Annual Report 2024

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Dear Readers,

Simply put, 2024 was the best year in the history of Škoda Auto in terms of brand position and financial results. This is due first of all to the dedication and focus of everyone who makes up the "Green Team", from our suppliers and dealer partners to the Škodians who develop, build and sell our cars, the staff who support them and our social partner KOVO. Thanks to them, in 2024 we had the most up-to-date and diverse product portfolio ever, offering customers freedom of choice between highly efficient petrol and diesel models, mild and plug-in hybrids, and a growing range of purely electric options.

This product firework, combined with a relentless focus on customer centricity, helped us advance in the past year to the 4th best-selling automotive brand in Europe. This is a significant milestone, and I am deeply grateful to our fleet and retail customers for their positive response. In total, we delivered 926,567 vehicles to customers, including almost 80 thousand all-electric vehicles.

We achieved this progress while not only remaining efficient but increasing our profitability, helping ensure the continued resilience of our company for the future of our employees, their families and broader communities. Return on sales for the year was 8.2% versus 7.2% in 2023. We achieved record sales revenue of €25.5 billion, up 6% from the previous year, and grew operating profit by 20.5% to €2.1 billion. Net cash flow more than doubled to a noteworthy €1.9 billion. These results came despite a slowing overall automotive market in Europe, growing global competition, and continued cost factor challenges including high energy prices in our primary production locations.

We continued to build out our internationalisation program. While we're performing well in Europe, our strategic intent is to have a strong second base. This is precisely why we are striving for success in India as the most promising market in the world. By 2030, India will become the third-largest economy globally. With our new Kylaq model, we have a significant opportunity to exceed annual sales of 100,000 vehicles as early as 2025. Moreover, India serves as a key base for our growth in other regions including ASEAN and the Middle East. Plans to start production with a partner in Vietnam are also moving ahead, generating new potential in another fast-growing regional market that Škoda entered in 2023 with imported models.

The foundation of our success is a solid financial position. We need our own resources to ensure we have our future firmly in our hands. 2024 once again confirmed the robustness of our business model and the resilience of Škodians in a challenging environment. Our key tool is the Next Level Efficiency+ programme, which aims to save us a cumulative total of €6.5 billion by 2029. This is about securing our future.

In 2025, we have the potential to become one of the most successful volume brands in the automotive industry. That said, 2025 could also prove to be one of the most challenging years in our history. External factors will only continue or become stronger next year, including global economic uncertainty, increased competition from Asia, and geopolitical volatility. In addition, potential fines for CO_2 tailpipe emissions in Europe are a topic for all carmakers in 2025, as stricter EU limits come into force and consumer appetite for electric vehicles remains uncertain.

Against this background, it is worth noting that 2025 will mark our 130th anniversary. In that time, we have thrived through many a transformation. We have reported a championship year in 2024. We will not simply rest on our laurels but continue to work on getting even better at what we do – like any championship-winning team does before the next season. Going forward, we will focus on becoming an even higher performing organization in order to sustain our company for the future.

Kings regards,

Klaus Zellmer
Chairman of the Board of Management
Škoda Auto a.s.

Dear Readers,

Thanks to my time at Škoda Auto, which I still look back on fondly, I have a very special connection to this fantastic brand and, of course, to the team.

I continue to hold Škoda Auto in high regard for its pragmatism, down-to-earth attitude, and ingenuity – important qualities that really matter right now. In 2024, the pressure on the automotive industry has grown again due to intensifying geopolitical conflicts, weakening demand for e-mobility, and increasing competition.

In these challenging times, Škoda Auto has managed to achieve important successes:

The new all-electric Elroq is a stunning vehicle and the most competitive BEV in its segment in Europe, achieving price parity with ICE models. In India, where Škoda Auto oversees all the Volkswagen Group's operations, the brand took another key step in its internationalisation strategy by launching the affordable Kylaq.

With new approaches, such as using gamification in communication through the Vision GT project, Škoda has successfully reached a fresh, younger audience. Creating this digital race car inspired by the brand's real-world motorsports DNA was a leap into the future.

On the sustainability front, their "Curiosity Fuel Coffee" initiative connects family farms, local roasters, Škoda Auto plants, offices, and circular economy production – a win-win supply chain that also delivers exceptional taste in every cup.

The brand's drive is also reflected in its commercial and financial performance: Škoda increased its market share to become Europe's fourth most popular car brand, climbing from seventh in 2023 and tenth in 2022. With a return on sales exceeding eight percent, Škoda is making a significant contribution to the Brand Group Core's success.

I am already looking forward to seeing the power of the Brand Group Core hit the road next year – with affordable electric vehicles starting at under €25,000 and many more synergies that we will exploit together with Volkswagen, Škoda, SEAT/CUPRA, and Volkswagen Commercial Vehicles.

Kind regards,

Thomas Schäfer
Chairman of the Supervisory Board
Škoda Auto a.s.

About the Company

Company Profile

Škoda Auto is one of the oldest continually active car manufacturers in the world. The Company's history dates back to 1895, when Václav Laurin and Václav Klement laid the foundations for what has become a global company. Starting with bicycles 130 years ago followed by motorcycles, the Company launched passenger car production in Mladá Boleslav in 1905. In the following decades, the Company first developed into a regional market leader and became an internationally competitive global player after its integration into the Volkswagen Group in 1991. Today, Škoda offers the broadest portfolio ever and provides customers "the best of both worlds" to choose from – both in terms of body variants as well as powertrain options, entailing completely new fully electric models, further improved plug-in hybrids and efficient ICE models. In 2024, Škoda Auto significantly updated its broad portfolio.

The Company has its headquarters and biggest production plant in Mladá Boleslav. Additional facilities are located in Kvasiny and Vrchlabí. Furthermore, vehicles are also manufactured in India, Slovakia and China, mostly through Group partnerships, and in Ukraine and Kazakhstan in cooperation with local partners. Apart from developing, manufacturing and selling vehicles and components such as MEB battery systems which are also mounted in vehicles of other Group brands, Škoda Auto is also selling spare parts and accessories and provides after-sales servicing.

Škoda Auto has a robust and healthy business model, based on its versatile and updated model range as well as its efficient cost structure. The Company accelerates its efforts to further increase the electrification of its fleet by updating and expanding its EV portfolio and making e-mobility accessible to even more customer groups.

Škoda Auto is committed to shaping the transformation of the automotive industry in its home country and beyond and recognising its responsibility in further strengthening the country's role as a future-proof location in the European automotive industry. Its successful electric mobility is being developed at the heart of the Company, in the Czech Republic. The Company is implementing its clearly defined e-mobility strategy, which includes the launch of new electric models in the upcoming years. This endeavour was recently underlined by the battery-electric compact BEV Elroq, providing list-price parity with its ICE counterpart, the Karoq.

Škoda's success is based on its classic brand values and its strong customer focus. At the same time, the brand benefits from the existing structures within the Volkswagen Group and the joint teamwork of the Brand Group Core. As an integral part of the Brand Group Core, Škoda is tapping growth potential in price-sensitive growth markets for the Volkswagen Group. Škoda Auto is leading the operation on behalf of the Volkswagen Group and its brands in India. The country is a key market in Škoda's internationalisation plans and future export hub. About 50% of Škoda cars manufactured outside of the Czech Republic come from India.

Purpose

We will help the world live smarter.

Mission

Modern accessible mobility with everything you need and surprises you love.

Corporate Governance

The Company has a sole shareholder, a General Meeting is not held and its powers are executed by the sole shareholder VOLKSWAGEN FINANCE LUXEMBURG S.A. with its registered seat in Luxembourg, the Grand Duchy of Luxembourg. The Company bodies are the Supervisory Board and the Board of Management. The sole shareholder of VOLKSWAGEN FINANCE LUXEMBURG S.A. is VOLKSWAGEN AKTIENGESELLSCHAFT (hereinafter the "VW AG") with its registered office in Wolfsburg, Federal Republic of Germany.

Supervisory Board
As of 31 December 2024, the Supervisory Board had the following members:

Thomas Schäfer (* 1970)
— Chairman of the Supervisory Board since 15 July 2022 (Member from 1 July 2022)
— Member of the Board of Management of VW AG, Head of the Brand Group Core
— Appointed by the sole shareholder

Jaroslav Povšík (* 1955)
— Vice Chairman of the Supervisory Board since 12 May 2021 (Member since 16 April 1993)
— Chairman of the Trade Union Works Council, Odbory KOVO MB (Trade Unions Mladá Boleslav)
— Elected by the employees of the Company

Daniela Cavallo (* 1975)
— Member of the Supervisory Board since 1 May 2021
— Member of the Supervisory Board of VW AG; Chairwoman of the General and Group Works Councils of VW AG
— Appointed by the sole shareholder

Dirk Große-Loheide (* 1964)
— Member of the Supervisory Board since 1 March 2023
— Chief Purchasing Officer Volkswagen Group
— Appointed by the sole shareholder

Miloš Kovář (* 1964)
— Member of the Supervisory Board since 1 May 2015
— Coordinator in Industrial Engineering; Odbory KOVO MB (Trade Unions Mladá Boleslav)
— Elected by the employees of the Company

Martin Lustyk (* 1965)
— Member of the Supervisory Board since 14 January 2019
— Chairman of Odbory KOVO KV z.s. (Trade Unions Kvasiny)
— Elected by the employees of the Company

Peter Daniell Porsche (* 1973)
— Member of the Supervisory Board since 1 January 2015
— Entrepreneur and owner of PDP GmbH holding
— Appointed by the sole shareholder

David Powels (* 1962)
— Member of the Supervisory Board since 1 October 2024
— Member of the Board of Management of the Volkswagen Brand responsible for Finance
— Appointed by the sole shareholder

Melanie Leonore Wenckheim (* 1967)
— Member of the Supervisory Board since 9 November 2018
— Entrepreneur and shareholder of Porsche Piëch Holding GmbH
— Appointed by the sole shareholder

Changes to the Supervisory Board

Left the Supervisory Board:
Patrik Andreas Mayer
— Member of the Supervisory Board from 1 February 2023 to 30 September 2024

Appointed to the Supervisory Board:
David Powels
— Member of the Supervisory Board from 1 October 2024

Board of Management
As of 31 December 2024, the Board of Management had the following members:

Klaus Zellmer (* 1967)
— Chairman of the Board of Management since 1 July 2022, responsible for Central Management
— previous position: Board Member for Sales, Marketing and After Sales at the Volkswagen Passenger Cars (2020–2022)

Andreas Dick (* 1971)
— Member of the Board of Management since 1 September 2023, responsible for Production and Logistics
— previous position: Technical Vice President at FAW-Volkswagen

Maren Gräf (* 1969)
— Member of the Board of Management since 1 March 2021, responsible for People and Culture
— previous position: Head of Group Human Resources Top Management (2018–2021)

Martin Jahn (* 1970)
— Member of the Board of Management since 1 March 2021, responsible for Sales and Marketing
— previous position: Vice President, Sales, Marketing and Aftersales and Managing Director of the Volkswagen Brand, FAW-VW, China (2016–2020)

Dr. Johannes Neft (* 1969)
— Member of the Board of Management since 1 January 2021, responsible for Technical Development
— previous position: Head of Vehicle Body Development, VW AG (2016–2020)

Holger Peters (* 1968)
— Member of the Board of Management since 1 June 2023, responsible for Finance, IT and Legal Affairs
— previous position: Chief Representative at Volkswagen Bank GmbH

Karsten Schnake (* 1968)
— Member of the Board of Management since 1 July 2020, responsible for Procurement
— previous position: Executive Vice President of Volkswagen Group China (2018–2020)

Management Report

Business Operation

Strategy

Škoda Auto successfully steered its transformation in line with the Next Level Škoda Strategy, which it committed to in 2021. Adjustments were made to the strategy in 2023 in response to new external challenges and strategic changes within the Volkswagen Group and its Brand Group Core, adjustments that were structured around three thematic pillars: **Brand and Market**, **Technology and Quality**, and **People and Company**.

This strategy, rooted in a customer-centric approach, is declared in the founders' motto from 1895: "Only the best is good enough for our customers", which guided the Company through an exceptionally challenging period for the automotive industry.

At a time of slowing electromobility transformation, the Company took the right path with its strategy, continuing to offer its customers freedom of choice. Škoda has considerably updated its broad portfolio, including efficient ICE models, further improved plug-in hybrids, mild-hybrids, and fully electric models. The Škoda Elroq arrived on the European market as the most affordable EV in the key compact SUV segment (taking into account its battery size and extensive standard equipment) and as the first Škoda car to mark a shift in exterior design to the all-new Modern Solid design language. This all resulted in strengthening the market position and delivering remarkable financial and sales results, providing the Company with an optimistic outlook for 2025, its 130th anniversary.

Brand and Market

As part of the Brand and Market pillar, the Company aims to become the most attractive brand for customers termed Everyday Explorers, earn a top-3 market share in Europe, and be the leading European brand in India and in the ASEAN region.

Most Attractive Brand for Everyday Explorers

Road to New Heights

The updated brand strategy, driven by a spirit of exploration and curiosity, has taken the Company to remarkable places. In 2024, it connected with nearly 10,000 participants from 75 markets at the global Brand Experience event, fostering long-lasting relationships with others in attendance from all over the world.

Sponsoring Le Tour de France demonstrated the strength of the Škoda brand. During this, the most famous cycling event in the world, the Company engaged its target audience of Everyday Explorers with the “What’s Your Tour de?” campaign, offering behind-the-scenes insights and interviews on social media under the hashtag #whatsyourtourde. This led to outstanding results on more than 20 global markets and marked 21 years of partnership between the Škoda brand and Le Tour de France.

On top of that, the Company bolstered national pride and integrated ice hockey sponsorship into its broader strategy. Škoda’s brand activation at the 2024 Ice Hockey World Championship, broadcast on 87 channels in 29 markets, reached nearly 153 million people, with a media value in excess of €351 million. Fan zones attracted over 452,000 visitors, underscoring the Company’s commitment to making ice hockey accessible to all, not just those attending the game.

Apart from that, Škoda also reinforced its brand presence through innovations in corporate identity and design, including distinctive illustrations that resonate with core values and enhance the brand experience, both visually and emotionally.

The New Elroq – A Playful Metaphor of Curiosity

The Company’s communication approach made a significant breakthrough with the launch of the Škoda Elroq, where brand identity shone through an imaginative campaign. Employing playful curiosity and metaphors involving animals and natural phenomena, the campaign conveyed compelling stories about the vehicle’s attributes. This launch set a new communication standard for the way in which the Company introduces its cars, maintaining a consistent narrative across PR, marketing, events, and media coverage. More than 320 journalists from all corners of the world attended the world premiere on the banks of the Vltava River, with the Elroq emerging from a huge LED cube, with tens of thousands of fans tuning in online. The campaign was embraced in all Škoda markets, with localised pre-sale activities that aligned seamlessly with the brand’s global approach to the strategy. A flamingo-naming contest was held in five European markets, generating hundreds of creative names, all reinforcing the fact that the community of Everyday Explorers is strong and eager to engage.

ICE Models Remain Central

The launch of the new generation Kodiaq and Superb and the fresh-looking Octavia encouraged exploring the world through new perspectives. The Octavia campaign was designed to tap into customers’ inner curiosity, inviting them to see the world through the eyes of children. The Škoda Superb campaign encouraged the discovery of new forms of leadership, while the Kodiaq campaign motivated audiences to explore new types of space and new perspectives, marking the first shift to a new communication language, with an excellent accompanying soundtrack. These campaigns showcased the Company’s ability to creatively integrate the theme of exploration into product launches, while maintaining a consistent communication tone across markets.

