances, this could even lead to a complete default on the receivable by the underlying issuer.

If the macroeconomic environment were to deteriorate in the future, the risks described above could rise and require higher risk provisions.

Residual value risks and opportunities

A residual value risk arises if the forecasted market value upon disposal of the leased or financed asset at the end of the contract is lower than the residual value calculated at the time the contract was concluded, or if the sales proceeds are lower than the book value of the vehicle in the event of early termination of the contract due to contractual termination options. On the other hand, there is a chance that the sale will generate more than the calculated residual value or book value.

A decrease in the residual values or the sales proceeds of leased vehicles or vehicles financed with a product with balloon rate and return option could have an adverse effect on our business.

As a lessor under leasing contracts, including financing contracts with a balloon rate and return option for the customer, the Financial Services Division generally bears the risk that the market value of vehicles sold at the end of the term may be lower than the contracted residual value at the time the contract was entered into (so-called residual value risk). The Financial Services Division takes such differences into account in establishing provisions for the existing portfolio and in its determination of the contractual residual values for new business.

Volkswagen distinguishes between direct and indirect residual value risks. If the Financial Services Division carries the residual value risk, it is referred to as a direct residual value risk. The residual value risk is indirect when that risk has been transferred to a third party (such as a dealer) based on a residual value guarantee. The Financial Services Division frequently enters into agreements that require dealers to repurchase vehicles, so dealers, as residual value guarantors, would bear the residual value risk. In these cases, there is a counterparty default risk with regard to the residual value guarantor. If a residual value guarantor defaults, the residual value risk pass onto the Volkswagen Group.

Residual value risk can be affected by various external factors. Changes in consumer confidence and preferences, economic conditions, government policies, exchange rates and perceptions of vehicle quality, safety, or reliability can all increase this risk. Among other things, Volkswagen was required to increase existing loss provisioning for residual value risks in the past. It cannot be ruled out that a similar scenario due to renewed deterioration of the macro-economic environment could occur in the future. The evolution of e-mobility also plays a role; advancements in battery technology may increase residual value risks for existing electric vehicles as demand for outdated technologies wanes. Equally, growing sales of electric cars due to shifting consumer behavior could negatively affect the residual values of conventional combustion vehicles. On the other hand, component shortages, rising costs of raw materials, energy and logistics, as well as procurement and delivery challenges, might lead to a decrease in new vehicle production or sales, and conversely an increased in used car values, potentially reducing our residual value risk.

Estimates of provisions for residual value risks might be less than the amounts actually required to be paid due to miscalculations of initial residual value forecasts or changes in market or regulatory conditions.

Management of the residual value risk is based on a defined control cycle, that ensures risks are fully assessed, monitored, responded to and communicated. This process structure enables us to manage residual risks professionally and also to systematically improve and enhance the way we handle residual value risks.

As part of risk management procedures, the adequacy of the provision for risk and the potential residual value risk are regularly reviewed in respect of direct residual value risk. The preparation of the risk management report includes a review of adequacy wherein the level of existing direct residual value risk is compared to the level of the provisions recognized for risks. Based on the resulting potential residual value risk, various measures are initiated as part of an active risk management approach. With regard to new business, the residual value recommendation must take into account current market circumstances and factors that might have an influence in future.

Dependency of the Financial Services Division

Volkswagen's Financial Services Division is dependent on the Volkswagen Group's sales, and any risk that negatively influences the vehicle delivery of the Volkswagen Group might have adverse effects on the business of the Financial Services Division.

Volkswagen's Financial Services Division business model is mainly the sales support of products of the Automotive Division. Thus, the financial success of the Financial Services Division depends largely on the success of the Auto

motive Division. The development of vehicle deliveries to customers of the Volkswagen Group is crucial and material to the generation of new contracts for the Financial Services Division.

Risks and opportunities from mergers & acquisitions and/or other strategic partnerships/investments

No risks with a score of 20 or more were reported for this risk category.

Joint ventures and minority investment risks and opportunities

Cooperation with joint venture partners or other partners might entail risks that could endanger our market position and cause financial losses.

