

Extraordinary General Meeting of Volkswagen AG

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Speech by Oliver Blume

CEO Volkswagen AG

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1. Welcome

Thank you very much, Mr. Poetsch.

Dear Shareholders, Ladies and Gentlemen,

On behalf of the entire Board of Management, I would like to welcome you to this Extraordinary General Meeting of Volkswagen AG.

I am delighted to be talking to you today for the first time in my new role as Chairman of the Volkswagen Group Board of Management.

I have been with the Volkswagen Group for almost three decades. I have worked for Audi, SEAT, Volkswagen and Porsche. In Germany and abroad.

One question people have often asked me is how I manage to combine my two roles – as Chairman of the Executive Board of Porsche and as Chairman of the Volkswagen Group Board of Management.

After four months I can say – it's working out well. Should there be potential conflicts of interest, we have clear rules for dealing with them.

The independence of Porsche AG through the IPO means that such cases only rarely occur. Conversely, the Company benefits from the dual role and my involvement in the operational business.

The two roles complement each other perfectly: like in soccer, where players give everything for their league club and at the same time play in the national team.

Focus and speed. Team spirit and passion. An opportunity mindset – and consistent decision-making and implementation. That is my aspiration for the management of the Volkswagen Group.

Steering the company in this new phase is a big responsibility. But above all, it is a great honor – and a fascinating mission.

Together with my management team, I got down to work straight away.

After an unembellished inventory of the Group's main fields of action, we formulated the priorities for the coming months in a 10-point program.

Right from the start, it was important to me to put in place key building blocks and make decisions quickly in order to have a clear direction for the Volkswagen Group by the end of the year. We have achieved that.

Now it is time to speed up the implementation of our strategy.

With Volkswagen, we want to shape the era of electric and digital mobility – together with my Board of Management team, the Supervisory Board and you, our shareholders.

It is my ambition to make our company even more successful. Even more sustainable. And even more valuable.

2. Business development in 2022

Ladies and Gentlemen,

Volkswagen is in a good financial position.

We posted solid financial results in the first nine months of this year despite the global challenges.

Although the deliveries from January to September were 13 percent down on the previous year due to global supply bottlenecks, the operating result before

special items nevertheless increased by 23 percent to €17.5 billion due to improvements in the product mix and adjusted price positioning. This reflects an operating margin of 8.6 percent.

The third quarter operating result increased to €4.3 billion. This includes non-recurring items in particular in connection with our Russian business and costs for the Porsche IPO. The operating margin came in at 6 percent.

3. Highlights 2022

The Volkswagen Group has the most desirable brands in the world with iconic products that have been thrilling our customers for decades.

This year, the ID.Buzz¹ proved we have successfully mastered the ideal combination of brand tradition and state-of-the art technology.

We presented the new Amarok², a pick-up that is both a practical workhorse and an attractive lifestyle model.

ŠKODA's Vision 7S³ gives us a first taste of a very spacious electric seven-seater designed with a new interior concept.

We reached further milestones in our electric fleet ramp-up. We topped the 500,000 mark with our Volkswagen ID.s and delivered the 100,000th Porsche Taycan.

We established PowerCo, bundling our battery cell production activities, and laid the foundation stone for the first cell factory in Salzgitter.

My personal highlight was the Porsche IPO, the reason for today's event. The IPO marked a historic day. Post-IPO, Porsche has become more independent and agile. This newly-found autonomy enables us to gather even more speed.

¹ Combined power consumption in kWh/100 km: 21.7–20.6; combined CO2 emissions in g/km: 0. Only consumption and emission values in accordance with WLTP and not in accordance with NEDC are available for the vehicle

² Near-series study

³ Concept car

As you know, during the preparation and implementation of the IPO, I exclusively performed my function as CEO of Porsche AG in all related decisions. I will do the same with the decisions that are still pending.

Our CFO, Arno Antlitz, will therefore present details of the IPO in a few minutes.

4. Economic environment and outlook

Allow me to move on to the outlook for 2022, a year that comes to a close in just a few weeks. Once again, this has been a year of big challenges.

Russia's war of aggression against Ukraine has brought untold misery to people in the region for almost a year now.

The war has further destabilized the global order. Supply bottlenecks are becoming the rule rather than the exception.

We are concerned by geopolitical developments such as the rise in nationalism and protectionism. The automotive industry is particularly affected by such phenomena. Our business success is based on free world trade and functioning supply chains.

Volkswagen together with its brands is present in more than 150 markets all over the world.

Given the numerous crises of recent years, our Company has reinforced its financial resilience further.

Thanks to our robustness and the high demand for our products, we confirmed our outlook in most material aspects in September.

