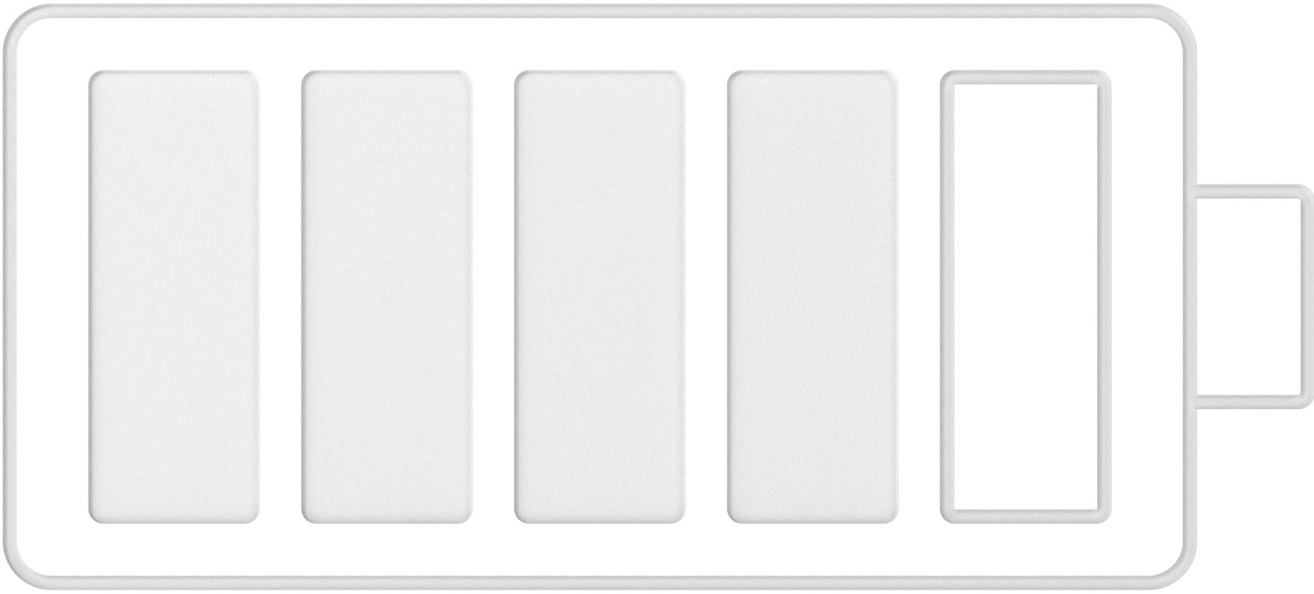

5
Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

of the Volkswagen Group for the period January 1 to December 31, 2020

€ million	Note	2020	2019
Sales revenue	**1**	**222,884**	**252,632**
Cost of sales	2	–183,937	–203,490
Gross result		**38,947**	**49,142**
Distribution expenses	3	–18,407	–20,978
Administrative expenses	4	–9,399	–9,767
Other operating income	5	12,438	11,453
Other operating expenses	6	–13,904	–12,890
Operating result		**9,675**	**16,960**
Share of the result of equity-accounted investments	7	2,756	3,349
Interest income	8	793	910
Interest expenses	8	–2,291	–2,524
Other financial result	9	733	–339
Financial result		**1,991**	**1,396**
Earnings before tax		**11,667**	**18,356**
Income tax income/expense	10	–2,843	–4,326
Current		–3,150	–4,147
Deferred		307	–180
Earnings after tax		**8,824**	**14,029**
of which attributable to			
Noncontrolling interests		–43	143
Volkswagen AG hybrid capital investors		533	540
Volkswagen AG shareholders		8,334	13,346
Basic/diluted earnings per ordinary share in €	**11**	**16.60**	**26.60**
Basic/diluted earnings per preferred share in €	**11**	**16.66**	**26.66**