Top 3 Market Share in Europe

Škoda Auto announced its ambition of becoming one of the top five bestselling car makers in Europe by 2030. This goal had been achieved by 2024, when the Company demonstrated the Brand potential by rising from seventh to fourth top-selling car manufacturer on the European market. Market share increased year-on-year from 5.36% to 5.84%. In Germany, market share grew to 6.64% (2023: 5.55%), the Company's highest market share in history. Market shares also broke records in Italy, Spain, France, and the United Kingdom. The volume of incoming orders increased on the previous year, and delivery times shortened. Based on this success, the Company decided to explore even higher sales horizons, with the elevated strategic ambition of reaching the top 3 bestselling brands by 2030.

Leading European Brand in India and ASEAN

The Company launched the new Kylaq in November 2024 as an addition to its product offensive in India. This compact SUV expanded Škoda's SUV line-up in India, alongside the Kodiaq and Kushaq. The vehicle's unique camouflage was designed by renowned Indian artist Harun Robert, the design reflecting Indian cultural motifs and colours, its name inspired by Mount Kailash and the Sanskrit word for crystal. In launching the Kylaq, the Company reinforced its position in India by blending sustainability, innovative design, and a strong connection with Indian customers.

To celebrate the 112th anniversary of Škoda's debut at the Monte Carlo Rally, the Company launched the all-new Slavia Monte Carlo edition on the Indian market in September. On top of that, it introduced the new Sportline series for the Kushaq and Slavia, reflecting the sporty theme.

ASEAN is the fastest-growing region in the world, with the market as a whole expected to reach 4.1 million cars in 2030. As part of its strategy, the Company set out an ambitious plan to become one of the leading players in those markets.

Škoda Auto assumed the strategic management of Group brands of the Brand Group Core in the region back in March 2023. Then, in September, it officially moved on to the Vietnamese market. The car market in Vietnam is growing rapidly and is the fourth biggest market in Southeast Asia. Although there are only 34 cars per 1,000 head of population there, the population as a whole is close to 100 million. This, together with the economic development expected there, makes Vietnam the country with the biggest growth potential in the entire region.

Škoda Auto made significant strides in its expansion in Vietnam in 2024. In January, it opened an entirely new retail-space concept in Hanoi called the Experience Centre. This unique showroom, aligned with the Czech carmaker's new corporate identity, serves customers during the day and can be transformed into a venue for cultural events at night. First to go on sale at the showroom were the Karoq and Kodiaq, imported from the Czech Republic, although the portfolio of cars will be joined in 2025 by the Kushaq and Slavia from TC Group's plant in Quàng Ninh, allowing for local assembly from CKD kits imported from India. What is more, eight additional dealerships were opened, further solidifying Škoda's engagement in the region.

Sales in the growing Vietnamese market are expected to increase rapidly, with the post-2030 sales potential exceeding 40,000 vehicles. The capacities of the Viet Hung Industrial Park might also be used in the future to further increase production and potential exports of Škoda models throughout the ASEAN region.

Customers themselves value the quality of the cars and services. In October, Škoda was awarded the Outstanding New Car Brand prize at the Better Choice Awards 2024 in Vietnam, with customers praising the high quality of Škoda's full product line-up, well-organized dealership network, and reliable distribution.

Another attractive opportunity to speed up internationalisation was the Company's return to the market of Kazakhstan, with Škoda Auto choosing a new sales and production partner for the renewal of its business there. The local assembly of Kodiaq models from SKD kits began in April, followed by the Octavia, Kamiq, and Karoq by the end of the year. Škoda Auto was previously active in Kazakhstan from 2002 to 2021, selling more than 25,000 cars on the market.

Further Extending the Regional Footprint

From early 2024, the Company expanded its internationalization strategy to the Middle East, establishing its presence through Group national sales company in Saudi Arabia, Bahrain, and Kuwait, and successfully extending activities into other countries in the region from Q3. Significant success was achieved in establishing entirely new markets in Q4 by signing full contracts with new partners in Saudi Arabia and Oman and making the first vehicles for these markets, with the first sales expected in Q1 2025.


21:06
Colour
Brightness
Mood
Individual
20.5°
21.0°

Technology and Quality

The pillar of Technology and Quality includes three priorities: Desirable and Accessible Mobility, Simply Clever Customer Experience, and Best-in-class Quality.

Desirable and Accessible Mobility

Škoda Auto continued its efforts to create a diverse and sustainable portfolio in 2024, developing electric, hybrid, and conventional mobility solutions. Not only did it launch the all-new fully electric Elroq; but it also took significant steps in new projects and product updates for the European and Indian markets. It approved key milestones for a number of projects that laid the groundwork for future growth and portfolio diversification, all in line with rising market demands. The Company also continued to advance the HoppyGo mobile platform, a flexible and scalable solution for all mobility services. In line with its strategic focus on mobility solutions, the carmaker introduced the platform to the Slovak market, offering vehicle rentals and test drives, with plans to expand into additional EU markets. Through these efforts, Škoda Auto reinforces its commitment to providing flexible and accessible mobility options.

Simply Clever Customer Experience

Škoda Auto's customers have become central to decision-making processes at the Company. One key initiative in 2024 was the establishment of the Customer-Driven Decision-Making Committee, which plays a vital role in ensuring that customer voices are heard and prioritized in the Company's strategic and operational activities.

The Company also enhanced the MyŠkoda app, our digital companion, which smoothly accompanies users throughout their unique customer journey. Among the many new features in the app in 2024 were vehicle configuration options and the chance to make an appointment for a test drive with ease. What is more, the introduction of the Track & Explore function allowed customers to track real-time vehicle production status, with this feature available on 11 markets and plans for broader deployment in the near future. In addition, app users were able to join a loyalty club, take part in competitions, and collect points, all enriching their experience of the Škoda brand.

The enhanced MyŠkoda app also features new smart customer services for those who have already taken possession of their car. The Pay to Park function simplifies parking zone recognition and payments in various European cities, while Pay to Fuel facilitates automatic payments at select gas stations, bypassing queues at the cash desk.

Best-in-class Quality

One of the objectives of Škoda Auto is to achieve the Best-in-class Quality position. Building on solid technical foundations, it focuses not only on functional quality and data analysis but also on adapting to customer requirements and the specifics of individual regions. The goal is to manufacture reliable and connected vehicles that meet high customer expectations and ensure a competitive advantage on the market.

A continuous emphasis on product and software quality is key for the company. Supporting high quality in all areas and levels of its organization, it ensures reliability combined with elegance and innovative design, advanced safety features, comfort, cyber security, and quality communication with customers.

To achieve the highest quality level, the company is transforming its processes to be functionally oriented and focused on customer requirements. It is developing a new strategy for using social media to increase and predict customer satisfaction, emphasizing the automation and digitalization of manufacturing processes, for example, through automated quality control using computer vision and machine learning. The company utilizes automated testing with software to improve product quality.

Škoda Auto develops a comprehensive approach to quality, incorporating technological, procedural, and human aspects aimed at increasing the reliability, safety, faultlessness, and speed of processes, all of which have a crucial impact on product quality.

People and Company

The final pillar, People and Company, is built on priorities that focus on Digital Skillset and Agile Mindset, Best-in-class in ESG, and Next Level Efficiency+.

Digital Skillset and Agile Mindset

Škoda Auto made substantial investments in developing its workforce's data analysis and artificial intelligence skills. It launched the Data & AI Masters community, bringing together over 200 experts from across the Company to provide tailored training and knowledge sharing in support of professional growth. The Škoda Academy regularly offered over 15 instructor-led courses, from elementary to expert levels, while the IT Competence Center hosted more than 25 in-house training sessions / communication events on Data & AI.

The Company also approved a strategic plan to create an additional 140 digitisation positions in IT and business areas by 2028, with a view to accelerating transformation. These positions will be organized in the Digital Delivery centres set to emerge in all areas of the Company, the first 70 positions having been established in 2024.

To enhance workforce competencies, the Company implemented more than 80 data, AI, and low-code/no-code solutions, significantly boosting efficiency.

Notable projects included the onward development of ŠkodaGPT & Smart Search. These examples of the use of generative AI help employees to efficiently analyse complex texts, search for information in documentation and prepare relevant responses. Other successful areas of AI application include optimization tasks, such as cash-flow optimization, yielding positive financial results worth tens of millions of euros and project payback time of under a month.

Another important theme in the corporate strategy was the promotion of an agile approach throughout the Company. Škoda Auto defined five principles of agile mindset: autonomy, flexibility, adaptability, transparency, and cooperation. The first in-house Hackathon at Škoda Auto, aimed at reducing bureaucracy and simplifying administration, promoted an innovation culture and improved teamwork across different departments.

Best-in-class in ESG

Škoda Auto aims to achieve the very best results in its class in three areas of sustainability: the environment, the social sphere, and governance. Specifically, it wants to be an innovator in the re-use of resources using its Simply Clever solutions, to practically and pro-actively engage in strengthening the position of local communities, to place the emphasis on people, to act as an example of ethical conduct, and to systematically build resilience to crises.

Regarding the environment, Škoda Auto wants to use the set ecological standards and its own priorities to motivate partners to develop creative methods and procedures that help lower the environmental impact of production. At the same time, Procurement and Technical Development work closely with each other on developing innovations to ensure greater use of recycled materials in existing and future products.

As for the social aspect, the Sustainability Strategy endeavours to gradually switch to a new approach based on the principles of shared value – Creating Shared Values (CSV) – making it possible to create shared value between the Company and its stakeholders in certain defined areas: education, mobility, employee volunteering and engagement, well-being, and diversity.

As far as Company management is concerned, Škoda Auto acts responsibly and transparently inside the Company, and demands that the set principles are upheld outwardly. The requirements of environmental and social standards are therefore projected in our relationships with business partners, specifically in the Code of Conduct for Business Partners.

The fact that the Company has set its "Best-in-class in ESG" sustainability strategy in just the right way was confirmed by independent external evaluation. Ekonom magazine ranked it second in the sustainability table in the ESG Strategy category in June 2024 for its specificity and setting of goals. Škoda Auto was also ranked in the elite "Top 10 ESG Excellence" group of large companies for the second time in an independent ESG rating which recognizes Czech companies with the most honest and comprehensive approach to ESG, announced by the Faculty of Business Administration at the Prague University of Economics and Business.

Next Level Efficiency+

With its Next Level Efficiency+ programme, the Company strives for sustainable financial results and harbours ambitious profitability targets. By taking targeted measures to optimize fixed costs in production and management, Škoda Auto significantly and consistently reduces expenses in all areas of business, freeing up the resources needed for investment, including those for the ongoing transformation and future viability of the Company. The Company also focuses even more on customers and systematically simplifies its processes to ensure that valuable efficiency proposals gain traction and promptly lead to concrete outcomes.


ŠKODA
BE MORE
ELROQ
ŠKODA
Elroq First Edition

Product portfolio

2024 was a significant year for Škoda Auto, marked by the world premieres of the all-new Škoda Elroq and Škoda Kylaq in the second half of the year. On the heels of the successful Enyaq family, the all-new Škoda Elroq expands Škoda's electric portfolio as its first all-electric model in the popular compact SUV segment. It is also the first model to adopt the Czech brand's new Modern Solid design language. The attractively priced Elroq features the glossy black Tech-Deck Face, offering a comprehensive line-up of powertrain and battery options, extensive standard equipment, and a spacious interior incorporating sustainable materials.

With the all-new Škoda Kylaq, Škoda is set to unveil the next phase of its product campaign in the Indian market. The compact SUV will expand Škoda's SUV line-up in India, joining the Kodiaq and Kushaq models. The Kylaq features elements of the new Modern Solid design language. It boasts a modern, bold, and robust look, proven Škoda driving dynamics, and uncompromising safety features.

Earlier this year, Škoda introduced the updated Octavia. The fourth generation of the bestseller features a refreshed design, including a revised radiator grille and newly styled front and rear aprons. The series also debuts second-generation LED Matrix beam headlights.

In the second half of the year, Škoda Auto expanded the Kodiaq range to include the sporty Kodiaq RS. This model delivers more power than its predecessor and features distinctive exterior styling, highlighted by sporty bumpers and a horizontal light strip across the front grille. It also comes with extensive standard equipment and offers two sporty Design Selections for the interior.

Towards the end of the year, the Superb model range was expanded with the introduction of the elegant and sporty Sportline variant. This version is distinguished by black exterior accents, a black interior, and comprehensive standard equipment, including progressive steering, LED Matrix beam headlights, and LED rear lights with animated indicators.

Škoda Elroq

Škoda Kodiaq

Škoda Superb

Škoda Enyaq

Škoda Enyaq Coupé

Škoda Kylaq

Škoda Kamiq

Škoda Octavia

Škoda Scala

Škoda Fabia

Škoda Karoq

Škoda Kushaq

Škoda Slavia

Škoda Octavia PRO

Škoda Kamiq GT

All-new Škoda Elroq

The all-new Elroq is Škoda's second fully electric vehicle built on the MEB platform and the Czech brand's first all-electric model in the popular compact SUV segment – offered at a very attractive price. At the same time, it is the first model to adopt Škoda's new Modern Solid design language, combining solid, functional, and authentic principles.

The exterior of the Elroq is defined by a distinctive shape and clean lines. Among the exterior highlights is the glossy black Tech-Deck Face, which replaces the typical Škoda grille, while still referencing familiar Škoda lines. Its extensive standard equipment also includes a rearview camera, Crew Protect Assist, Side Assist, 13" infotainment with wireless SmartLink and remote air-conditioning. The all-new Elroq also comes with state-of-the-art assistance systems, including the new Remote Park Assistance systems. Its excellent agility, rear-wheel drive, and increased ride height make it the perfect car for both outdoor adventures and city life.

The Elroq offers a generous amount of interior space, including the largest boot in its segment with 470 litres of luggage capacity. In line with Škoda's commitment to sustainability, the Design Selections incorporate innovative sustainable interior materials.

The Elroq offers a comprehensive line-up of powertrain and battery options, with short charging times and a maximum range of over 560 kilometres. The Elroq line-up includes the 50, 60, 85, and 85x variants. The system output ranges from 125 kW to 210 kW for the Elroq 85 and Elroq 85x models. The Elroq 85x is fitted with all-wheel drive as standard.

Škoda Kodiaq

In the second half of 2023, Škoda Auto introduced the second-generation Kodiaq SUV, opening a new chapter in its success story. The latest Kodiaq not only emerges as the largest SUV in Škoda's portfolio with enhanced passenger and luggage capacity; it also sports a completely new design. This model is equipped with advanced LED Matrix headlights and the innovative DCC Plus Dynamic Chassis Control, featuring dual independently controlled valves for a superior driving experience.

Available in both five- and seven-seater configurations, the second-generation Kodiaq offers a host of state-of-the-art assistance systems, including Turn Assist and Remote Park Assist. The interior boasts a revamped ergonomic design, featuring a steering-column-mounted selector lever and innovative Škoda Smart Dials, which provide quick access to vehicle functions. Additionally, Design Selections have been rolled out in the Kodiaq, further expanding its customisation options.

The powertrain range includes an array of fuel-efficient petrol and diesel engines, with outputs from 110 kW to 195 kW. For the first time, the Kodiaq is also available with hybrid technology; the Kodiaq iV offers an all-electric range of over 100 kilometres (WLTP). The top petrol and diesel engines come with all-wheel drive as standard. All engines are mated to a DSG transmission, ensuring a blend of performance and efficiency tailored to every driving style.

Launched in autumn 2024, the second-generation Kodiaq RS offers even more power. Its 2.0 TSI petrol engine produces 195 kW (265 hp) – an increase of 15 kW (20 hp) over its predecessor – and delivers a maximum torque of 400 Nm. The model stands out with black exterior accents and a distinctive design, underscored by sporty bumpers and a horizontal light strip across the front grille. The extensive standard equipment includes LED Matrix headlights, progressive steering, DCC Plus Dynamic Chassis Control, and a Canton sound system. Inside, the Kodiaq RS offers two sporty Design Selections, complemented by electrically adjustable front seats with a memory function.

