

**VOLKSWAGEN GROUP**

# ANNUAL GENERAL MEETING OF VOLKSWAGEN AG JUNE 18, 2026 SPEECH BY DR. OLIVER BLUME

Thank you, Mr. Pötsch,

Dear Shareholders,  
Dear Members of the Supervisory Board,  
Dear Colleagues,

A warm welcome to the 2026 Annual General Meeting of Volkswagen AG. I am delighted you could join us today for this virtual AGM. Currently, the information on a variety of topics relating to the Volkswagen Group can be a little confusing. I would therefore like to present the key coordinates that define our company's position to you today, on the basis of figures, data and facts: Where we stand. Where we are making progress. And where we need to take action.

We believe it is important that you as our shareholders can form a nuanced view – of the risks and opportunities of your investment.

For us, 2025 was: A year of action. A year when we pitched in. A year when we delivered. We resolutely forged ahead with our plan. We delivered convincing products to our customers. We translated technological innovations into tangible added value. And made great progress – in the core areas of our company. Above all, we kept our promises.

And we are maintaining the momentum. We have a clear vision: We want to become the world's most attractive automaker by 2030. We have a strategy. We have a plan in place. And we have the strength, the talents and the experience to realize this ambition.

But before we turn our attention to the future, let us take a look at the past, and at what is currently on the agenda.

The potential of the Volkswagen Group lies in the strength of our brands. Our products excite and inspire customers all over the world. We continued our model campaign in 2025. Once again launching more than 30 new models. Across all brands, segments and drivetrains. With highlights such as: the Tayron and new T-Roc from Volkswagen, the Skoda Elroq, the A6 e-tron and the new Q3 from Audi, or the Lamborghini Temerario, the electric Cayenne or the new 911 derivatives from Porsche.

Feedback from the markets and the media is extremely positive. Numerous prestigious international awards are proof of that: For example, 6 Golden Steering Wheels in Germany, and first place in 10 "Best Cars" categories. This is something never previously achieved by us – or any other automaker. A historic feat. Moreover, we were recognized as the world's most innovative automotive group in 2025. Based on an independent scientific study from the Center of Automotive Management.

We sent a particularly strong signal in e-mobility. Last year, our global deliveries of all-electric vehicles grew by approximately one third. In Europe, growth in this business even topped two thirds. With a market share of 27 percent in 2025 we are Europe's clear frontrunner for all-electric vehicles. Ahead of the competition by a large margin. Five of the ten best-selling electric models in Europe came from our Group. Order figures have gone up further – by 21 percent.

And we are not stopping there. Our electric urban car family showcases the strengths of our Group. Four models. Three brands. One platform. Intelligent scaling – with state-of-the-art technologies. 80 percent carry-over parts – with brand identities clearly differentiated through design.

The world premieres of the Cupra Raval, Volkswagen ID. Polo und Skoda Epiq say it all: Our cars are an inspiration. For the experts and trade media – just as they are for our customers. Affordable e-mobility in the entry-level class – a segment with high growth potential.

In China, too, we are demonstrating how we can turn strategy into measurable results. We have fundamentally repositioned ourselves – in a market that is changing faster than any other. Three years of realigning and transforming our business. Now, we have shifted to delivery mode.

Our "In China, for China" strategy is gaining traction: We have built our largest research and development center outside Germany in Hefei. Reduced our vehicle development times by 30 %. Cut our material costs by as much as 50 %. In terms of technologies and costs we are on par with Chinese competitors – are adding to our traditional strengths of brand, design, quality, driving characteristics, safety and services and turning them into a clear market benefit.

We offer state-of-the-art functions that Chinese customers expect: from automated driving, through special infotainment solutions, to intelligent cockpits, and AI agents.

Our first locally developed vehicles are on the road. The E5 from our new local AUDI brand was voted "China Car of the Year". The highest accolade in the Chinese automotive market. Customers are giving our new products a warm welcome. Sales of models such as the Volkswagen ID. Era 9X, the ID. UNYX 07 or the AUDI E7X are growing steadily. We are thus tapping into new segments – and striking a chord with younger customers in particular.

This proves we are on the right track. As the traditional market leader for combustion engine vehicles, we are gaining a foothold in the hard-fought and fast-growing segment for NEVs – for new electric vehicles. We are in the game. But we still have plenty of work to do.

Today, we stand at the beginning of our largest product campaign in China: We plan to launch around 30 new models up to the end of 2027. Smart and fully connected. All-electric. As plug-in hybrids. Or with range extenders – electric cars with an additional generator for an electric range of more than 1,000 kilometers.

At the same time, we are forging ahead with highly automated driving. We will be launching the first vehicles with more advanced driver assistance features – in other words, Level 2++, before the end of this year. At this level, the system takes over control of the vehicle. The driver remains on standby, ready to intervene. And by 2027, we plan to be ready with the next level, Level 3 – highly automated driving in specific use cases.