The Volkswagen Group's sales revenue in 2022 is expected to be 8 percent to 13 percent higher than in the previous year. In terms of operating margin, we continue to expect to come in at the upper end of the corridor of 7 to 8.5 percent.

As you can see, the Volkswagen Group stands strong in a challenging environment.

5. Business principles

Dear Shareholders,

In my role as CEO of Volkswagen, I lead the Volkswagen Group based on the same principles that have made Porsche stronger and more successful in recent years.

Nothing and no one is more important than the brands. People buy brands. They are one of the most important criteria for our customers.

That is why we will position our brands even more effectively and sharpen their profile even further.

Our products are the core of our success. The right product strategy, striking design criteria and high quality. When it comes to technology, our ambition is to measure ourselves against the best.

Everything always centers around people. Working together, helping one another, sharing success. It is a question of constructive interaction, respect and trust – and acting as a role model starts with me personally.

The same holds true for entrepreneurship. Volkswagen is founded on innovation combined with technical excellence. We intend to build on that foundation in future, too. To shoulder responsibility. To keep asking ourselves what we can do better – day after day.

Last, but not least: sustainability. I believe the biggest challenge of our time is to leave behind a better planet for future generations. Our approach to sustainability is holistic: the environment, our social responsibility, the way we govern our company.

Our approach to decarbonization is also holistic. Volkswagen has given a clear commitment to electric drives. E-mobility is the best solution for sustainable transport.

But our Group is also mindful of today's fleet on the roads. As well as air and sea transport. E-fuels could play a role in this context. Porsche is spearheading the development on this front within the Group.

6. 10-point plan

Ladies and Gentlemen,

Even before I took office as CEO of Volkswagen, I did some stocktaking and put almost everything to the test.

Together with my board team, we defined 75 fields of action.

We condensed them in a 10-point plan, which we are using to set the priorities for the coming months.

This undertaking is rather like renovating a house: the foundation is solid. The structure is good, based on decades of successful work. Now we need to make the house shine in new splendor. We are tidying up the basement. Putting up new roof timbers. Moving a few walls. We are clearing out, adding new parts, dismantling old ones.

Each of our 10 points is underpinned by concrete decisions we have taken in the last four months based on a tight agenda.

A Board of Management member is responsible for each point. That way, we can be sure of implementation.

Allow me to outline each of the ten points.

Point 1: Planning Round.

The top priority is financial robustness. The goal is the more efficient use of our capital. We are sharpening our focus on the return and on net cash flow. Our ambition is also to strengthen the resilience of the individual brands and to lower the break-even point – the point at which total cost and total revenue are equal – even further.

Point 2: Products.

We are sharpening our product strategy to leverage synergies in the Group and enhance the attractiveness of our brands. We are developing clear design languages and have launched a quality offensive.

The Volkswagen brand is currently examining how it can take icons such as the Golf or Tiguan into the electric future. At Group level, we are repositioning the design and quality divisions: the close connection to the Porsche and Audi brands will ensure even better orientation towards customer needs.

Point 3: China.

In China, we hold pole position in the market and operate from a position of strength. We will likely double deliveries of electric cars this year.

We are accelerating the transformation by strengthening our technical development with an “in China for China” strategy. Together with Horizon Robotics we are forging ahead with the development of autonomous driving in China.

Point 4: North America.

In North America we are in the right place at the right time: more and more Americans are switching to “E”. Local assembly of the ID.4 is currently being ramped up at our plant in Chattanooga. We are looking at expanding capacity and localizing our supply chain.

With our Scout project we plan to enter the attractive U.S. pickup and rugged SUV market.

That is also of strategic significance for Volkswagen because we plan to diversify our business further in light of geopolitical developments.

Point 5: CARIAD.

One of our most pressing issues in recent months was realigning our software activities. One thing is clear: setting up CARIAD, our software unit, was the right decision. Now, we are moving forward with the development of CARIAD.

We are looking at what core competences we have in-house and reviewing where partnerships are meaningful.

We have redefined the interfaces with our brands and are optimizing processes and tools.

We are improving the software in current volume models with ranges of up to 700 km and a maximum charging capacity of around 200kW.

And we will be rolling out a high-performance software for our premium brands next year.

The long-term goal is a unified software for the Group that will enable us to maximize scaling benefits.

Point 6: SSP strategy and technology.

With the new software roadmap, we have also agreed on the sequence for vehicle projects in the coming years.

We have defined the technology profiles for our Scalable Systems Platform - a scalable modular system that we will roll out at all brands by the end of the decade.

To that end, we have allocated power ranges to the brand groups so that there will be no more overlaps in future. That allows us to leverage synergies even more effectively going forward.

Point 7: Battery, Charging and Energy.