Škoda Superb

In autumn 2023, Škoda introduced the fourth-generation Superb, available in both hatchback and Combi estate versions. The latest iteration of the brand's ICE flagship showcases a more refined and streamlined design, sporting second-generation LED Matrix headlights. It also offers a wide range of cutting-edge assistance systems, such as Intelligent Park Assist, Turn Assist and Crossroad Assist.

The interior of the fourth-generation Superb has been completely revamped to improve ergonomics. Key updates include relocating the gear selector lever to the steering column and introducing new Škoda Smart Dials, allowing for easy access to vehicle functions. Design Selections featuring sustainable materials further enhance the cabin's aesthetics.

The Superb's comprehensive powertrain range includes fuel-efficient petrol and diesel engines, with power outputs from 110 kW to 195 kW. The second-generation PHEV version delivers an all-electric range of over 100 kilometres (WLTP) for the Superb Combi estate. Both the top petrol and diesel engines come with all-wheel drive as standard, with all engines across the range mated to a DSG transmission.

Towards the end of the year, the Superb model range was enhanced with the addition of the elegant and sporty Sportline variant. Its dynamic appeal is highlighted by 18" anthracite wheels, black exterior accents, and redesigned Sportline badges on the front wings. Both Sportline interior options feature heated front sports seats with integrated headrests and manually adjustable cushion length. Standard features include progressive steering, a sports chassis lowered by 15 mm, LED Matrix beam headlights, and LED rear lights with animated indicators.

Škoda Octavia

The fourth-generation Škoda Octavia, available in hatchback and estate versions, holds the title of Škoda's bestseller. This series boasts a unique design, exceptional aerodynamics, a deceptively spacious interior, state-of-the-art assistance systems, and a wide range of engines. The Octavia Sportline stands out with its black exterior details and sporty interior.

In February, Škoda unveiled an updated version of the Octavia, featuring a refreshed design with a revised radiator grille, newly styled front and rear bumpers, and second-generation LED Matrix beam headlights. The lower air intakes, Air Curtains, and transitions to the front wheel arches on the front apron have been redesigned and lend the car a more dynamic look.

The interior comes with new upholstery, trim, and door panel designs. The Design Selections for the interior are also marked by an increased use of sustainable materials. A 10-inch Digital Display, AI-based chatbot ChatGPT, and dual-zone Climatronic come as standard. The engine range for the revised Octavia spans 85 kW (115 hp) to 195 kW (265 hp). The sports-oriented Octavia RS is now available with the 2.0 TSI engine producing 195 kW (265 hp) – 15 kW (20 hp) more than before.

Škoda Enyaq and Škoda Enyaq Coupé

Representing a significant milestone in Škoda Auto's journey towards electromobility, the Škoda Enyaq showcases the brand's evolving and expressive design language. The all-electric Enyaq, launched in September 2020, is Škoda's first series-produced vehicle built on the Volkswagen Group's MEB modular platform for electric cars. The SUV combines options for rear-wheel or four-wheel drive with Škoda's signature spacious interiors.

The model line-up also introduces distinct versions like the Enyaq Sportline, featuring progressive steering, black bodywork, and a sports-oriented interior. Additionally, the Enyaq RS stands out with its dynamic sporty appearance, all-wheel drive, and powerful 250 kW output.

Completing the Enyaq series, the Enyaq Coupé offers a dynamic aesthetic aimed at lifestyle-focused customers. A distinguishing feature is its standard full glass roof. The Enyaq Coupé line-up includes the 85 and 85x variants, alongside special RS, Sportline, and L&K models.

The 2024 model year brought comprehensive technical and software updates for the Enyaq. These include enhanced vehicle software, a more powerful battery-electric powertrain, and improved efficiency. The system output has increased across the range, with the new 85 and 85x versions of both the Enyaq and Enyaq Coupé offering 210 kW, and the RS version stepping up to 250 kW. Thanks to advancements in battery cell chemistry, the 85x and RS versions support a maximum charging power of 175 kW.

All versions feature upgraded infotainment and a new rear electric motor. The maximum speed of the Enyaq 85, Enyaq Coupé 85, Enyaq 85x, and Enyaq Coupé 85x has risen to 180 km/h. The range has also increased, with the Enyaq 85 now exceeding 580 km and the Enyaq Coupé 85 surpassing 590 km (WLTP). Additionally, the new electric drive package improves acceleration. For 2024, there is also a new user interface, enhancing usability and sporting updated graphics in line with Škoda's new Corporate Identity.

Launched in autumn 2023, the premium L&K version of the Enyaq series features unique exterior and interior design elements, alongside comprehensive standard equipment. Key highlights include exclusive Platinum Grey detailing on the model-specific bumpers, diffuser, and exterior mirrors. The standard equipment also includes LED Matrix headlights and a Crystal Face. The Enyaq L&K interior offers two exclusive Design Selections, along with ventilated and massaging front seats, exclusive to this variant.

Škoda Scala

The compact Scala continues to impress with its emotive design combined with an exceptional balance of active and passive safety features, high-level functionality, and state-of-the-art connectivity. While the Scala has a broad appeal, the Monte Carlo version is a nod to drivers with a passion for race-inspired design.

An updated version of the five-door hatchback was unveiled to the public in August 2023, showcasing a more dynamic appearance with its newly designed front and rear bumpers and grille. This updated look is further accentuated by slimmed-down headlights, featuring LED Matrix technology. The interior has also been refreshed with new decor on the dashboard and door panels. A digital display with an 8" screen diagonal and an 8.25" Škoda infotainment display come as standard. In line with Škoda's commitment to sustainability, the Scala incorporates a greater proportion of recycled materials; for example, the water channel below the windshield and the wheel arch linings are crafted from recycled plastics. The engine range for the revised Scala spans 70 kW (95 hp) to 110 kW (150 hp). All three modern TSI engines, including 1.0 TSI three-cylinder units, are from the highly efficient evo2 generation.

Škoda Kamiq

With its stronger SUV presence, the updated Kamiq combines classic benefits, such as greater headroom and raised seats, with the agility of a compact car and Škoda's signature design. Earning recognition in the urban SUV segment, the Kamiq continues to offer the Monte Carlo variant, available from its initial release and once again with the August 2023 facelift.

The Kamiq is optionally available with LED Matrix headlights. The interior has also been updated with new dashboard and door panel designs. Standard features in the Kamiq include an 8" digital display and an 8.25" Škoda infotainment system. Aligning with Škoda's sustainability initiatives, the updated Kamiq incorporates a higher percentage of recycled materials, particularly in areas like the water channel beneath the windshield and the wheel arch linings, now created from recycled plastics. The modernization of the Kamiq model was also supported by engines ranging from 70 kW (95 hp) to 110 kW (150 hp). The line-up includes the latest 1.0 TSI three-cylinder engines from the highly efficient evo2 generation.

Škoda Karoq

Released in 2022, the upgraded Škoda Karoq measures 4.38 metres in length, positioning it in the compact SUV segment. It sports redesigned headlights integrating Matrix technology and Škoda's recognisable "four-eye" design commonly seen across its SUV line-up. The upgraded interior boasts new upholstery, incorporating environmentally friendly materials, enhanced ambient LED lighting, and an 8" virtual cockpit as standard.

The Karoq is equipped with the VarioFlex system, allowing for a variable rear seat layout. With the rear seats removed, the boot volume increases to 1,810 litres. The standard Karoq is complemented by the Sportline variant, which adds confidence and dynamic appeal to this mid-sized SUV.

Škoda Fabia

Introduced in 2021, the fourth-generation Škoda Fabia impresses with state-of-the-art technology, economical petrol engines, and captivating design. Built on the VW Group's MQB-A0 platform, it ensures an unprecedented amount of space and outstanding safety for all occupants. The contemporary interior showcases a third-generation infotainment system, with a digital display up to 9.2".

The Fabia boasts a spacious and efficiently designed interior, complemented by a range of signature Simply Clever features. In 2022, the Monte Carlo edition was added to the Fabia line-up, celebrating Škoda's noteworthy rally achievements. Black-painted body accents and distinctively shaped bumpers and sills give the model a dynamic and attractive aesthetic.

Škoda Slavia

The Škoda Slavia was the second model developed and produced in India for India, strengthening the Czech automaker's presence in the country's sedan market within the A0 segment. Built on the MQB-A0-IN platform, it emphasises active and passive safety, offering protection with up to six airbags. Additionally, the Škoda Slavia has achieved a 5-star rating in Global NCAP's crash tests, underscoring its safety credentials. It is possible to choose from one of two powerful TSI combustion engines, delivering both outstanding driving performance and exemplary economy.

All-new Škoda Kylaq

With the all-new Škoda Kylaq, Škoda has entered the popular sub-4-metre segment in India. The compact SUV, built on the MQB-A0-In platform, expands Škoda's SUV line-up in India, joining the Kodiaq and Kushaq models. The Kylaq is the third Škoda model locally developed and produced in India for India, the brand's largest market outside Europe. The Kylaq features elements of the new, global Modern Solid design language. It boasts a modern, bold, and robust look, high ground clearance, proven Škoda driving dynamics, and uncompromising safety features. The model's bold fenders give it a commanding presence on the road, while signature Škoda design elements like refined daytime running lights and a hexagon pattern on the sides and rear add to the vehicle's distinctive look. The Kylaq offers comprehensive active and passive safety thanks to numerous assistance systems, including a multi-collision brake and six airbags as standard.

In line with Škoda's commitment to sustainability, the Kylaq features eco-friendly materials, including bamboo fabric for several components and cabin upholstery.

Škoda Kushaq

The Škoda Kushaq marked the beginning of a new era for Škoda Auto in India. Introduced in 2021, this SUV was the first production model developed and manufactured in India for India – catering to the regional needs of customers. The Kushaq is built on the specially adapted MQB-A0-IN modular platform. Its sporty yet robust appearance is accentuated by headlights and taillights featuring advanced LED technology. Its dimensions are compact, suiting India's urban centres, yet inside, the Kushaq delivers the spaciousness Škoda is known for. The interior combines efficient ergonomics with vibrant colours and ambient lighting. The Škoda Kushaq has earned a 5-star rating in Global NCAP's latest crash tests, highlighting its strong commitment to safety. Echoing other Škoda models, there is a stylish and sporty Monte Carlo version, refining both the interior and exterior aesthetics.

Škoda Kamiq GT

The Kamiq GT coupé SUV is exclusive to the Chinese market. Its dynamic appearance, larger interior, and range of practical elements make it ideal for young lifestyle-oriented customers. The development process prioritised both an exhilarating driving experience and emotive design. Moreover, the model is equipped with the latest connectivity features and comes with a contemporary infotainment system as standard.

Škoda Octavia PRO

Tailored for the Chinese market, the Škoda Octavia PRO mirrors the emotive design of its fourth-generation European counterpart. It impresses with sculpted elements, precision lines, and sleek surfaces, presenting a silhouette reminiscent of a coupé. The model is 64 mm longer than the European version, an appreciable difference for rear passengers. Embracing the sporty essence of the Octavia RS, the PRO's dynamic aesthetic is emphasised by its front and rear bumpers, coupled with a contrasting black roof, black side mirrors, and up to 18" alloy wheels. The model's striking headlights and taillights incorporate Škoda's signature crystalline design and are equipped with LED technology as standard.


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Financial Situation

The financial results of Škoda Auto are reported in accordance with the IFRS Accounting Standards as adopted by the European Union.

In 2024, the Company achieved record sales revenues, operating results and net cash flow maintaining its strong financial performance and stability. This was mainly due to the increase in sales volume and improved sales structure, as well as the successful implementation of measures to continuously optimise the cost and increase efficiency.

The Commercial Development

A total of 927 thousand Škoda cars were delivered to customers worldwide in 2024 (2023: 867 thousand cars).

Škoda Auto deliveries to sales organizations increased by 4.8% year-on-year with 953 thousand cars. Meanwhile, Company revenues reached €25.5 billion (+6.1%). Car sales remained unchanged year-over-year at 80.8% of the overall turnover. The Škoda Octavia, Škoda Kamiq, Škoda Fabia and Škoda Kodiaq were the best-selling models. Deliveries of components and sets of disassembled cars, including MEB and PHEV batteries accounted for 12.1% of total revenues (2023: 11.8%). Business in original parts and accessories accounted for 5.0% of overall revenues (2023: 4.9%). The remaining 2.1% (2023: 2.5%) were revenues from the sale of services (e.g. Škoda Connect), licences, and other revenues.

The cost of sales increased by 5.7% year-on-year to €22.4 billion. The gross profit margin stood at 12.2% in 2024, representing a year-on-year increase of 0.3 percentage points.

Distribution costs amounted to €679 million, entailing a year-on-year increase of 19.2% mainly due to an increase in transport and advertising expenses. Administrative costs decreased by 21.1% year-on-year to €471 million.

The operating profit in the period under review increased year-on-year by 20.5%, reaching an all-time high of €2.09 billion, surpassing the previous record of €1.73 billion set in 2023. Profit before tax stood at €2.10 billion (2023: €1.66 billion). Meanwhile, profit after tax was €1.66 billion (2023: €1.32 billion) and the return on sales before tax grew to 8.3% (2023: 6.9%).

Cash Flow

As of 31 December 2024, net cash flows totalled €1.92 billion (31 December 2023: €687 million).

Assets and Capital Structure

The Company's balance sheet total as of 31 December 2024 amounted to €11.37 billion, representing a 10.9% increase in the balance sheet total at the end of the previous year. The value of non-current assets rose year-on-year to €7.21 billion and current assets stood at €4.15 billion on the record date (as of 31 December 2023: €3.25 billion). Equity rose by €312 million during 2024 to a total of €4.65 billion. Equity ratio in 2024 stood at 40.9% (2023: 42.3%). The value of non-current liabilities amounted to €1.47 billion. Current liabilities slightly increased to €5.25 billion in comparison with the previous year.

Investment Activity

Investments in 2024 (excluding development costs) accounted for a total of €838 million (2023: €810 million). The biggest portion was invested in new models, of which €295 million went into new technologies, particularly electromobility and digitalisation. The Company spent almost €1 billion on research and development for new products in 2024 (2023: €1.03 billion).

Detailed information is provided in the Financial Section of the Annual Report.

Revenues

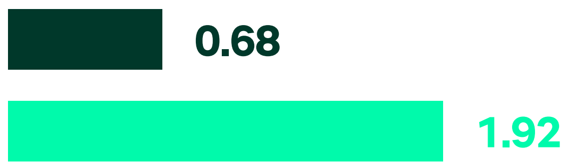
in € billion

Operating Profit

in € billion

Net Cash Flow

in € billion



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2023


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Technical development

The advancement of Technical Development

Technical Development continued modernising its facilities in 2024. The new Virtual Development Centre was launched in early January, providing, above all, essential facilities during the conceptual development phase by enabling the full utilisation of new trends digitisation and virtualisation. The Virtual Development Centre will help streamline work tied to the development of new products. It makes it possible to virtually experience and touch a new product, view technical designs, and appraise ideas and solutions at the early stages of development. The facility provides tools for evaluating vehicle bodywork surfaces and comparing prototypes with what is shown on virtual models, with the ability to switch between different trim levels within seconds or explore the interior and its ergonomics in virtual reality.