Our joint venture between CARIAD and Horizon Robotics is developing the Group's first self-designed system-on-chip for advanced driver assistance systems as well as the software. That makes us faster, more flexible, more efficient, more cost-effective – and more independent.

For us, China is more than a market. For us, China is an innovation compass – and a technology driver. Initiated with our partner Xpeng, we have developed our own advanced zonal electrical/electronic architecture. In record time: just 18 months from concept to series. Learning curves and experiences that we will transfer to other world regions.

At the same time, we have created new perspectives with our Chinese models. Export opportunities in the Global South. In market segments that were previously not accessible due to the structure of our costs and product offering: such as Southeast Asia, Australia, India, the Middle East, Africa – or South America.

The China Electronic Architecture is an important element in our new global software strategy. In parallel; we have stabilized, completely restructured and significantly streamlined our software subsidiary CARIAD. As far as CARIAD is concerned, we were justifiably subject to severe criticism in the past – in terms of functionality, deliverability, costs and quality. Meanwhile, our as-is architectures compete at the highest level and are garnering positive feedback from customers, experts and trade media.

CARIAD has become a modern, professional tech company. Particularly as regards cross-cutting technologies – not only driving systems, but also cloud, data and backend units.

The other main pillar of our software strategy is taking shape in the USA – the future electrical/electronic architecture for the Western Hemisphere. We are progressing as planned with our Rivian Volkswagen Technology joint venture. All milestones so far have been achieved on target. Most recently, the successfully concluded winter tests of our first products. The new zonal architecture is slated for roll-out from 2027. The cost benefit of our forward-looking software architectures is 80 percent.

Tariffs are currently having a massive impact on our market situation in North America. The negative effect is of the order of some EUR 5 billion per year – through direct and indirect effects. Particularly as regards exports from Europe – as well as products from Mexico that can no longer be exported economically due to high tariff levels.

Nevertheless: We believe the USA is the region with the largest growth potential for Volkswagen Group. That is why we are realigning. In terms of strategy, operations, and structures. Concentrating on the most profitable segments, the right vehicles for the market, efficient-decision-making structures.

As part of this strategy, we are proceeding with the construction of our factory in North Carolina as planned. With the revival of the iconic Scout brand, we are positioning ourselves in the largest and most profitable automotive segment in the USA. And we are also reviewing expanding partnerships and localizing Audi products in the United States.

Ladies and Gentlemen, for Volkswagen Group the future of mobility is clearly electric. And the battery is the core technology. We are the first European manufacturer to develop and produce battery cells on an industrial scale – with our PowerCo subsidiary. In late 2025, we commissioned our first cell factory based in Salzgitter. We are currently ramping up production in Germany – followed by our factories in Spain and Canada. Our focus is on our ability to compete with the best players in the market in technological and financial terms.

We are taking another decisive step forward with the LFP cell made in Europe. LFP is the abbreviation for lithium iron phosphate. This technology is known for its longevity, cost-efficiency and excellent fast-charging capabilities. Our ambition is to give our competitive position a further boost. At the same time, we are preparing for the leap toward future battery generations: sodium and solid-state batteries.

And we are creating new opportunities for our battery activities – over and above the automotive business: In growing industrial sectors and for energy storage systems. In spring, our energy subsidiary Elli connected the Group's first large-scale battery storage system to the grid. This is the next logical step and demonstrates how we are leveraging the technologies developed by Volkswagen comprehensively and profitably.

Let's turn our attention to the figures for 2025.

We delivered around 9 million vehicles worldwide. Close to the prior-year level – and at the average of the past five years. Against the backdrop of today's significantly more competitive market environment.

Our sales revenue came in at around EUR 322 billion – approximately the same level as the previous year.

The operating result was some EUR 8.9 billion. With a margin of only 2.8 percent Both substantially lower than the previous year. This is chiefly due to high one-off special effects and US tariffs. These totaled almost EUR 9 billion.

Net cash flow in the Automotive Division rose to EUR 6.4 billion. That was noticeably higher than our target for 2025. Thanks to the successful efforts of our teams – especially in the second half of the year. An increase of EUR 1.3 billion compared to 2024 – despite the weaker operating performance.

At around EUR 34.5 billion, our net liquidity remained at a solid level.

These figures show: Our situation is tense and demanding. But they also show: We are holding our own – particularly compared to the competition. What matters is: We are and we remain in a position to act. Even in the midst of transforming and restructuring the Volkswagen Group.

The capital market also acknowledges this. Our preferred shares grew by around 16 percent in 2025. The European sector index fell by 4 percent over the same period. Including the dividend, this gave you, our shareholders, an annual increase of 24 percent.