We are increasingly concentrating on joint ventures and minority investments with strategic partners aimed at research and development, market launches and large projects. Such joint ventures and minority investments focus on strategic areas such as e-mobility, battery development, battery value chain, digitalization, vehicle software architecture, autonomous driving, mobility concepts and infrastructure. Participation in such joint ventures and minority investments has in the past required, and might continue to require, substantial investment amounts from the Volkswagen Group.

Failure to meet our obligations under joint venture, investment or related business agreements could, among other things, result in claims for damages, contractual penalties, or even termination of the agreement. A breach of contract by our partners or divergent interests between us and our partners or other unforeseen events include the risk of an unsuccessful implementation of a project. Risks may also arise in connection with data sharing, particularly regarding compliance with national data protection legislation and adherence to internal confidentiality standards, including the application of our need-to-know principle. Disputes with joint venture partners can be costly and distract management from business operations. Such joint ventures and investments could also increase coordination complexity and involve the risk of internal knowledge loss. Additionally, our partners might use technologies or intellectual property gained through joint ventures outside the intended scope. Changes or terminations of these agreements could negatively affect our areas of strategic focus. Should we decide to divest our shareholdings or exit a joint venture, finding a buyer might be challenging or we might face other obstacles in selling our shares. In addition, our partners could raise claims for damages under the investment agreements or otherwise.

We are particularly exposed to risks in relation to our joint ventures in China, due to their strategic importance in terms of our growth strategy in Asia. Any disruption to the business activities of these joint ventures, whether due to internal partnership issues or differing strategic objectives among partners, could materially impair their operations and adversely affect our interests.

In addition, the loss or disruption of such joint ventures or investments might lead to the loss of customers or orders and could harm our competitive position in the affected markets.

To mitigate the aforementioned risks, where we do co-development, such companies receive not only technical support but also assistance on IT-related aspects.

Joint ventures and investments offer significant opportunities in strategic areas and key future-oriented fields. With these, we can accelerate technological innovation, share investment risks and realize economies of scale. In addition, joint initiatives open up further growth and revenue potential. Overall, joint ventures and investments make an important contribution to sustainably strengthening our competitiveness in a dynamically evolving market environment.

Acquisition and investment transaction risks and opportunities

We may be exposed to risks in relation to corporate acquisitions and equity interests in companies.

We have in the past made, and will in the future make significant acquisitions of companies and equity interests on different share participation. These acquisitions involve substantial investments and risks during the transaction process. It therefore cannot be ruled out that we might not gain full access to all relevant information needed to fully assess a target company before finalizing an acquisition, or that doing so might incur high costs.

Target companies may also be located in countries where the underlying legal, economic, political and cultural conditions do not correspond to those that are customary in the European Union, or have other national peculiarities that we are not familiar with. Additionally, acquisitions may need to be reviewed by competition and other regulatory authorities, that could delay or prevent their completion. Consequently, we may not in advance be able to identify all associated risks or adequately protect ourselves against them. Additionally, acquisitions and their integration require significant management resources, and there is a risk that acquired technologies or assets may not hold legal validity or intrinsic value. We might also face challenges in retaining and integrating employees, business relationships and operations of acquired companies.

We might not achieve our growth targets, economies of scale, cost savings, or other strategic goals from acquisitions. Anticipated synergies might not materialize, purchase prices might be too high in retrospect, or unforeseen restructuring costs might arise. Additionally, changes in interest rates, capital costs, or market demand might adversely affect business plans and valuations. Furthermore, we might not recover guarantees and indemnities from third parties, and acquired entities' partners might cancel contracts or make disadvantageous claims. In asset disposals, we face risks such as potential liabilities from warranties and regulatory challenges in obtaining necessary approvals. Finally, should we decide to divest our shareholdings or exit a joint venture, we are exposed to risks typically associated with such transactions, including potential liabilities resulting from contractual warranties and indemnities, as well as regulatory risks of not being able to obtain required approvals to close the transactions.