In May, the Company introduced a brand-new Simulation Centre, which will help further reinforce its own development competencies within the bounds of Technical Development. The cutting-edge technology in the laboratory enables precise simulation of a wide range of surrounding climatic conditions, allowing for comprehensive tests that closely mirror real-world conditions in both combustion and hybrid vehicles, as well as electric vehicles. For instance, the laboratory can maintain temperatures ranging from −7 to +50°C during testing and simulate relative humidity levels from 10 to 95% (crucial for regions like India) or simulate driving at altitudes of up to 5,500 metres above sea level.

The new Simulation Centre is one of the most advanced of its kind in Europe, a unique laboratory in the Czech Republic and at the Volkswagen Group alike.

Both new centres help shorten the development period and reduce the time required for road testing around the world, and the number of actual vehicles needed for testing.

To meet the environmental goals of Technical Development, focusing on sustainability and achieving CO_2 neutrality within the area's facilities, several initiatives have been introduced. One such measure involves the use of photovoltaic power plants installed on buildings. The pilot project – a solar power plant with a capacity of 99.8 kWp – has been designated for the Parking House on Ptácká Street. The power plant is scheduled for completion and connection to the grid in June 2025.

Based on the insights gained from this initial project, the Company plans to implement additional photovoltaic installations on other buildings within Technical Development that have been assessed as suitable.

5 stars

In 2024, the new-generation Škoda Fabia and Octavia upheld the tradition of five-star ratings.

5-Star Euro NCAP Rating

Customer safety, and indeed the safety of all road users, remains Škoda Auto's top priority. The long-standing balance of five-star ratings in independent Euro NCAP safety tests – even after stricter testing parameters were introduced in 2023 – reaffirms the Company's unwavering commitment to the highest safety standards.

The Škoda Kodiaq scored 84% overall (89% for adult passenger protection and 83% for child protection), while the Škoda Superb achieved 87% overall (93% for adult passenger protection and 87% for child protection).

Škoda Octavia Enhanced with ChatGPT

Škoda Auto launched batch production of the updated Octavia in April. Among other improvements, the innovated fourth generation of Škoda's most successful model now features voice assistant Laura, with integrated ChatGPT. This upgrade expands Laura's capabilities beyond the prior standard voice commands, allowing her to respond to a wider range of questions. ChatGPT does not have access to vehicle data or personal information; all requests are processed anonymously, and interactions are deleted immediately afterward to ensure the highest level of data protection.

In 2024, Laura communicated in English, Spanish, Czech, and German. The strategic integration of artificial intelligence (AI) underscores Škoda Auto's commitment to technological innovation and its focus on the customer.

Launch of the New Škoda Elroq

On 1 October 2024, the Company unveiled the new Škoda Elroq in Prague, marking the début of Škoda's first batch-produced model to embody the new "Modern Solid" design language. Škoda Design successfully preserved and reinterpreted the Škoda brand's key design elements in this new model, combining them with fresh ideas and visual accents, such as the characteristic glossy black Tech-Deck Face grille. The Elroq comes with new Remote Parking and Remote Trained Parking functions, enabling parking without needing to be inside the car, using only a smart phone and the MyŠkoda app.

The new Škoda Elroq is available in three traction-battery versions, ranging from 55 kWh to 82 kWh, with the highest-capacity lithium-ion battery offering a WLTP range of over 560 km. An optimised pre-heating function ensures that the battery can charge from 10% to 80% capacity at DC fast-charging stations in just 24 minutes. The Elroq 85x version features a second electric motor on the front axle, with all-wheel drive as standard, and reaches system power of 250 kW.

Škoda Auto continually develops innovative and sustainable materials across its product portfolio. In expanding its share of new, sustainable solutions, the brand used Recytitan, a material consisting of 78% recycled PET, sourced from materials like water bottles, for the interior of the Elroq Loft. The material features in door panels, seat covers, the dashboard, and armrests. Only 16% new PET content is used, the remainder consisting of mechanically recycled fibres from old clothing.

The interior of the Lodge, meanwhile, features Technofil, a material consisting of 75% ECONYL® recycled fibres and 25% polyester. This innovative fabric utilizes nylon waste, such as fishing nets, scraps of fabric or carpets, which would otherwise be dumped.

For the first time, the Elroq also used 100% recycled material for the front grille, created by recycling casings from 12V car batteries or old bumpers.

With these solutions, Technical Development is progressively replacing conventional petroleum-based plastics with innovative recycled materials with a lower carbon footprint, while at the same time meeting all quality requirements.

Supporting International Collaboration

In 2024, Technical Development took part in meetings with senior development staff from major Volkswagen Group brands (Škoda, Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, and SEAT/Cupra) to discuss the synergies and strategies of those brands.

In cooperation with local engineers in India, Škoda Auto participated in the development of the Kylaq, as a sub-4 metre car, the most important segment on the Indian market. The Kylaq is built on the robust MQB-A0-IN platform, which it shares with the Kushaq and the Slavia and which is central to Škoda Auto's strategy in India. The Czech-Indian team developed this with the emphasis on a high degree of localisation, low operating costs, and short lead times.

Responsibility for the MQB-27 Platform

In 2024, Škoda Auto assumed full responsibility for the development of the Volkswagen Group's global MQB-27 platform. This platform is utilized by the Group for brands including Škoda, Volkswagen, Seat, and Audi, not only in Europe but also in other regions such as India, China, Latin America, and South Africa. The responsibility extends to the implementation of key technical regulations under the Euro 7 standard and related legislation. With the adoption of these new responsibilities, Škoda Auto has gained a significant role within the Brand Group Core.

The Company has become a centre of expertise for the development of the MQB-27 platform, encompassing all key competencies for functions and systems, while also taking ownership of MQB-27 EU as the foundation for this platform. To optimize costs, the automaker leveraged its experience from low-cost projects, such as those in India, and implemented necessary processes and organizational structures to ensure robust global platform management. The Group plans to utilize this platform at least until 2030.

Engine and Powertrain Development

Škoda Auto is gradually taking on responsibility within the Volkswagen Group for the development of the full EA 211 engine series. These transverse, inline gasoline engines are utilised in a wide range of models across the Škoda, Volkswagen, Volkswagen Commercial Vehicles, SEAT, CUPRA, Audi, and Jetta brands. It is expected that full responsibility will be taken for this by 2027.

The Technical Development Department also declared TDI engines ready for the use of renewable HVO (Hydrotreated Vegetable Oil), which is based on 100% renewable materials that can reduce CO_2 emissions by up to 90%. HVO can be used as a direct replacement for diesel or its admixture without the need for modifications to the vehicle or engine.

The impact of Euro 7 on Technical Development

Following negotiations in 2023, the legislative process for Euro 7 also continued in 2024. This was the year when implementing acts, which set out the details of the legislation and are essential for defining technology and subsequent development work, were meant to be nearly finalized. Unfortunately, no satisfactory progress has been made in this area and the implementing acts are far from being finalized, which means that development can only be done based on (internal) premises and not final legislation. As the deadline for introducing the Euro 7 standard for all cars is currently fixed at November 2027, the delay in implementing acts significantly reduces the time for development work with final legislative requirements and the need for their implementation and certification in cars. This presents a risk and a significant challenge to the entire automotive industry in Europe.

Achievements of Success for Škoda Motorsport

In 2024, the customer programme won numerous awards in the World Rally Championship, European Rally Championship, and national championships. Throughout 2024, the competition cars made a total of 4,685 starts. In the WRC2 category, Oliver Solberg, alongside his co-driver Elliott Edmondson, finished in 2nd place, with Toksport WRT finishing 2nd and 3rd places in the team standings. The WRC2 Challenger category saw crew Kajetan Kajetanowicz and Maciej Szczepaniak finish in 3rd place, while in the WRC Masters Cup, the Škoda crews secured all podium positions. Škoda vehicles proved to be the most successful in their category across both continental and national championships. Drivers claimed a total of three titles at the continental level and 18 titles at the national level. Dominik Stříteský and his co-driver Jiří Hovorka claimed their first overall victory in the Czech Rally Championship, and all five Škoda Auto dealer teams featured in the first six positions.

The Škoda Motorsport team continues to maintain its position as a leading manufacturer of rally cars in the Rally2 category. In 2024, the team achieved further milestones in sales of competition specials, specifically the sale of the 100th Škoda Fabia RS Rally2 to Romanian driver Andrei Gîrtofan and the 600th vehicle in the Rally2 vehicle project, purchased by Portuguese customer MAPO Motorsport. The cars remain bestsellers due to their performance, quality, and after-sales support.

The year 2024 presented a great many challenges and new projects, with continued development and testing of the Škoda Fabia RS Rally2. Efforts throughout the year focused on vehicle safety and reliability, addressing minor technical issues, maintaining competitiveness, improving traction, and preparing additional technical measures to enhance the car's performance in 2025.

One significant project this year was the Škoda Enyaq RS Race concept car, which the Company officially introduced to the public in October. This unique concept of a dynamic electric vehicle is based on the production model Enyaq Coupé RS. Weight savings were achieved by replacing select parts with bio-composites. These parts are made from flax fibres, which have a lower carbon footprint compared to carbon-based parts. The vehicle draws inspiration in both design and technology from the Škoda Fabia RS Rally2 rally car, in both its external design and technology.

Sustainability was a key focus area of attention for the Škoda Motorsport team in 2024. In August, Škoda Motorsport showcased its sustainable solutions on the Škoda Fabia RS Rally2 at the Nordic Sustainable Mobility Forum. In addition to developing bio-composite parts, as already mentioned, Škoda Motorsport also tests sustainable lubricants as substitutes for traditional oil-based fluids. Other sustainability measures include the use of eco-friendly vehicle wraps and sustainable packaging for deliveries of spare parts deliveries.

289hp

The power output of the Škoda Fabia RS Rally2 race car, which is based on the fourth generation of the Škoda Fabia.

Engine

Turbocharged engine with 1.6-liter capacity

Safety

The crew is protected by 35.8 meters of steel tubing

Speed

Maximum speed of 200 km/h

Performance

The engine delivers approximately 214 kW (289 hp)

Fuel Tank

Special 82.5-liter fuel tank


100
120
140
160
180
200
230
260
km/h
120 km/h
72 km
01:42 h
From start
500 km
27.0°C
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Procurement

The Procurement Division is dedicated to securing raw materials, material flow, components, and services to fully meet the requirements of customers who choose to purchase Škoda vehicles. Procurement also prioritizes the quality of procured commodities, cost efficiency, and aspects of sustainability and the circular economy. It strongly emphasises a comprehensive approach to supply chain management and maintaining strong relationships with supply partners. Procurement activities fully align with the goals of the Next Level Škoda Strategy, which defines the Company's future development.

Support for batch production and new launches

The Procurement team devoted significant effort to the January launches of the new generation of the successful Kodiaq and the all-new Elroq electric vehicle at the end of the year. Additionally, the Procurement team managed the production launch of the updated models of the Scala, Kamiq, and Octavia.

New headquarters completed, and up and running

One part of General Procurement is Real Estate Management for Škoda Auto and under these circumstances in 2024, the Company successfully completed the construction of its new headquarters in Mladá Boleslav, named the Laurin & Klement Campus in honour of the founders of Škoda Auto, Václav Laurin and Václav Klement. The interconnected five-story complex, consisting of four buildings, is designed to foster interdepartmental collaboration while meeting the highest sustainability standards.

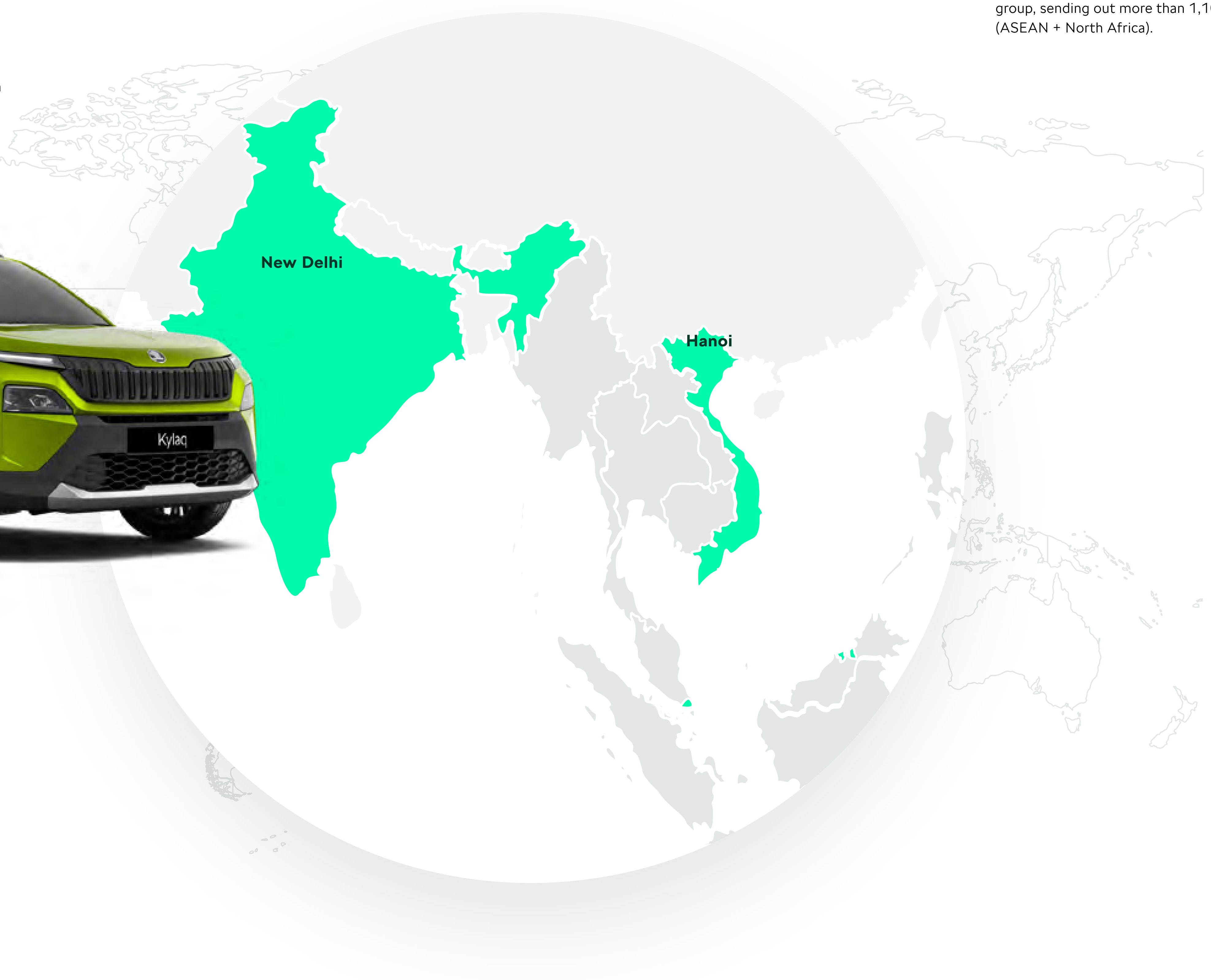
Staff from various departments from around two dozen buildings across Mladá Boleslav relocated to the Company's new headquarters. Škoda Auto has introduced the modern New Work office concept at the Laurin & Klement Campus, tailored to the contemporary demands of workers.

The office space, equipped with cutting-edge technologies, is divided into various zones to accommodate the diverse needs and activities of the workers there. A key aspect of the New Work concept is shared office space, which allows staff to flexibly use workspaces according to their purpose and to collaborate effectively across departments.

Some 222 photovoltaic panels generating 100 kW of power help save the building energy, just one of many sustainability aspects of the LKC building. The new office complex was awarded the BMK Austrian Ministry Austria Green Planet Building Award and has also achieved gold status, including the certificate from the German Sustainable Building Council (DGNB), awarded to buildings that meet high ecological, technical, economic, functional, and social quality standards.