We remain committed to our dividend policy for the last fiscal year. The Board of Management and the Supervisory Board propose a dividend of EUR 5.26 per preferred share for fiscal 2025. Consequently, we are distributing more than 30 percent of our result. We have not taken into account special effects in connection with the non-cash impairment of the goodwill allocated to the Porsche segment – in the interest of our shareholders.

Ladies and Gentlemen, our costs remain the area where we have the greatest need for action. We have expanded our performance programs to include future packages at our German sites. For Volkswagen, Audi, Porsche and our software subsidiary CARIAD we have agreed to cut the number of jobs in Germany by some 50,000 by 2030.

We are on schedule: At Volkswagen AG alone – including Sachsen and Osnabrück – we will have reduced the headcount by 19,000 by the end of the year. In total, over 28,000 binding agreements for departures by 2030 have already been concluded. We already cut factory costs at Volkswagen's German sites by more than 20 percent in 2025.

We are seeing the first measurable financial effects of our activities: Through collective bargaining agreements and downsizing measures, we have to date achieved sustainable cost saving effects of around EUR 1 billion across the Group. We are working on annual net savings of EUR 6 billion by 2030. These contributions feed into our overarching performance programs. With these programs we are methodically addressing all cost categories across all brands. With the help of the performance programs, we have been able to absorb a large share of the external headwinds running into double-digit billions.

Another aspect our programs also address is the reduction of overcapacities in our production network. Our starting point was a global production capacity based on an annual 12 million vehicles planned prior to the COVID pandemic. A planning founded on much more optimistic assumptions.

Today, we believe a figure in the order of 9 million is realistic. That is the average achieved over the last five years. Our goal is to adjust our capacity to this market-aligned level. In this context, we have already taken some 2 million units out of the production network in Europe and China in the last two

years. Measures have been initiated to cut a further 500,000 units in China. And the next steps in Europe and Germany will be on a similar scale.

Today, we must recognize that conditions for the automotive industry have deteriorated further in 2026 – as a result of the conflict in the Middle East, shrinking market volumes and increasingly intense competition.

Our rule is hard and fast. We are focusing on our core business: Strengthening our brands with attractive new products. Consistently cutting our costs even further. Reducing our complexity. Positioning our Group and our brand groups even more efficiently.

For Volkswagen brand this means: Consistently continuing along the successful path to increasing efficiency. At the same time, Volkswagen is forging ahead with the largest model campaign in its history. With numerous world premieres this year, including the: ID. Polo, ID. Polo GTI, ID. Cross, or ID.3 Neo. Along with the new Atlas in North America.

We also expect strong product momentum at Audi in 2026: New Q7, new Q9, new RS5. Plus the A2 e-tron that marks the brand's entry into the electric compact class. The year got off to a promising start in Europe and Germany: with higher first-quarter sales.

We comprehensively repositioned Porsche in 2025. With regard to product and corporate strategy, the focus on core business, investment portfolio realignment, the expanded cost program, including massive goodwill impairment, necessary restructuring measures, and the Executive Board line-up. The measures we have initiated are starting to show results. The operating return in the first months of this year showed positive momentum, in line with our announcement.

We made a stable start to the year with our products – in a heavily declining global market. In Europe: Clear market leader. Increased deliveries in the first quarter. In China: Our core Volkswagen brand stays in the lead. However, the shrinking overall market is also impacting our unit sales. In South America: Second in the market. The highest Q1 deliveries since 2015. Double-digit growth rates in some segments in the last two years. In the USA: Market share at a low level – affected by the tariff situation. But unchanged high potential.

As far as the Group as a whole is concerned: Looking at the current fiscal year, we are on track. We expect an operating result above the prior-year level and the operating return on sales to come in at between 4 and 5.5 percent. We expect net cash flow in the Automotive Division to be between EUR 3 and 6 billion. We expect net liquidity to be in the range of EUR 32 and 34 billion.

Let me put this in context: Volkswagen Group's long-term average operating return on sales from 1990 to the present is around four percent. This level is at the bottom of our target corridor for 2026. Moreover, we have offsetting effects to contend with, and must compensate for a negative margin in excess of 5 percent. And we are working on double-digit billion cost savings under our performance programs. Without the headwinds impacting our business, our operating result would already be within the range of our long-term ambition today.

In a historic context, the significant improvement in efficiency of the past two years speaks for itself. However, in this day and age that is nothing more than a necessity. Offsets are not obvious in the operating result – and they do not help our company on the financial markets. This is about the real world. And we are facing the facts. Never has the risk situation been so high – and it is still climbing. That is why we must and will continue to improve.