Statement of Comprehensive Income

Changes in comprehensive income for the period January 1 to December 31, 2019

€ million	Total	Equity attributable to Volkswagen AG shareholders	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to noncontrolling interests
Earnings after tax	**14,029**	**13,346**	**540**	**143**
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	–8,011	–7,993	–	–18
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	2,429	2,423	–	6
Pension plan remeasurements recognized in other comprehensive income, net of tax	–5,582	–5,570	–	–11
Fair Value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	–27	–26	–	–1
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	–3	–1	–	–2
Items that will not be reclassified to profit or loss	**–5,612**	**–5,597**	**–**	**–15**
Exchange differences on translating foreign operations				
Gains/losses on currency translation recognized in other comprehensive income	572	565	–	7
Transferred to profit or loss	2	2	–	0
Exchange differences on translating foreign operations, before tax	574	567	–	7
Deferred taxes relating to exchange differences on translating foreign operations	12	12	–	–
Exchange differences on translating foreign operations, net of tax	586	579	–	7
Hedging				
Fair value changes recognized in other comprehensive income (OCI I)	–1,622	–1,618	–	–4
Transferred to profit or loss (OCI I)	–782	–784	–	2
Cash flow hedges (OCI I), before tax	–2,404	–2,402	–	–2
Deferred taxes relating to cash flow hedges (OCI I)	708	707	–	1
Cash flow hedges (OCI I), net of tax	–1,697	–1,695	–	–1
Fair value changes recognized in other comprehensive income (OCI II)	–1,490	–1,490	–	0
Transferred to profit or loss (OCI II)	997	996	–	1
Cash flow hedges (OCI II), before tax	–493	–494	–	1
Deferred taxes relating to cash flow hedges (OCI II)	146	146	–	0
Cash flow hedges (OCI II), net of tax	–347	–348	–	1
Fair value valuation of debt instruments that may be reclassified to profit or loss				
Fair value changes recognized in other comprehensive income	23	23	–	–
Transferred to profit or loss	1	1	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	24	24	–	–
Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income	–7	–7	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	17	17	–	–
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	78	77	–	1
Items that may be reclassified to profit or loss	**–1,363**	**–1,370**	**–**	**7**
Other comprehensive income, before tax	–10,263	–10,248	–	–14
Deferred taxes relating to other comprehensive income	3,288	3,282	–	7
Other comprehensive income, net of tax	**–6,974**	**–6,967**	**–**	**–8**
Total comprehensive income	**7,055**	**6,379**	**540**	**136**

Changes in comprehensive income for the period January 1 to December 31, 2020

€ million	Total	Equity attributable to Volkswagen AG shareholders	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to noncontrolling interests
Earnings after tax	**8,824**	**8,334**	**533**	**–43**
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	–2,871	–2,861	–	–9
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	930	928	–	2
Pension plan remeasurements recognized in other comprehensive income, net of tax	–1,940	–1,933	–	–7
Fair Value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	–6	–6	–	1
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	61	55	–	6
Items that will not be reclassified to profit or loss	**–1,885**	**–1,885**	**–**	**0**
Exchange differences on translating foreign operations				
Gains/losses on currency translation recognized in other comprehensive income	–2,883	–2,846	–	–37
Transferred to profit or loss	16	16	–	0
Exchange differences on translating foreign operations, before tax	–2,868	–2,830	–	–37
Deferred taxes relating to exchange differences on translating foreign operations	–6	–6	–	–
Exchange differences on translating foreign operations, net of tax	–2,874	–2,836	–	–37
Hedging				
Fair value changes recognized in other comprehensive income (OCI I)	2,866	2,872	–	–6
Transferred to profit or loss (OCI I)	–1,122	–1,126	–	4
Cash flow hedges (OCI I), before tax	1,744	1,746	–	–2
Deferred taxes relating to cash flow hedges (OCI I)	–553	–553	–	1
Cash flow hedges (OCI I), net of tax	1,191	1,192	–	–1
Fair value changes recognized in other comprehensive income (OCI II)	–799	–799	–	0
Transferred to profit or loss (OCI II)	1,178	1,178	–	0
Cash flow hedges (OCI II), before tax	378	379	–	0
Deferred taxes relating to cash flow hedges (OCI II)	–110	–110	–	0
Cash flow hedges (OCI II), net of tax	268	269	–	0
Fair value valuation of debt instruments that may be reclassified to profit or loss				
Fair value changes recognized in other comprehensive income	38	38	–	–
Transferred to profit or loss	1	1	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	39	39	–	–
Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income	–12	–12	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	27	27	–	–
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	–304	–297	–	–6
Items that may be reclassified to profit or loss	**–1,690**	**–1,645**	**–**	**–45**
Other comprehensive income, before tax	–3,825	–3,777	–	–48
Deferred taxes relating to other comprehensive income	250	247	–	3
Other comprehensive income, net of tax	**–3,575**	**–3,530**	**–**	**–45**
Total comprehensive income	**5,249**	**4,804**	**533**	**–88**