Activities in India and ASEAN

Vehicles manufactured at Škoda Auto's plant in Pune, India, have been tailored to meet the specific needs of the local Indian market. Not only that, but they also already boast the highest rating in the Global NCAP, making them the safest vehicles in their class. In 2024, the existing model range of vehicles and equipment was modernised, as was the pre-batch production of a fifth Indian model – the small, compact SUV, the Kylaq. The objective at Procurement in 2024 was again to make maximum use of the potential of local suppliers, tied to a high degree of component localisation. The number of countries to which the vehicles manufactured in India are exported continues to rise, fulfilling the Company's ambition of turning the country into a functioning export hub. At the same time, work has already fully begun on the development of an entirely new, fully electric vehicle in the A0 segment.



In the ASEAN region, Vietnam currently plays a priority role. Škoda Auto successfully entered this market with Fully Built-Up (FBU) vehicles imported from Europe. In 2025, they will expand to include Completely-Knocked-Down (CKD) export sets of successful Indian models the Kushaq and the Slavia. By entering the Vietnamese market with Indian models, Škoda Auto is accomplishing its internationalisation goals mapped out in the Next Level Škoda Strategy.

As part of its regional responsibilities for the ASEAN and North African markets, Procurement at Škoda Auto addressed local suppliers in the region for the entire group, sending out more than 1,100 official price inquiries (ASEAN + North Africa).

Sustainability

The OUR CODE ethical code of conduct and the Sustainability Rating (S-rating) are the pillars on which cooperation with suppliers is built at Škoda Auto, and indeed the at entire Group. Since 2013, cooperation has also been governed by the German Supply Chain Due Diligence Act (LkSG), resulting in updated internal regulations and processes.

Procurement remains focused on sustainable solutions in products to enhance customer value and prepare for future European legislation. It therefore continues to broaden its collaboration with partners in the field of sustainable technologies and to establish new partnerships. One such collaboration is the sustainable interior of the Elroq.

The area also focuses on advanced supply chain management, with an emphasis on the circular economy, social responsibility, and environmental protection.

It carried out a new project which directly procures coffee from family farms in India, which is then roasted near Škoda Auto production plants and is available to all employees at workplaces in the Czech Republic. The Company thus controls the quality and the supply chain, while supporting a region for which it is responsible within the Group. What is more, the husks of the coffee beans – typically a waste product – are repurposed for leather tanning in vehicle interiors.

The Company also stresses sustainable sourcing and managed to go beyond its stated goals in the seven-seater electric SUV project. Future projects will be based on the know-how acquired in this project. Another crucial area is the procurement of raw materials according to clearly defined rules of ethical sourcing, regularly reported in the Responsible Raw Materials Report.

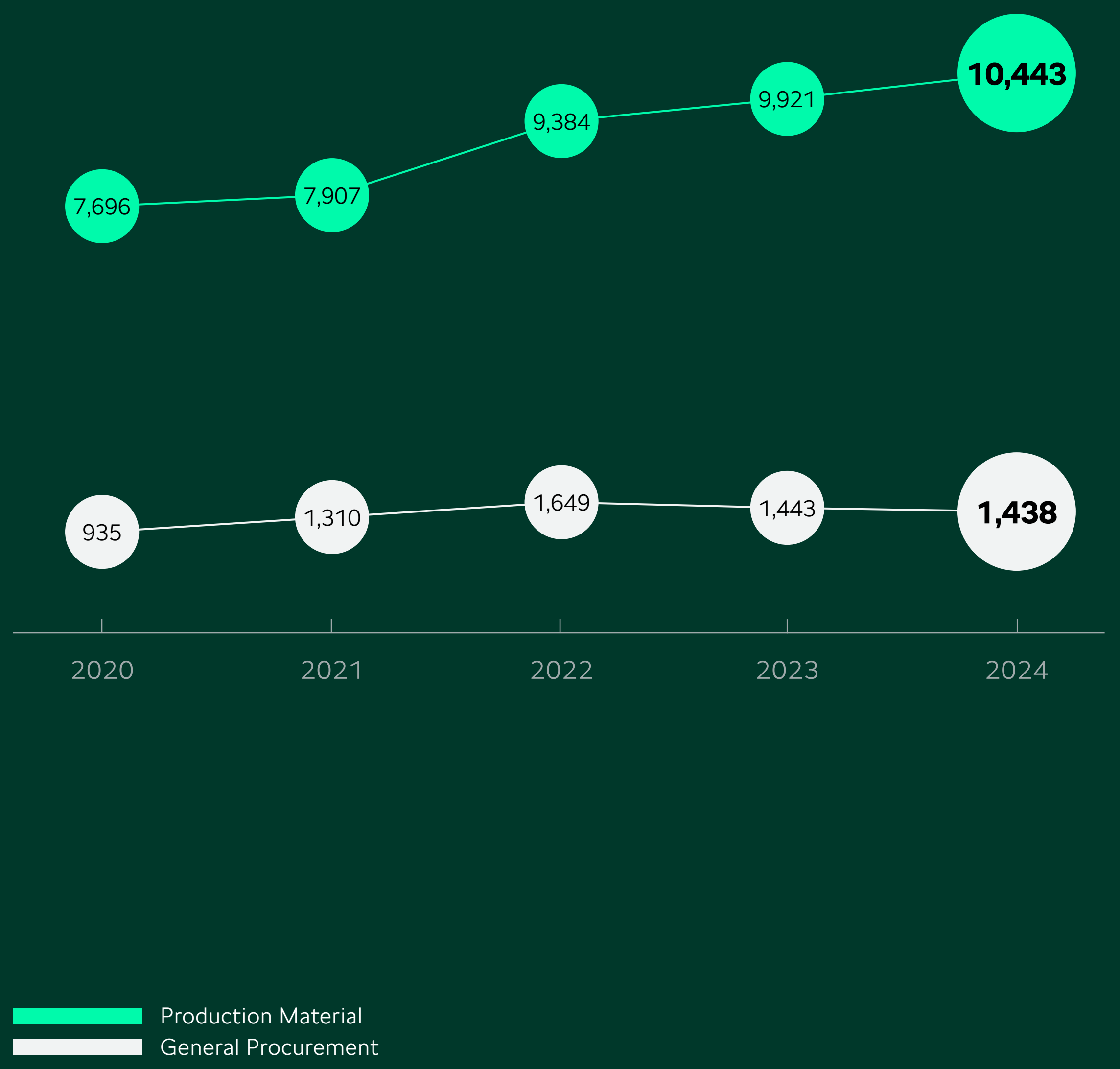
Innovation

The Procurement Division actively leverages innovative technologies at its disposal, including automation, artificial intelligence (AI), and business intelligence (BI), to optimise procurement processes, financial efficiency, and time efficiency.

As far as PCB analysis is concerned, costs are optimised and time saved by using an AI tool that can accurately determine the specific type of semiconductor used based on a photograph of a particular part.

In General Procurement, AI-driven negotiation robots are constantly engaged in lower volume contract negotiation and cost-saving predictions. The ability to process and compare large amounts of data means that modern tools also help predict demand for services and materials and increase the work efficiency of Procurement teams.

Procurement Volume Development (€ million)



Total Purchases by Country in 2024

Volume of procurement

In 2024, the Company spent € 10.4 billion on **procuring production materials**, marking a year-on-year increase of €522.3 million. A considerable portion of this expenditure was in the Czech Republic (38.9%), followed by Germany (19.9%) and Poland (9.5%).

The total volume of **General Procurement** reached €1.438 billion, which corresponds to the value of 2023. In 2024, there were 2,066 suppliers from all over the world in the Production Procurement portfolio of suppliers, while General Procurement had on its books more than 6,200 cooperating suppliers globally.

Production and logistics

Škoda Auto manufactured 925,164 Škoda cars worldwide in 2024 (2023: 888,418 cars). Compared to previous turbulent years, when production was affected by the semiconductor crisis, the Covid-19 pandemic, and the situation in Ukraine, 2024 can be assessed positively in terms of the availability of parts.

The Company was affected slightly by a lack of parts in the first half of the year, as a result of which it had to adjust the production programme. However, the impact of a shortened production programme were was mitigated in the second half of the year by effective measures and improved availability of parts. The situation on the parts market was critical at the end of the third quarter of 2024 as a result of the natural disaster in the Czech Republic, Poland, and Slovakia. The Production and Logistics team tried to eliminate all adverse effects on the production of vehicles by taking the measures necessary to prevent production losses.

The Škoda production strategy abroad

During 2024, intensive preparations were underway at the Pune plant for the ramp-up of production of the new Škoda Kylaq, a compact SUV for the Indian market that was launched in December 2024. At the same time, the plant in Pune began preparing for the production launch of the innovated Škoda Kushaq and Škoda Slavia models, as well as sister models VW Taigun and VW Virtus.

Company staff worked relentlessly to organise the production launch of the Škoda Kushaq and Škoda Slavia models, set to be launched in 2025, at a newly built production plant in Vietnam.

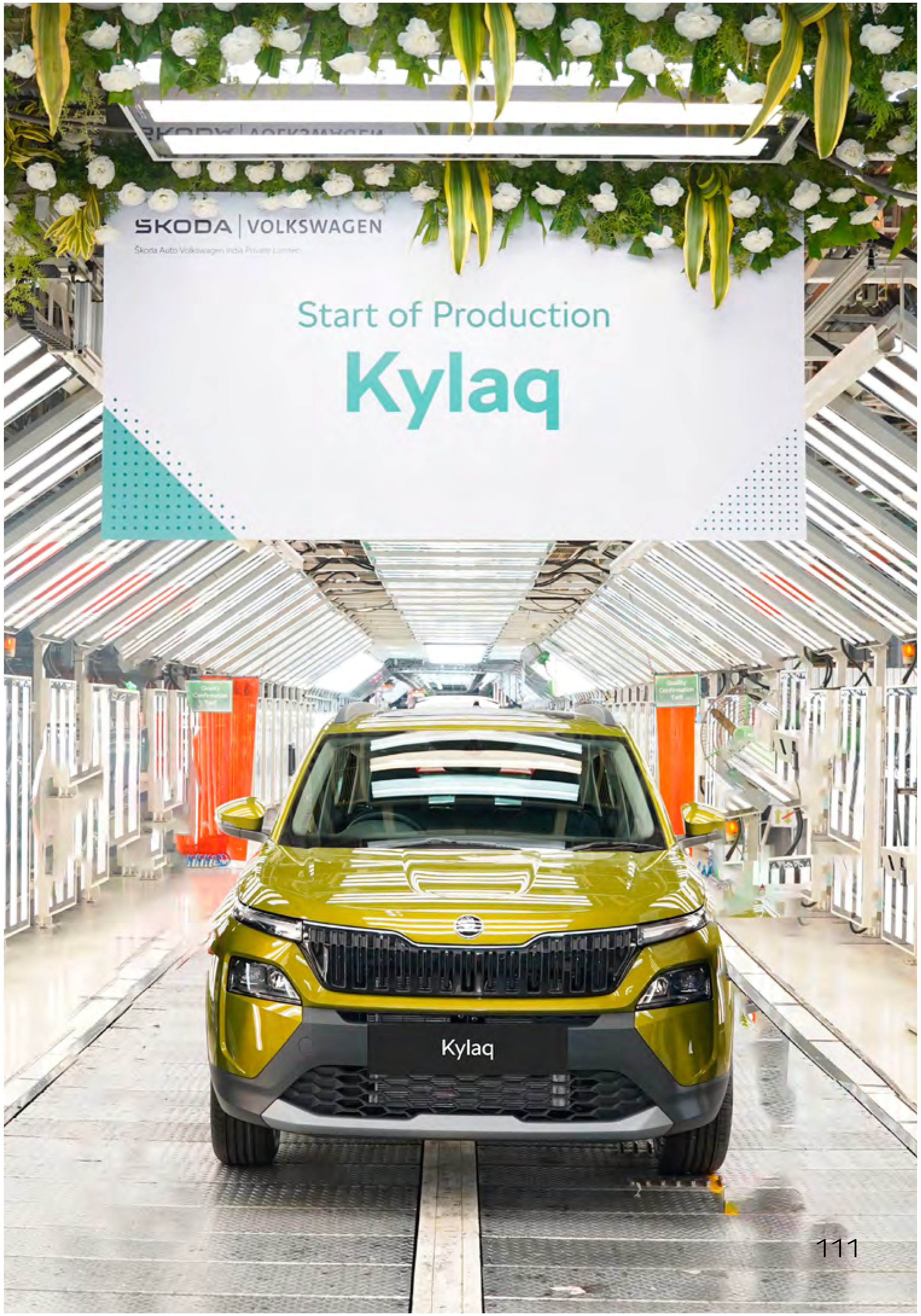
The production of Semi-Knocked-Down Škoda models, specifically the Kodiaq, got underway in Kazakhstan again in February 2024.

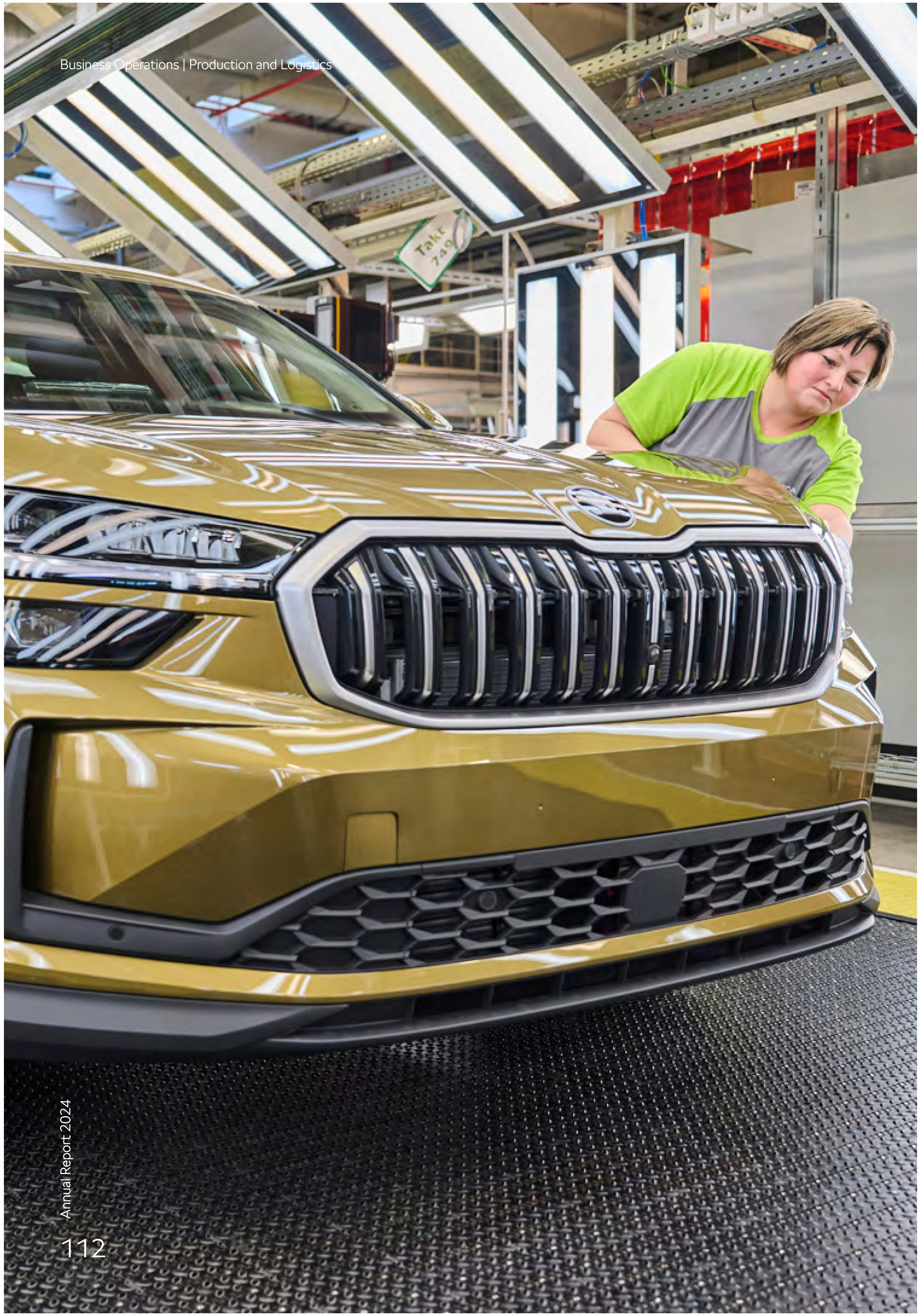
The production of new models in the EU

An offensive in the launch of new generations of vehicles with internal combustion engines, the Superb and Kodiaq included, successfully initiated in 2023, continued in 2024. The Company began manufacturing the new-generation Škoda Superb in Bratislava at the end of 2023, while the new Kodiaq started rolling off the assembly line in Kvasiny in January 2024. In May, the Kodiaq and Superb Combi portfolios were broadened to include hybrid versions. These were joined a little later by highly popular Sportline derivatives – for the Kodiaq in September and the Superb in November.