If these risks materialize, or if we misjudge them, it could lead to impairments, reputational damage and compliance risks.

To mitigate the aforementioned risks, a comprehensive due diligence review of potential targets is conducted before any acquisition or investment. This assessment covers e.g., financial strength, compliance and ESG performance, technological capabilities, governance structures and market reputation. In addition, a strategic fit analysis ensures that the target's objectives, values and time horizons are aligned with our overall strategy. Furthermore, we strive to design the future governance structure in such a way that we gain an appropriate level of influence over key decisions, even in cases of minority shareholdings.

Corporate acquisitions and equity interests offer opportunities to strengthen our competitive position and accelerate transformation. Targeted investments provide access to innovative technologies, new business models and growth markets – particularly in the areas of e-mobility, battery development and value chain, digitalization, vehicle software architecture, autonomous driving, mobility concepts and infrastructure. They also enable portfolio diversification and long-term value creation through participation in emerging industries and sustainability-focused ventures.

Risks from the disposal of equity investments

Adverse market conditions may lead to a situation in which we could not raise capital on favourable terms. In the event of an unforeseen funding requirement, we might be compelled to dispose of assets at short notice, potentially realizing proceeds below their fair market value. Such forced sales could result in financial losses for us.

Risks arising from the impairment of goodwill, brand names or capitalized development costs

The value of goodwill, brand names or capitalized development costs reported in our consolidated financial statements has been impaired in the past as a result of revaluations and might be impaired again in the future; in addition, accounting assessments might result in further negative effects.

At least once a year, we review whether the value of goodwill, brand names or capitalized development costs might be impaired based on the underlying cash-generating units. An impairment loss may be incurred if there is objective evidence that the recoverable amount of an asset is lower than its carrying amount. Such impairments may result, for example, from rising interest rates or deteriorating business expectations. Assessing whether goodwill and acquired brand names are impaired largely relies on prediction of future cash flows and determination of appropriate discount rates. Given the ongoing transformation towards e-mobility and digitalization in the core business, the shift to self-driving vehicles and stricter environmental regulations, there are uncertainties that must be taken into account when estimating our future market share in BEVs, potential margins and long-term growth rates. Additionally, potential delays in e-mobility adoption, strong competition from China as well as the potential risk of protectionist measures must be considered. The estimates are subject to risk and may be revised if environmental regulations or market conditions change.

SUMMARY OF THE RISK AND OPPORTUNITY SITUATION

The overall risk and opportunity situation of the Volkswagen Group is derived from the individual risks and opportunities presented above. To ensure that these risks are controlled, we have established a comprehensive risk management system. The most significant risks across all risk categories for the Volkswagen Group arise from a negative trend in markets and unit sales – driven by increasing trade restrictions, protectionist tendencies and intensifying competition –, failure to meet CO₂-related requirements, the development of products that are not in line with demand or requirements, in particular with regard to software and the associated architecture, as well as e-mobility and demanding procurement markets. For 2026, there may be negative impacts from limited availability of parts, energy and other raw materials as well as from geopolitical and geoeconomic tensions and conflicts – such as the Russia-Ukraine conflict, the confrontations in the Middle East, and increasing uncertainties regarding the economic policy stance of the USA. Furthermore, there are residual risks for the Volkswagen Group from the diesel issue. Based on the information available to us today, there are no risks that could endanger the continued existence of material Group companies or the Volkswagen Group.

This annual report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. Risks are associated with the estimates given, and actual developments may differ from those forecast. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, prices for energy and other commodities or the supply of parts relevant to the Volkswagen Group will have a corresponding effect on the development of our business. In addition, there may be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented in this annual report develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business. We do not update forward-looking statements and do not assume any obligation beyond that required by law to update the forward-looking statements made in this annual report.