Balance Sheet

of the Volkswagen Group as of December 31, 2020

€ million	Note	Dec. 31, 2020	Dec. 31, 2019
Assets			
Noncurrent assets			
Intangible assets	12	67,968	66,214
Property, plant and equipment	13, 33	63,884	66,152
Lease assets	14, 33	50,686	48,938
Investment property	14	558	538
Equity-accounted investments	15	10,080	8,169
Other equity investments	15	1,865	1,902
Financial services receivables	16	82,565	86,973
Other financial assets	17	7,834	5,553
Other receivables	18	2,867	2,722
Tax receivables	19	376	341
Deferred tax assets	19	13,486	13,106
		302,170	**300,608**
Current assets			
Inventories	20	43,823	46,742
Trade receivables	21	16,243	17,941
Financial services receivables	16	58,006	58,615
Other financial assets	17	13,234	12,216
Other receivables	18	7,381	7,272
Tax receivables	19	1,186	1,190
Marketable securities	22	21,162	16,769
Cash, cash equivalents and time deposits	23	33,909	25,923
Assets held for sale		–	795
		194,944	**187,463**
Total assets		**497,114**	**488,071**

€ million	Note	Dec. 31, 2020	Dec. 31, 2019
Equity and liabilities			
Equity	**24**		
Subscribed capital		1,283	1,283
Capital reserve		14,551	14,551
Retained earnings		100,772	96,929
Other reserves		–5,270	–3,646
Equity attributable to Volkswagen AG hybrid capital investors		15,713	12,663
Equity attributable to Volkswagen AG shareholders and hybrid capital investors		127,049	121,781
Noncontrolling interests		1,734	1,870
		128,783	**123,651**
Noncurrent liabilities			
Financial liabilities	25	114,809	113,556
Other financial liabilities	26	4,257	4,499
Other liabilities	27	7,905	7,271
Deferred tax liabilities	28	4,890	5,007
Provisions for pensions	29	45,081	41,389
Provisions for taxes	28	3,292	2,991
Other provisions	30	22,688	21,783
		202,921	**196,497**
Current liabilities			
Financial liabilities	25	88,648	87,912
Trade payables	31	22,677	22,745
Tax payables	28	340	408
Other financial liabilities	26	10,590	10,858
Other liabilities	27	17,979	19,320
Provisions for taxes	28	2,213	1,876
Other provisions	30	22,964	24,434
Liabilities associated with assets held for sale		–	370
		165,410	**167,924**
Total equity and liabilities		**497,114**	**488,071**

Statement of Changes in Equity

of the Volkswagen Group for the period January 1 to December 31, 2020

€ million	Subscribed capital	Capital reserve	Retained earnings	OTHER RESERVES Currency translation reserve
Balance at Jan. 1, 2019	**1,283**	**14,551**	**91,105**	**–3,576**
Earnings after tax	–	–	13,346	–
Other comprehensive income, net of tax	–	–	–5,570	579
Total comprehensive income	**–**	**–**	**7,776**	**579**
Disposal of equity instruments	–	–	–4	–
Capital increases/Capital decreases	–	–	–	–
Dividends payment	–	–	–2,419	–
Capital transactions involving a change in ownership interest	–	–	390	173
Other changes	–	–	81	–
Balance at Dec. 31, 2019	**1,283**	**14,551**	**96,929**	**–2,824**
Balance at Jan. 1, 2020	**1,283**	**14,551**	**96,929**	**–2,824**
Earnings after tax	–	–	8,334	–
Other comprehensive income, net of tax	–	–	–1,933	–2,836
Total comprehensive income	**–**	**–**	**6,400**	**–2,836**
Disposal of equity instruments	–	–	5	–
Capital increases/Capital decreases[1]	–	–	–	–
Dividends payment	–	–	–2,419	–
Capital transactions involving a change in ownership interest[2]	–	–	–166	–
Other changes	–	–	22	1
Balance at Dec. 31, 2020	**1,283**	**14,551**	**100,772**	**–5,659**

1 Issuance of new hybrid notes in June 2020.
2 For the change in capital transactions involving a change in ownership interest see the “Key events” section.