In Mladá Boleslav, the Company also launched the production of rejuvenated Scala and Kamiq models in January 2024, and in early April began manufacturing the upgraded Octavia to gradually replace the previous version. The Limousine version of the Octavia was first produced at the Kvasiny plant at the end of August. This launch also introduced a rejuvenated version of the Octavia RS, which the Company will produce at the factories in Mladá Boleslav and in Kvasiny.

Meanwhile, the world premiere of a new electric model, the Elroq, was held in Prague at the beginning of October 2024. The first cars of this model will be delivered to the market in the first quarter of 2025.





Mladá Boleslav

Škoda Auto introduced a number of significant changes and innovations in production at its parent plant in 2024. In January 2024, the MBII plant successfully launched the facelift of the Scala and Kamiq models using new technology and in line with new UNECE regulations. It then began preparing for production of the new Elroq, and embarked on giving the Octavia a facelift. A total of 701,819 units of the fourth-generation Octavia were produced.

Moreover, the Company also officially opened a digital control room (DCR) in 2024 to make production management more efficient. Then, in November, it completed the reconstruction of paint shop B, making it possible to increase the painting capacity from 700 to 800 cars per day.

Škoda Auto produced the Octavia, Enyaq, Enyaq Coupé, Fabia, Scala, and Kamiq at the Mladá Boleslav plant in 2024, and prepared the Elroq, whose serial production started in January 2025.

Kvasiny

The year 2024 also brought significant milestones for the plant in Kvasiny, where the Company launched the production of the Octavia and the second-generation Kodiaq. It successfully brought production of the first-generation Kodiaq to a close, with some 636,956 cars having rolled off the line since the launch of production. It also discontinued production of the third-generation Superb, having manufactured a total of 687,718 cars. By contrast, Škoda Auto started welding the second-generation Kodiaq for the Indian market.

The Company focused mainly on the production of the Kodiaq, Karoq, Seat, and Cupra Ateca in Kvasiny in 2024. While production of the Superb came to an end at the beginning of the year, the portfolio in Kvasiny was by contrast broadened to include the Limousine version of the Octavia in August. The first of two new next-generation control rooms to manage the flow of production was inaugurated in June 2023 as part of the Digital Control Room project. This project focuses on state-of-the-art technologies that make work in the management of car production easier and more effective.

Component production

In 2024, Škoda Auto manufactured a total of 1,066,041 gearboxes: 354,994 MQ200 gearboxes, 476 MQ100 gearboxes, and 710,571 DQ200 gearboxes. The Company also produced 496,291 engines. In total, 53,585 batteries were produced for plug-in hybrid cars. The production of these batteries was discontinued in April 2024. Additionally, 227,330 batteries were produced in Škoda Auto for fully electric vehicles. The Company manufactures components not only for its own needs, but also for the needs of other makes in the Group as well. In total, the Company produced for them 220,197 engines (44% of the total quantity of engines manufactured), 578,182 gearboxes (54% of the total quantity of gearboxes produced), and 198,727 batteries (70% of the total quantity of batteries manufactured).

The manufacture of axles, of which Škoda Auto made 7,500 a day, is another integral part of component production. A total of 1.8 million axles were made in 2024 for the assembly plants in Mladá Boleslav and Kvasiny.

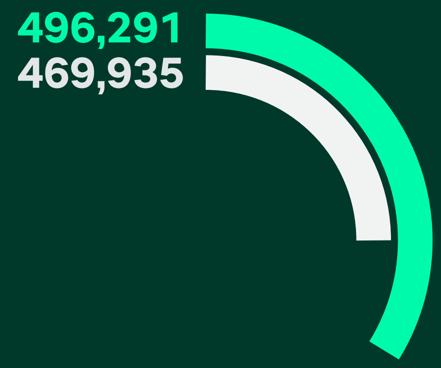
In 2024, Škoda Auto celebrated several significant production milestones in component production. At the plant in Mladá Boleslav, it had produced 9,000,000 MQ200 gearboxes by June, reached 1,000,000 battery systems by November, and manufactured its five-millionth EA211 engine in December.

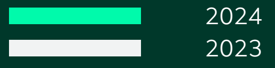
426,057

The number of batteries for fully electric vehicles produced at Škoda Auto in 2024.

Number of gearboxes produced

Number of engines produced





897,160

Cars produced at Škoda Auto in 2024.

Production of Škoda cars worldwide by model

Škoda Octavia

The Škoda Octavia was again the most significant model in 2024 in terms of volume.

2024 — **214,210** 4.1%
2023 — 205,764

Škoda Kamiq

A car that combines the classic virtues of an SUV and the agility of a compact car.

2024 — **124,162** 7.7%
2023 — 115,282

Škoda Fabia

The model, operating on the MQB-A0 platform, is bigger, more economical, and safer than the previous generation.

2024 — **120,627** 27.7%
2023 — 94,427

Škoda Kodiaq

This popular SUV became more spacious and practical in 2024 with a new design featuring Modern Solid elements.

2024 — **116,787** 9.0%
2023 — 107,110

Škoda Karoq

A practical family car and a comfortable drive.

2024 — **108,495** 12.5%
2023 — 96,425

Škoda Superb

The Škoda brand's flagship model attracts customers with its comfort and luxury.

2024 — **72,735** 1.9%
2023 — 71,364

Škoda Enyaq

The only series of models built on the MEB platform manufactured outside of Germany.

2024 — **67,742** (6.9%)
2023 — 72,750

Škoda Scala

A model that boasts a generous amount of space for its compact size.

2024 — **54,652** (10.7%)
2023 — 61,169

Škoda Kushaq

Production of this model began at the plant in Pune, India, at the end of 2020.

2024 — **18,045** (35.1%)
2023 — 27,800

Škoda Slavia

Production of this model began at the plant in Pune, India, in 2021.

2024 — **14,194** (28.8%)
2023 — 19,932

Škoda Enyaq Coupé

This electric SUV rolls off the production line at the main plant in Mladá Boleslav.

2024 — **12,190** (12.8%)
2023 — 13,982

Škoda Kamiq GT

Made at the Nanjing plant in China.

2024 — **921** (19.8%)
2023 — 1,148

Škoda Elroq

The first purely electric model in the compact SUV segment in the spirit of Modern Solid design language.

2024 — **227**
2023 — 0

Škoda Kylaq

The third car built on the special MQB-A0-IN platform for India.

2024 — **115**
2023 — 0

Škoda Rapid

The model was no longer produced in 2024.

2024 — **0**
2023 — 1,051

Škoda Kodiaq GT

The production of this model has been discontinued.

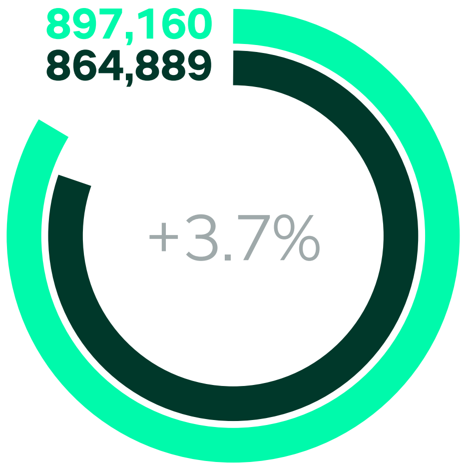
2024 — **62** (71.0%)
2023 — 214

Production of Seat cars

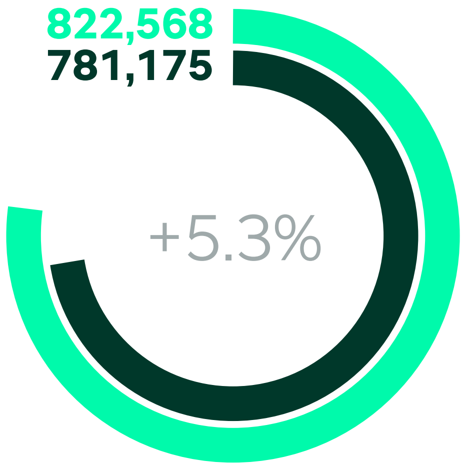
The Seat Ateca and Cupra Ateca are produced at the Škoda Auto plant in Kvasiny.

2024 — **74,592** (10.9%)
2023 — 83,714

Total Production of Cars at Škoda Auto Company *



Production of Škoda Cars



2024
2023

Škoda Brand Production Worldwide

	Cars 2024	Cars 2023	Change (%) 2024 / 2023
Production of Škoda cars in India			
Škoda Kushaq	18,045	27,800	(35.1%)
Škoda Slavia	14,194	19,932	(28.8%)
Škoda Kodiaq	495	3,911	(87.3%)
Škoda Kylaq	115	0	—
Škoda Superb	0	266	—
Škoda Octavia	0	212	—
Total Škoda in India	**32,849**	**52,121**	**(37.0%)**
Production of Škoda cars in Slovakia			
Škoda Superb	54,506	302	—
Škoda Karoq	0	36,455	—
Total Škoda in Slovakia	**54,506**	**36,757**	**48.3%**
Production of Škoda cars in China			
Škoda Superb	6,897	3,421	101.6%
Škoda Kamiq	2,717	4,841	(43.9%)
Škoda Kodiaq	2,141	2,696	(20.6%)
Škoda Karoq	1,770	2,747	(35.6%)
Škoda Kamiq GT	921	1,148	(19.8%)
Škoda Octavia	733	2,247	(67.4%)
Škoda Kodiaq GT	62	214	(71.0%)
Škoda Rapid	0	1,051	—
Total Škoda in China	**15,241**	**18,365**	**(17.0%)**
Total Škoda Brand Worldwide **	**925,164**	**888,418**	**4.1%**
Total Škoda Production Worldwide, Including Other Group Brands ***	**999,756**	**972,132**	**2.8%**

* Production in the Czech Republic only in the Company's plants in Mlada Boleslav and Kvasiny.
** Including production of Škoda cars at Škoda Auto company as well as at foreign plants in the rest of the world.
*** Including pre-series cars.


6SF 4988

Sales and marketing

Škoda Auto posted outstanding sales results in 2024: worldwide deliveries of 926,567 cars meant a year-on-year increase of 6.9%, despite the highly volatile situation on the market. Germany was again the Company's biggest market, with 187,078 deliveries, marking an increase of 18.5% on 2023. Turkey, the United Kingdom, Poland, and Spain also showed significant absolute growth.

The modernised Octavia confirmed its role as the best-selling Škoda car (215,716 cars; +12.4% year-over-year). Despite the rising competition and a slowdown in demand for fully electric cars throughout the industry, the Enyaq model range enjoyed strong customer interest (79,507 cars; −2.6% on 2023).

Central Europe

The Company delivered 192,061 cars to its customers in Central Europe, 3.8% more than the previous year, with the Škoda brand achieving a market share of 17.2%. On the home market, deliveries to customers fell by 3.8% to 84,476 cars (2023: 87,784 cars); however, the Czech Republic was again the Company's second biggest market worldwide, with its market share dropping only marginally to 36.5%. Poland remained in the brand's TOP 5 markets for a third time in a row, with 61,391 cars delivered, marking a year-on-year increase of 13.9%.

Eastern Europe

In Eastern Europe, the 50,746 delivered cars entailed an increase of 8.4% on the previous year (2023: 46,794 cars). The market share in the region fell slightly to 3.3%. In a number of countries, however, the Škoda brand had a high market share; in Albania and Macedonia, for example, this share was 26.6%, the Company's second highest market share (after the Czech Republic), in Serbia and Montenegro 25.1%, and in Bosnia 22.5% (a slight decrease).

Western Europe

In Western Europe, meanwhile, the car manufacturer recorded a total of 538,094 deliveries to customers (2023: 480,121 cars; +12%), the biggest year-on-year percentage growth of all regions. In Germany, the Company's biggest market, the car manufacturer delivered 187,078 cars to customers, a full 18.5% more than the previous year (2023: 157,837 cars). And with 78,659 Škoda cars delivered, the United Kingdom held on to third position in the TOP 5 markets, with year-on-year growth of 11.9%, right behind the Czech Republic and Germany.

Overseas/Asia

The Czech car manufacturer delivered 17,538 cars to customers in China, marking a drop of 23.1% (2023: 22,809 cars). In India, meanwhile, the year-on-year decrease in deliveries was 26.3% to 35,982 cars (2023: 48,843 cars). The Company was highly successful in countries such as Turkey, where deliveries rose by 25.7% to 42,209 cars.

Customer Deliveries

Largest Markets	Cars 2024	Cars 2023	Change (%) 2024/2023
Germany	187,078	157,837	18.5%
Czech Republic	84,476	87,784	(3.8%)
United Kingdom	78,659	70,266	11.9%
Poland	61,391	53,907	13.9%
France	45,616	39,616	15.1%
Turkey	42,209	33,570	25.7%
Italy	38,117	33,840	12.6%
Spain*	36,338	30,122	20.6%
India	35,982	48,843	(26.3%)
Austria	25,634	24,564	4.4%
Netherlands	21,561	20,335	6.0%
Slovakia	20,479	20,002	2.4%
Israel	19,253	14,544	32.4%
Switzerland	19,044	19,635	(3.0%)
Belgium	18,061	18,290	(1.3%)
Škoda Brand Total	**926,567**	**866,820**	**6.9%**

* Excluding the Canary Islands

Regions	Cars 2024	Cars 2023	Change (%) 2024/2023	Market Share (%) 2024**	Market Share (%) 2023**
Central Europe*	192,061	185,043	3.8%	17.20%	18.49%
Eastern Europe	50,746	46,794	8.4%	3.31%	3.73%
Western Europe	538,094	480,121	12.1%	4.62%	4.12%
Overseas/Asia	145,666	154,862	(5.9%)	0.22%	0.25%
Škoda Brand Total	**926,567**	**866,820**	**6.9%**	**1.17%**	**1.13%**

* Including the Czech Republic

** Shares on passenger car market shares, total markets

926,567

Total deliveries
to customers in 2024.

Škoda Octavia

The fourth-generation bestseller stands out from the crowd with its revamped design, radiator grille, and stylish new bumpers.

2024 — **215,716** 12.4%
2023 — 191,941

Škoda Kamiq

The brand's second-highest-selling model in the urban SUV segment.

2024 — **125,962** 8.2%
2023 — 116,461

Škoda Fabia

The fourth-generation Fabia operates on the Group's MQB-A0 platform.