Outlook for 2026

Our planning is based on the assumption that global economic output will grow overall in 2026 at a similar pace to 2025. Declining inflation in key economic regions and the resulting gradual easing of monetary policy are expected to boost consumer demand. We continue to see risks in the increasing fragmentation of the global economy and protectionist tendencies, in turbulence in the financial, energy and commodity markets, as well as in structural deficits in individual countries. Growth prospects are also weighed down by continuing geopolitical tensions and conflicts; risks stem in particular from the Russia-Ukraine conflict, the confrontations in the Middle East, as well as growing uncertainties regarding the policy stance of the USA and the global increase of geoeconomic measures, which could further exacerbate geopolitical tensions. We anticipate that advanced economies will maintain, on average, a momentum comparable to that of the reporting year, while the group of emerging markets is expected to exhibit somewhat softer dynamics.

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will continue to increase. Crisis-related disruptions to the global supply chain and the resulting impact on vehicle availability may weigh on new registration volumes. Moreover, suddenly arising or intensifying geopolitical tensions and conflicts could in particular result in rising material prices and declining energy availability, and necessitate a reassessment of existing resource allocations.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but stable overall in 2026. Overall, global new vehicle sales volumes are expected to be on a level with the previous year. In Western Europe, we anticipate that the volume of new passenger car registrations in 2026 will also be on a level with the reporting year. For the German passenger car market, we also assume that the volume of new registrations in 2026 will be at the prior-year level. We anticipate a strong year-on-year increase in sales of passenger cars overall in markets in Central and Eastern Europe – subject to further developments in the Russia-Ukraine conflict. In the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America overall, as well as in the USA, sales volumes in 2026 are forecast to be slightly below the previous year's level. The number of new registrations in the South American markets in 2026 is projected to show a slight overall year-on-year increase. The passenger car markets in the Asia-Pacific region in 2026 are expected to be similar to the previous year.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, the sales volume for 2026 is likely to be on a level with the previous year.

For 2026, we expect new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes will be on a level with the previous year in the markets that are relevant for the Volkswagen Group, with regional variations. A slight year-on-year decrease in demand is anticipated for 2026 in the bus markets relevant for the Volkswagen Group, but this will vary depending on the region.

We assume that automotive financial services will continue to play an important role in global vehicle sales in 2026, in conjunction with the development of vehicle markets.

In a challenging market environment, we anticipate that the number of deliveries to customers of the Volkswagen Group in 2026 will be on a level with the previous year.

Challenges will arise in particular from the economic environment, uncertainties related to international trade restrictions and geopolitical tensions, intensifying competition, volatile commodity, energy and foreign exchange markets, as well as stricter emissions-related requirements.

The sales revenue of the Volkswagen Group is likely to develop within the range of 0% to +3% in 2026. The operating return on sales for the Group is projected to be between 4.0% and 5.5%. We assume that the investment ratio in the Automotive Division will lie between 11% and 12% in 2026. We expect net cash flow for 2026 to be between €3 billion and €6 billion. Net liquidity in the Automotive Division in 2026 is expected to range between €32 billion and €34 billion. We remain committed to continuing our robust financing and liquidity policy.

The forecast is based on the assumption that the current tariff situation in international trade will persist.

OVERVIEW OF KPI PROJECTIONS

in € billion	Actual 2025	Forecast for 2026
Deliveries to customers (in million units)	9.0	at prior-year-level
Volkswagen Group		
Sales revenue	321.9	0 to +3.0%
Operating return on sales (in %)	2.8	4.0 to 5.5
Operating result	8.9	in forecast range
Passenger Cars and Light Commercial Vehicles segment		
Sales revenue	244.5	0 to +3.0%
Operating return on sales (in %)	2.0	4.0 to 5.0
Operating result	5.0	in forecast range
Commercial Vehicles segment		
Sales revenue	42.5	-5.0 to +7.0%
Operating return on sales (in %)	5.7	5.0 to 7.0
Operating result	2.4	in forecast range
Financial Services Division		
Sales revenue	62.1	0 to +3.0%
Operating result	3.7	> 4
Automotive investment ratio (in%)	11.8	11 to 12
Net cash flow in the Automotive Division	6.4	3 to 6
Net liquidity in the Automotive Division	34.5	32 to 34

Wolfsburg, February 24, 2026

The Board of Management