Explanatory notes on equity are presented in the note relating to equity.

HEDGING							
Cash flow hedges (OCI I)	Deferred costs of hedging (OCI II)	Equity and debt instruments	Equity-accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Noncontrolling interests	Total equity
1,790	**–629**	**–230**	**228**	**12,596**	**117,117**	**225**	**117,342**
–	–	–	–	540	13,886	143	14,029
–1,695	–348	–9	76	–	–6,967	–8	–6,974
–1,695	**–348**	**–9**	**76**	**540**	**6,920**	**136**	**7,055**
–	–	4	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–472	–2,891	–9	–2,899
1	0	–1	–10	–	553	1,519	2,071
–	–	–	1	–	82	–1	81
95	**–977**	**–235**	**295**	**12,663**	**121,781**	**1,870**	**123,651**
95	**–977**	**–235**	**295**	**12,663**	**121,781**	**1,870**	**123,651**
–	–	–	–	533	8,867	–43	8,824
1,192	269	21	–242	–	–3,530	–45	–3,575
1,192	**269**	**21**	**–242**	**533**	**5,337**	**–88**	**5,249**
–	–	–5	–	–	–	–	–
–	–	–	–	2,989	2,989	–	2,989
–	–	–	–	–472	–2,891	–61	–2,952
–	–	–	–	–	–166	–72	–238
–	–	–	–23	–	–1	85	84
1,287	**–708**	**–219**	**30**	**15,713**	**127,049**	**1,734**	**128,783**

Cash flow statement

of the Volkswagen Group for the period January 1 to December 31, 2020

€ million	2020	2019
Cash and cash equivalents at beginning of period	**24,329**	**28,113**
Earnings before tax	11,667	18,356
Income taxes paid	–2,646	–2,914
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property[1]	12,765	12,046
Amortization of and impairment losses on capitalized development costs[1]	4,637	3,665
Impairment losses on equity investments[1]	454	300
Depreciation of and impairment losses on lease assets[1]	9,214	8,428
Gain/loss on disposal of noncurrent assets and equity investments	–889	–4
Share of the result of equity-accounted investments	536	460
Other noncash expense/income	–1,572	–730
Change in inventories	1,334	–674
Change in receivables (excluding financial services)	712	–893
Change in liabilities (excluding financial liabilities)	540	2,297
Change in provisions	803	1,646
Change in lease assets	–12,914	–13,204
Change in financial services receivables	260	–10,796
Cash flows from operating activities	**24,901**	**17,983**
Investments in intangible assets (excluding development costs), property, plant and equipment, and investment property	–11,273	–14,230
Additions to capitalized development costs	–6,473	–5,171
Acquisition of subsidiaries	26	–673
Acquisition of other equity investments	–1,660	–420
Disposal of subsidiaries	402	3
Disposal of other equity investments	195	177
Proceeds from disposal of intangible assets, property, plant and equipment, and investment property	411	237
Change in investments in securities	–4,462	387
Change in loans and time deposits	143	–1,456
Cash flows from investing activities	**–22,690**	**–21,146**
Capital contributions/capital redemptions	2,984	–
Dividends paid	–2,952	–2,899
Capital transactions with noncontrolling interest shareholders	–238	1,368
Proceeds from issuance of bonds	25,181	25,916
Repayments of bonds	–19,815	–19,784
Changes in other financial liabilities	3,577	–4,509
Repayments of lease liabilities	–1,100	–957
Cash flows from financing activities	**7,637**	**–865**
Effect of exchange rate changes on cash and cash equivalents	–745	243
Change of loss allowance within cash and cash equivalents	0	1
Net change in cash and cash equivalents	**9,103**	**–3,784**
Cash and cash equivalents at end of period	**33,432**	**24,329**
Cash and cash equivalents at end of period	33,432	24,329
Securities, loans and time deposits	32,645	29,099
Gross liquidity	**66,078**	**53,428**
Total third-party borrowings	–203,457	–201,468
Net liquidity	**–137,380**	**–148,040**

1 Net of impairment reversals.

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