The situation is clear: We are once again at the forefront of competition with our products. But we are not making enough money with them. Develop a world car in Germany, produce it in Europe, and sell it all over the world: Our business model that was so successful for decades does not work in today's world. We have to refine it. Give it a broader global reach. Act more locally. And at the same time, expand synergies and scaling further.

We have fundamentally restructured our Group. And given it a new technological basis. In our brands, in our companies, in our regions. With a clear strategy. A clear plan. And consistent execution. Three years ago, we made you ambitious promises. Today, we can see: We have done what we set out to do, and met all our key goals. We reached some of them earlier than planned. We have implemented the largest model campaign in our history. With significantly improved products as regards design, quality and technology. We have stabilized our software and put it on a global strategic footing. We have forged ahead with the development and production of battery technologies. We have reorganized our strategy in the world regions. And backed everything with overarching performance programs to strengthen our brands financially.

We have achieved all of this in a rapidly-changing world. Geopolitical crises disrupt markets and supply chains. New tariffs and trade barriers put business under pressure. Regulation is increasing – and generating additional costs. Markets are changing faster – or even collapsing completely.

At the same time, we are going through the most significant transformation in our industry. Involving great effort and costs, Flexible drivetrains, new technologies, software, batteries and the necessary restructuring.

And in Europe, Chinese carmakers are pushing ever more aggressively into the market. With prices that are not economically sustainable. That puts pressure on our volume planning and our earnings quality – irrespective of so many convincing new products from our Group.

This is why the Group Board of Management has mapped out a plan for the future. Based on our progress, our present position and the expected risk situation. And designed to support the continuous transformation of our company. With a clear focus on: strong products, convincing technologies, consistent work on our competitiveness.

Our ambition for 2030: an operating return on sales of 8 to 10 percent. A much stronger net cash flow – more than 60 percent of our Automotive operating result. Today, these KPIs have higher aspirations than was ever the case in the past. We have to offset further external margin pressures. We cannot assume that past sales and price levels will return to the markets. And we definitely cannot assume markets will return to growth.

To put it plainly: We must cut our costs and become more profitable – in a business environment

that has become more complex, where growth is almost non-existent. We must adjust our structures accordingly – and reposition our business model. The foundation: clear analysis, systematic work and strict discipline: For costs. And for investments. That is the only way we can create the space we need for necessary investments in the future and growth.

Our plan for the future has eight levers.

First: We reduce complexity. Focused products. Fewer variants. Higher volumes per model. And even greater focus on the expectations of our customers in the regions.

Second: We streamline our technology toolkit. We intensify our focus: on fewer platforms, and on electronic architectures. With a clear goal: less complexity, more speed, less expenditure.

Third: We consistently align our production network to market realities. We continue to reduce overcapacities. Regional. Intelligent. Economic.

Fourth: We aim for regional growth. More local responsibility. More decision-making leeway in the regions. Within a centrally-managed framework.

Fifth: We streamline our investment portfolio. We reduce complexity and create leaner structures. We generate greater focus and speed. And strengthen our balance sheet.

Sixth: We increase our operational excellence. We have already bundled the central functions of development, procurement, sales and quality at CEO level. We increase the efficiency and dynamic of our operational units through systematic programs – and unlock additional potential in all cost types.

Seventh: We strengthen our performance culture. Through fewer hierarchies. Through clear responsibilities. And through incentive systems that consistently reward performance.

Eighth: We improve our Group steering. With clear decision-making structures, leaner processes, more responsibility at all levels. That makes us faster and more effective.

We are currently working on the details of the next steps in our plan for the future. Further important decisions will be taken jointly with the Supervisory Board in the summer.

Ladies and Gentlemen, allow me to recap: We have repositioned the Group, given it a fundamentally new structure and redeveloped our technology. In a world that has radically changed. With tangible financial effects for our business. In the midst of the greatest transformation our industry has ever seen. Involving significant effort and costs.

The next few years will be critical. That is why we are taking resolute action. Not with another project that has a beginning and an end – but with an enduring transformation process. With a goal: To make our Group even more robust, even more successful – and future-proof. Able to resist external factors. And potential major risks.

The situation remains extremely challenging. Nevertheless: It is up to us. With our strong brands and products. Our clear strategy. And a team that can deliver. Around 660,000 employees worldwide. Who develop, produce and shape progress every day. My sincere thanks go to them all – in my own name and also on behalf of the entire Group Board of Management.

Great opportunities lie ahead of us. We are seizing them. Strengthening our substance. Investing with purpose in the future. And building lasting value. For you as our shareholders. And for Volkswagen Group.

Thank you for your attention.

## **Disclaimer**

The speech, the remarks/comments and explanations in this context contain 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. The estimates given entail a degree of risk, 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, energy and other commodities or the supply with parts relevant to the Volkswagen Group will have a corresponding effect on the development of our business. In addition, there may also be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented 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.

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