2024 — **117,121** 24.1%
2023 — 94,395

Škoda Kodiaq

The sporty Kodiaq RS model was added to the range in the second half of the year.

2024 — **114,457** 8.1%
2023 — 105,857

Škoda Karoq

This compact SUV, now also available in Sportline version, again surpassed 100,000 units sold.

2024 — **109,404** 9.3%
2023 — 100,052

Škoda Superb

The Company broadened its range at the end of the year with the sporty-yet-sleek Sportline model.

2024 — **72,800** 7.9%
2023 — 67,446

Škoda Enyaq

The second best-selling electric car in the Czech Republic benefitted from a wide range of technical and software enhancements in 2024.

2024 — **67,243** (3.6%)
2023 — 69,721

Škoda Scala

The compact Scala captivates the attention with its emotional design, combined with state-of-the-art connectivity features.

2024 — **56,248** (5.0%)
2023 — 59,229

Škoda Kushaq

The first production model to emerge from the India 2.0 project, is built on the specially modified MQB-A0-IN platform.

2024 — **19,313** (27.4%)
2023 — 26,603

Škoda Slavia

The Škoda Slavia is the second model developed and manufactured specifically for the Indian market.

2024 — **15,993** (19.6%)
2023 — 19,904

Škoda Enyaq Coupé

The most elegant and emotive electric car in the Škoda portfolio, with outstanding aerodynamics.

2024 — **12,264** 2.8%
2023 — 11,929

Škoda Elroq

The first all-electric model in the compact SUV segment. A total of 46 vehicles have been registered for business purposes.

Škoda Rapid

This model is no longer for sale.

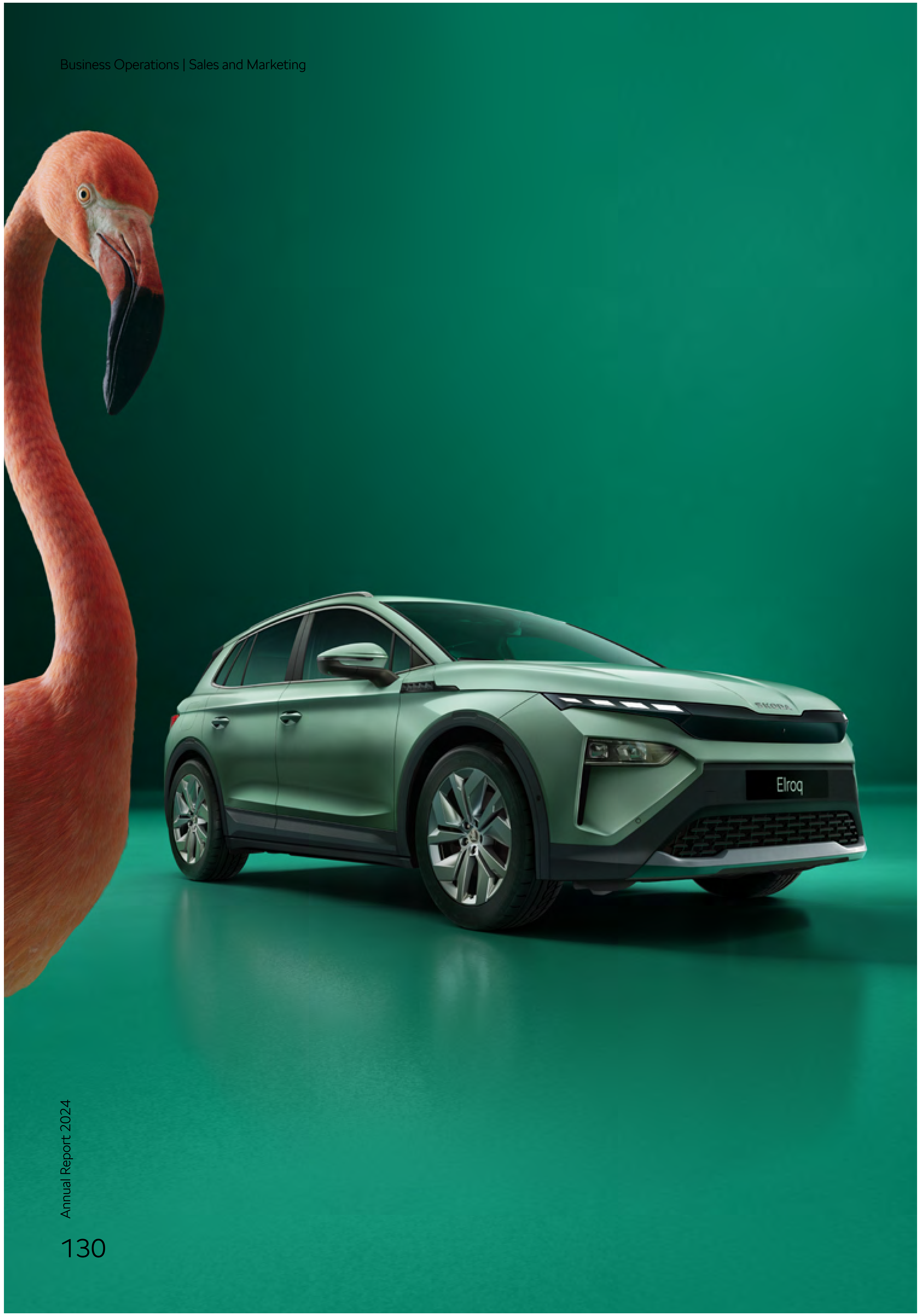
2024 — **0**
2023 — 3,282

New Design Language

In 2024, the Elroq became the first Škoda production model to adopt the characteristics of the new Modern Solid design language, the brand's new eye-catching bonnet. Another stand-out innovation is the Tech-Deck Face, which conceals the car's sensors and visually copies the edge of the contoured bonnet so typical of Škoda cars.

Škoda Auto introduced the Modern Solid design language in 2022 in response to the demands and lifestyle changes of its customers. It also redefined its mission, position, and customer target groups. This was the biggest change since Škoda Auto became part of the group.

The Modern Solid design reinterprets the traditional elements of the Škoda brand and boldly reflects innovative paths. The minimalist and functional exterior design creates a sense of safety and durability. Purely electric models are also highly aerodynamic, to optimise their efficiency. The interior is dominated by a spacious modern design, characterised by outstanding functionality and intuitive operation.



New Products Premiered

The October launch of the purely electric Elroq model rode the waves of a playful metaphor of curiosity. The Company's communication approach reached a milestone with the launch of the Škoda Elroq, with the brand's identity illuminated through an imaginative campaign. Employing playful curiosity and metaphors of animals and natural phenomena helped the Company tell compelling stories about the vehicle's attributes.

The pink flamingo was a significant element of the camouflaged Škoda Elroq, as part of the camouflage that first appeared to the public during the Tour de France, as was the small hook over the letter Š. This launch set a new standard for the way the Company introduces its cars to the market, maintaining a consistent narrative across PR, marketing, events, and media coverage. The campaign appeared on all Škoda markets, with localised pre-sale activities that aligned seamlessly with the brand's GLocal approach to the strategy.

A collaborative flamingo-naming contest on five European markets generated hundreds of creative names, all reinforcing the fact that the community of Everyday Explorers is strong and ready to engage.

In November, Škoda Auto introduced the Indian public to the all-new Škoda Kylaq, the first model in India to adopt elements of Škoda's new Modern Solid design language. The latest addition to the Škoda portfolio, developed and produced locally for the Indian market, will appear on the roads in early 2025. To mark 24 years of the Škoda brand in India, the compact SUV was introduced at Covered Drive with special camouflage designed by renowned Indian artist Harun Robert in cooperation with fans of the Škoda brand. The design reflects Indian cultural motifs and colours, as does the name of the car, inspired by Mount Kailash and the Sanskrit word for crystal.

However, cars with internal combustion engines remained the centre of attention. The launch of the new generation Kodiaq and Superb and the revamped Octavia, Scala, and Kamiq underscored the concept of exploring the world through new perspectives. The Company designed the Octavia campaign to tap into the inner curiosity of customers, inviting them to see the world through the eyes of children, to whom curiosity comes naturally. The Superb campaign encouraged the exploration of new forms of leadership, while the Kodiaq campaign urged its audience to explore new kinds of spaces and perspectives.

Brand Experience

In 2024, the traditional Škoda Brand Experience event has set out to offer a positive brand experience and provide comprehensive training for the sales and service network, with an emphasis on the brand-new Kodiaq and Superb. Those taking part had the opportunity to look into the near future at Škoda Auto in an engaging and memorable way, a way that encompasses issues of sustainability, innovation, and design.

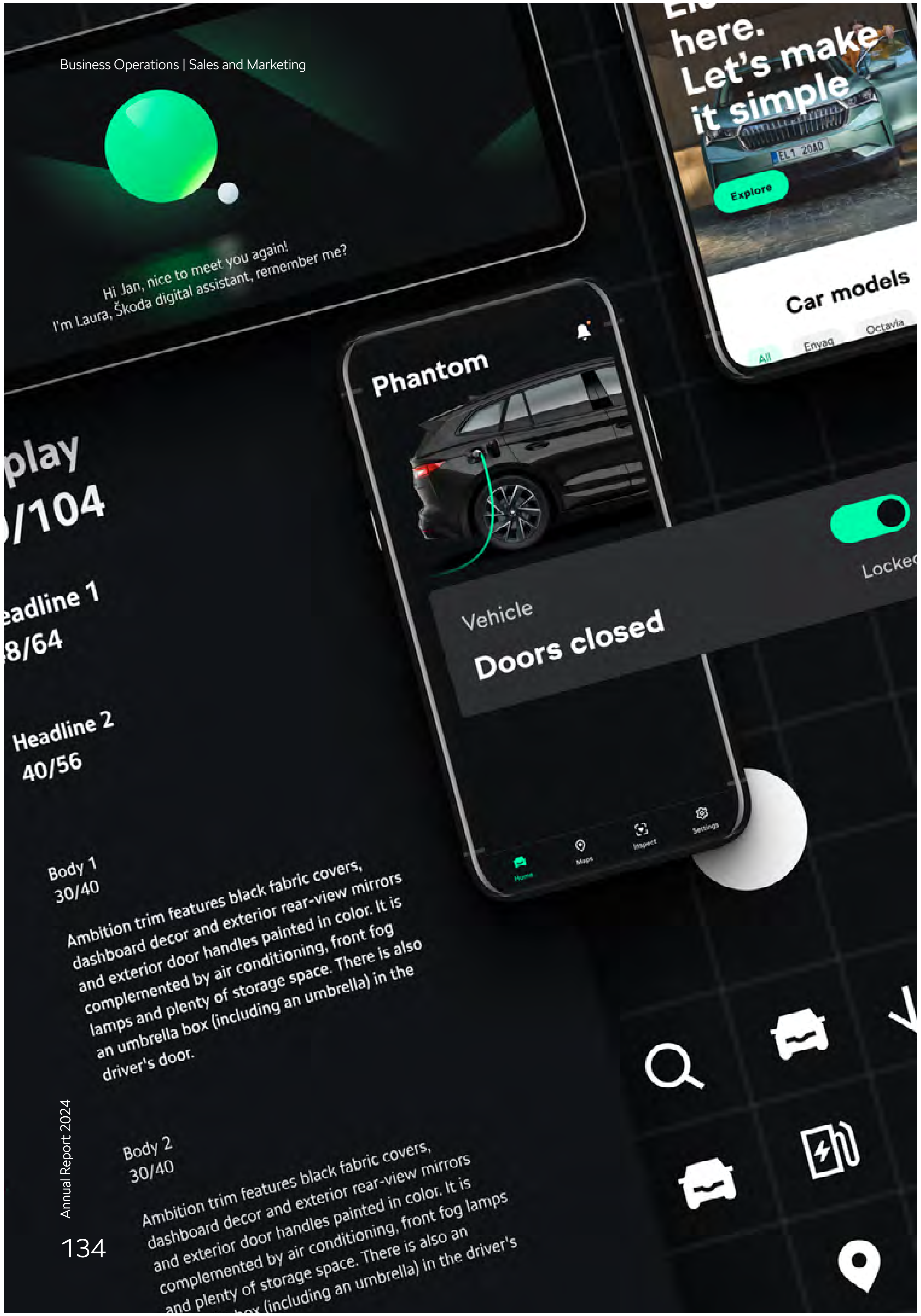
In 2024, for the first time, the Global Dealer Conference and Central Product Training came together as a single event which connected nearly 10,000 people from 75 markets.

Although the Company did arrange accommodation for such a large number of guests, it also remained true to its commitment to the principles of sustainability. Moreover, the installations at the event were made of recycled and recyclable materials, and all the leftover food made its way to an organisation which focuses on preventing food waste.

Škoda EV Lounge Community

The Škoda EV Lounge community, founded at the end of 2023, already has more than 6,000 members from all EU countries. The group promotes and fortifies communication and the engagement of Škoda customers on social networks, and its members receive regular information about new features and digital services, take part in questionnaires and quizzes, and share experiences of their electric vehicles. It also works as the Škoda e-mobility Hub, concentrating first on the Enyaq and to be expanded to include the new Elroq from 2025 with a view to supporting the customer-based approach of the Škoda brand.

In September 2024, the first-ever Škoda EV Lounge community meet-up was held in Mladá Boleslav, giving selected members and ambassadors the opportunity to make contact, share experiences, and talk to Škoda experts. The event included workshops, discussions, and networking activities aimed at improving the experience of owning an electric car. Chair of the Board of Management Klaus Zellmer was also on hand to talk to participants. Anyone interested could also take a test drive on the test track, perhaps in a new Škoda Elroq as part of its advance premiere.



The Award-winning Škoda Flow Design System

Škoda published Flow, a unified design system for creating Škoda digital products, back in 2021. The system provides everything you need – guidelines, components, and resources – for designers, developers, copywriters, and everyone else involved in creating digital products, all in one place.

Škoda Auto received an iF Design Award Gold for this innovative design system in 2024.

A panel of 132 independent international design experts praised the system for its bright, joyful, and empowering experience at all digital contact points. Škoda was therefore a pioneer among car manufacturers by introducing the best-design practices used in the software industry to provide its customers with a unified and all-round experience.

2,450

Škoda vehicles are sold in approximately 75 countries, supported by a strong retail network of 2,450 dealers.

Sustainability Across the Retail Network

As part of the GreenRetail Strategy, itself part of the Group's goTOzero Retail project, the Company takes a comprehensive approach to environmental and climate protection across its entire sales and service network.

The progress being made in achieving a more sustainable sales network is seen in the Škoda Skandi Motors dealership in Riga, Latvia, which the Company opened in May 2024.

The showroom underwent radical modernisation, bringing an effective solution based on a range of energy-saving measures from improved thermal insulation of the building and photovoltaic panels to LED lighting that responds to human presence. At the same time, this first sustainable Škoda sales point supports local biodiversity by planting new greenery, and indeed social life by providing a bicycle workshop for the public and a café.

Pay to refuel from the comfort of your car

Škoda Auto launched a new digital service in September that saves customers time. Pay to Fuel allows drivers to pay to refuel from the comfort of their car, without even having to get out. This is a unique solution where payment is made directly through the car infotainment system. At launch, this service was available in eight European countries including the Czech Republic, with others to follow in 2025.

Shared electromobility

The Peoplecar mobile app provides access to an exclusive community of shared Škoda electric cars. Simply sign up to be able to rent a chosen electric car with ease. The application was created in collaboration with Škoda X, the hub of digital services and mobility solutions for Škoda Auto.

Car rental from a mobile phone

The new Škoda GO app allows users to rent the latest generation of Škoda cars directly from a dealer. Cars are immediately ready – simply choose one in the app and pick it up from the dealer. The Škoda GO service is currently available in all regional capitals in the Slovak Republic and in places in Slovakia with a Škoda showroom. Škoda Auto is considering expanding this service to the Czech Republic in 2025.