We presented our power roadmap to the public in spring 2021. The locations for three of the six planned battery factories in Europe have already been decided.

The decision on a site in Eastern Europe should follow soon and we will begin investigating sites in Canada soon as well.

We signed a memorandum of understanding on raw material security with the Canadian government a fortnight ago.

This week, we launched our joint venture with Enel in Italy in the field of charging and energy. As a result, we have moved another step closer to our target of establishing 45,000 fast charging points worldwide by 2025.

Point 8: Mobility solutions.

We have signed off a business plan designed to introduce a mobility app next year. This app will cover the ecosystem of mobile services, from financing, leasing and rental through to subscription models, and will apply for all brands.

The mobility platform that we are building with Europcar is thus taking shape.

At the same time, following our withdrawal from the Argo AI partnership in October, we are reviewing the business model for mobility as a service.

In the field of individual transportation, we will continue our autonomous driving activities with Audi and Porsche.

Point 9: Sustainability.

We are currently redesigning our sustainability strategy.

The next step is ambitious ESG goals that we are breaking down to brand and division level. Our aim is for the brands and sites to bear their overall responsibility for these goals.

This will culminate in standardized ESG profiles for all brands.

And point 10: Capital market.

Dear Shareholders,

I am firmly resolved to achieve a sustainable increase in the value of our company. Everyone benefits from that: our owners, our employees, our customers and you as shareholders. That is why we are developing virtual equity stories for our brands and value drivers in the Group. Our ambition is to visualize the strengths of our Group and enhance value for the long term.

We will be presenting the first results at a Capital Markets Day in the second quarter next year.

We had the opportunity to discuss our 10-point plan with some investors last week. For me, there are important value drivers that have priority and that we will be systematically addressing over the next three years.

- The rapid implementation of our BEV strategy.
- Binding financial targets for all brands with a focus on return on sales, net cash flow, break-even and fixed costs. With more responsibility for the brands in the implementation.
- Ambitious long-term targets for margin and net cash flow - including the associated action plans.
- The consistent exploitation of synergies in the Group via the brand groups - both with regard to the products and with regard to the platforms.
- A Group strategy to further strengthen the resilience of the business.
- A strategy for the correct allocation of available capital - with a focus on key strategic projects.
- The virtual equity stories for all brand groups and value drivers to improve performance and leverage unused potential.
- A new management style based on performance, team spirit and execution.

Our methodology will always be the same: to analyze the status quo critically, set the right priorities and systematically follow them through.

We will do the right things the right way.

7. Decisions

Ladies and gentlemen,

Let me summarize what we have achieved in the first 100 days:

We have reorganized and streamlined the Group Board of Management.

And the Group's operational cross-divisional functions such as design, development, procurement, production, quality and sales are staffed with the

very best specialists from the brands. This makes us faster, more professional, more concrete in the implementation and opens up synergies between the brands.

We have made key decisions in the 10-point program:

In order to increase financial robustness, we have sharpened the framework of key indicators and focused on key value drivers.

In terms of products, the product strategies have been significantly revised. We have set up design and quality programs to boost the identity of the products.

In the regions of China and North America, we have analyzed the situation and defined structured strategy areas.

With regard to the software and platforms technologies, we have decided on a comprehensive reorganization with regard to the content profiles, technology, timing and product assignments.

We have advanced the future fields of battery/charging/energy with significant decisions.

We have sorted and refined the mobility solutions map. At the same time, the partner structure for autonomous driving is being reorganized to cater for customer-specific requirement profiles. Accompanied by an acceleration of activities for level 2++/3 and 4 driving.

The sustainability profile of the Volkswagen Group has been revised - with a clear level of ambition for ESG indicators and our decarbonization program.

Virtual equity stories are being implemented to steer the performance of our brands and units.

With these decisions, we have set the course for the future structure of the Volkswagen Group.

8. Conclusion

Ladies and Gentlemen,

Allow me to sum up:

With my team, we set out from day one to give the Volkswagen Group a new format. The direction is right. We will begin implementation in 2023 and will give you regular updates on our progress.

Our ambition is to retain a leading market role in the world of e-mobility with first-class products and services – with convincing design, technology and user experience.

We continue to work on a balanced global presence – in Europe and China and with a strong third pillar in North America.

Binding KPIs steer our brands and platforms – and at the same time, we foster entrepreneurship and sustainable value creation.

We are setting ourselves even more ambitious sustainability targets.

We play to win, with a team spirit, fairness and passion.

Thank you for your trust in our strategy. I wish you all a peaceful Christmastide and a very happy New Year. I hope you enjoy the festive season.

I would like to hand over to Arno Antlitz, who will report to you on the agenda item for this Annual General Meeting.

Many thanks.