Offers

The Offers app in the Škoda infotainment system was also broadened to provide car owners with even greater discounts on the products and services of business partners located en route. In 2024, drivers from 16 countries were able to choose from products and services provided by more than 100 partners. In 2025, meanwhile, the company plans to integrate the Offers app into the MyŠkoda App.

Convenient parking with a mobile phone

The Pay to Park app makes it possible to deal with parking needs in a number of European countries directly from the car's infotainment system. One of the key benefits is that the app provides consolidated information for multiple cities in a number of countries — thus eliminating the search for which app to download to your phone for a particular city; the need to type in details about the user, car, and payment card; and the time taken to learn how to use that app. It's all harmonised and available in the car itself and in the MyŠkoda mobile app. In 2024, the Company doubled its coverage to more than 3,200 cities in 16 European countries, with more to come in 2025.

The Company remains a partner to the IIHF Ice Hockey World Championship

For the 31st time, Škoda Auto was the main sponsor of the IIHF Ice Hockey World Championship, held in the Czech Republic in May. The Company was also the official car provider, lending a fleet of 45 vehicles for the needs of the organising team. The fleet included the new generation Kodiaq SUV, the new Superb Combi, and the fully electric Enyaq Coupé RS. These models, together with the unique Enyaq Coupé Respectline show car, were also on display in two places at the championships in Prague and Ostrava.

During matches, the Škoda Auto logo dominated the centre circle on the ice, seen to viewers on 87 channels on 29 TV markets. Fans of top-class ice hockey were able to experience the World Championship with Škoda Auto thanks to the Game On campaign: the Company set up activation stands in both host cities where visitors could take a look at the new Kodiaq and Superb Combi, compete for original Škoda jerseys and other prizes, and test their hockey skills.

A proud partner to the Tour de France

The Škoda brand has had strong links to cycling since its very inception, supporting cyclists since 1895, when the Company was founded. Taking this tradition with it around the world, Škoda Auto extended its sponsorship agreement with A.S.O., an agreement which covers many of the biggest road cycling races in Europe, the most famous being the Tour de France and the Tour de France Femmes avec Zwift, until 2028.

To promote sustainable mobility on the Tour de France, Škoda Auto provided 205 electric or plug-in hybrid cars to the organisers. The new red Superb Combi iV, a plug-in hybrid from the fourth generation of this popular model, was modified in several ways to be able to stand in for the Enyaq on some stages as a mobile command centre for the race directors. It was therefore fitted with a Champagne cooler, a fridge, a Kenwood radio system, a red beacon, and antennas.

The biggest challenge for the team that transformed the car into a director's special was to install a panoramic opening roof. Unlike conventional cars, the roof opens from back to front to provide the opportunity to direct the race "from of the car" in motion; i.e. when Tour Director Christian Prudhomme needs to stand in place on the back seat and direct the race while watching events outside through the roof.

There was far more to the Company's involvement than just accompanying cars, of course. The car manufacturer again sponsored the green jersey for the leader of the points classification, and Škoda Auto again designed and supplied crystal trophies for the winners. These again came from the workshops of Škoda Design, which has been designing prizes for the world's most famous cycling race since 2011.

Sponsorship of the Tour de France also demonstrated the brand's strength in engaging the community of Everyday Explorers in the "What's your Tour de…" campaign. All cycling fans had the chance to share their experiences of and enthusiasm for the famous race on social networks. The campaign achieved outstanding results on more than 20 Škoda markets around the world and marked 21 years of partnership between the Škoda brand and the Tour de France.

For the third year in a row, Škoda Auto was also the official main partner to the women's cycling race the Tour de France Femmes avec Zwift, providing the race with seventy electric cars. Race director Marion Rousse used an electric Enyaq fitted with special technology as the "red car". As in previous years, the car manufacturer also sponsored the green jersey for the leading rider on points, the eventual winner taking home a trophy made of green crystal designed by the Škoda Design department.

The new agreement with the organiser of the Tour de France also covers partnerships for 20 other international cycling events, including five separate women's races, the Spanish La Vuelta, and two Belgian events: La Flèche Wallonne and Liège-Bastogne-Liège.

Octavia and Fabia win Best Cars 2024

The Škoda Fabia and Octavia again won the title of Best Imported Car in their classes in the renowned Best Cars readers' poll, organised by the German car magazine Auto Motor und Sport. The Octavia extended its impressive winning streak by winning the title of Best Foreign Compact Car for the eleventh time in a row.

The Fabia, meanwhile, won the Imported Small Cars category for a third time, following its successes in 2008 and 2023. In total, 92,798 readers voted in the 48th year of the competition, with a record 455 models competing in 13 categories.

The emphasis on safety

All new Škoda cars sold in Europe have earned the maximum five-star rating in Euro NCAP tests since 2008. In 2024, the Škoda Kodiaq and Superb received the maximum possible five stars in an independent Euro NCAP safety reference test. The Škoda Kodiaq scored 84% and the Škoda Superb 87% of the total maximum points. This result continues the Czech car manufacturer's series of best ratings for its cars, despite the stricter criteria introduced in 2023.

Another award for the Octavia

The Škoda Octavia Combi RS won the prestigious Golden Steering Wheel 2024 award in the mid-range cars category. Readers of the German Auto Bild magazine and the best-selling German weekly Bild am Sonntag first selected the sporty top model of the best-selling range in the Škoda portfolio as one of three finalists from the 16 cars in this category.

The expert panel then subjected these three finalists to a challenging test drive at the Lausitzring race circuit in Germany. This victory marks Škoda's ninth Golden Steering Wheel title.

Circular Parts Business

The Circular Parts Business project brings a number of benefits to the brand's customers, and to sustainability. Customers have the opportunity to use high-quality, affordable used or remanufactured parts, in turn reducing their repair costs. The parts come from pre-production cars or are parts with minor damage which the car manufacturer has so far largely discarded without further use. Not only does this approach save buyers money; but it also minimises the environmental impact of manufacturing new parts, significantly reduces waste, and saves resources by reusing and recycling parts. What is more, the circular nature of the project promotes innovation and creates new business opportunities.

Predictive maintenance: A shift in the quality of services and vehicle reliability

Artificial intelligence became one of the key technologies for innovation in the automotive industry in 2024. Škoda Auto is fully aware of the potential of this technology, and therefore uses it for predictive maintenance aimed at increasing the reliability of cars and improving the customer experience. Advanced data-analysis tools and machine learning on vehicle operation data reveal defects and wear in selected components when they arise, or even prevent them entirely as a result of timely prediction. Škoda Auto launched the predictive pilot project on a 12V starter battery, and will soon add brake-wear prediction.

The solution is fully integrated with the Company's existing service systems in Europe and provides service teams with key information that enables faster and more efficient repairs.

The goal of the predictive maintenance project is therefore to minimise the potential problems customers might have, perhaps including unexpected faults and wear of components that might lead the car to stop working.

This initiative is an important step for Škoda Auto in fulfilling its commitment to exceed customer expectations, reduce maintenance costs, and set new standards in the field of automotive services.

ŠAILA: Revolutionary skills training for dealers

As part of its commitment to innovation and to increasing the expertise of the sales network, the Company introduced the new Škoda Artificial Intelligence Learning Assistant (ŠAILA) as one of the pillars of the Company's AI Academy. ŠAILA is a unique and advanced education platform that aims to increase the skills and knowledge of brand dealers through cutting-edge artificial intelligence technology. It uses a digital assistant to provide a personalised on-screen learning experience. The first users will start using the pilot platform on selected markets beginning in the first quarter of 2025.

Artificial intelligence in customer care

In 2024, Škoda Auto introduced a new conversational AI solution to automate customer-support processes. The Conversational Artificial Intelligence (CAI) solution consists of three main components: Live Translation (LT), Virtual Assistant (VA), and Agent Assist Tool (AAT). This innovation in the field of customer care aims to increase efficiency, prolong customer support operating times, and provide an element of customer self-service.

Scoring warranty claims

With the increasing number of cars and equipment sold and the introduction of new digital services comes the rising complexity of warranty claims from the Škoda Auto service network and that of other Group brands.

The car manufacturer therefore decided to employ modern data analytics tools, such as advanced machine learning methods, to streamline and automate the process of checking warranty claims after payout (so-called post-checks). The new tool saves warranty specialists time during follow-up checks while also improving processes in the service network and enhancing control mechanisms.

AI search engine for Owner's Manuals

In 2024, the Company successfully tested a new AI search engine that will enable Škoda users to search for information in Owner's manuals using natural language. Until now, users had to use exact keywords or phrases as they appear in the source text, so finding the necessary information from manuals was usually neither quick nor easy.

The new innovative tool will allow users to ask a question in a natural language and get an answer, along with the relevant parts of the manual from which the information was drawn. The search engine will support multiple language versions.

People and Culture

People and Culture continued to implement strategic projects aimed at supporting the Company's transformation and providing key human-resource services to employees. The most important tasks in terms of People and Culture in 2024 were, for example, preparing employees for the transformation, building their digital skills, managing the digitalisation of HR itself, and supporting diversity, as the path towards an open corporate culture, and agile thinking in Company staff.

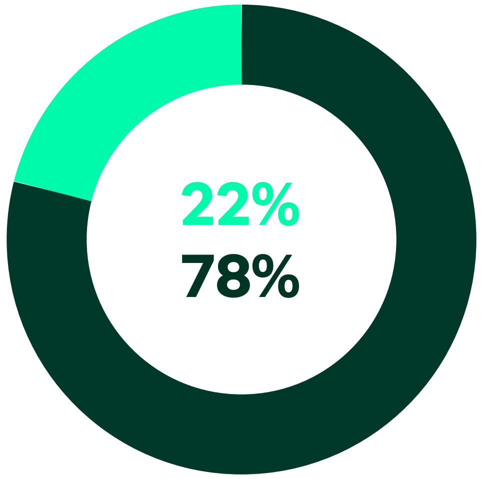
People at the centre of attention

In 2024, the Company updated its People and Culture Programme to reduce complexity and maintain agility through the annual Top 10 Programme. This allows it to uphold its long-term vision and direction while also prioritizing the company's current needs and be in alignment with group activities.

Employees are always a high priority for the company. Škoda Auto values their work and endeavours to create the best possible conditions for them, both at work and beyond, through a comprehensive package of benefits. In this regard, cooperation with its social partner, the KOVO trade union, is key for the Company.

Proportion of Men and Women in Škoda Auto

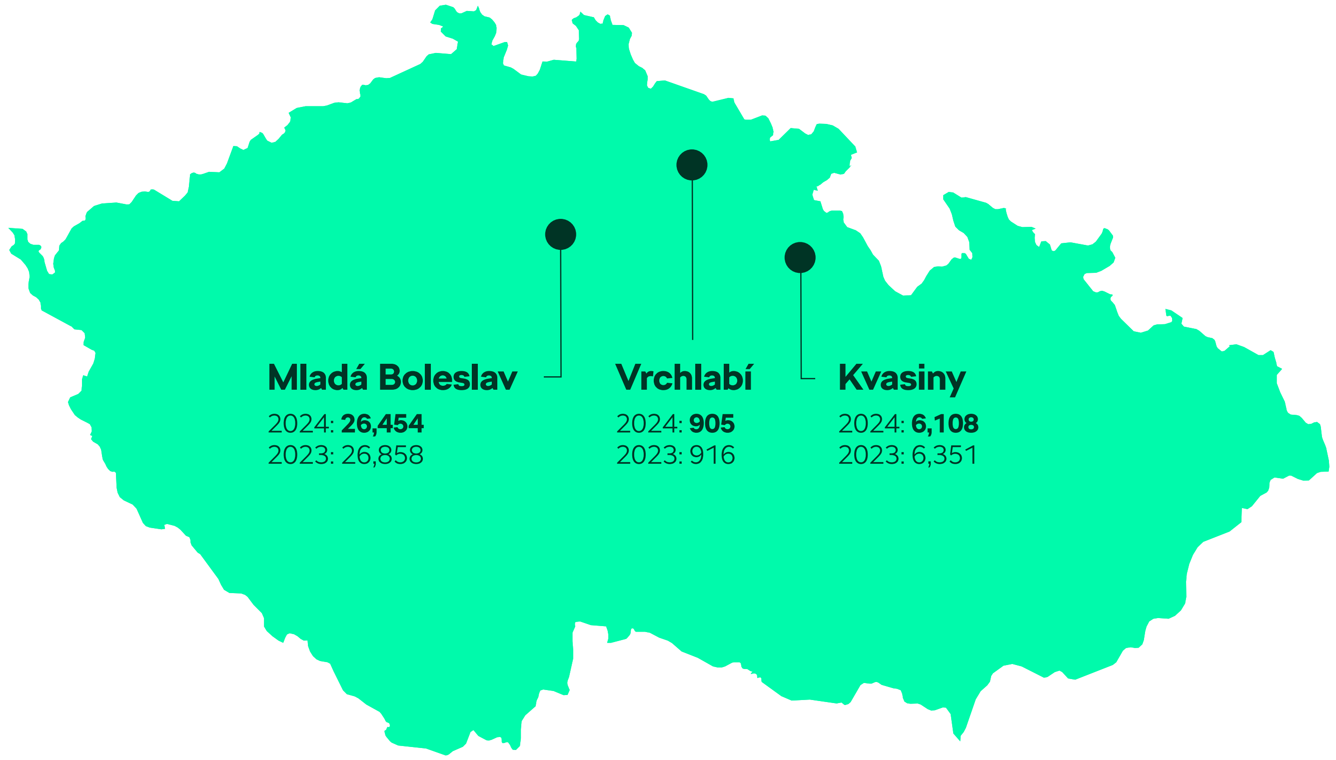
- Men
- Women



Qualification structure of the Company's permanent employees as of 31 December 2024

- Primary school 7.9%
- Vocational school 40.9%
- High school with A levels 32.0%
- University graduates 19.2%

Company Workforce



Apprentices
748

Permanent Employees
33,467

Total*
34,215

2023: 34,884 (1.9%)

* The actual number of employees as of 31 December 2004 in the Czech Republic, including apprentices, excluding temporary staff (2,690 employees), excluding subsidiaries.

Corporate culture as a pillar of brand success

Corporate culture is key to maintaining and developing competitiveness for the Company and affects the performance of individuals and teams, and overall business results. Reinforcing that culture allows the Company to create an environment in which people like to work, feel motivated, and enjoy their jobs.

In June, for the third time, staff at Škoda Auto had the opportunity to participate in the Cultural Mindset Index – CMX survey. The aim was to measure the current level and evaluate the progress of corporate culture using a set of questions, and to compare it with the target corporate culture – Excellence with Joy. A total of 7,075 people provided feedback, which is 9% more than in 2023.

Respondents appreciated the supportive environment at the company, which emphasizes staff development. At the same time, they would welcome more transparent communication, a reduction in bureaucracy, and a simpler implementation of new ideas.

Priority projects

In 2024, People and Culture set out several key priorities, which it decided to support using clearly defined projects.

Preparing employees for the future

Activities focus on aligning the needs of employee development with the Company's evolving needs. By verifying and optimizing HR instruments and processes in collaboration with Production and Product-related areas, the Company aims to reshape the job landscape and ensure readiness for future demands.

Key efforts include analyzing current skill gaps, addressing them with targeted actions, and enhancing the efficiency of skill development through automation. The goal is to systematically prevent skill shortages and invest in areas critical for future growth.

Creating opportunities for Tech Talent

The Company implements targeted, skill-based recruiting strategies to attract digital talents with relevant automotive skills, while further enhancing the employee experience for talents and tech experts at Škoda.

ExploreEDU strives to halt declining interest in studying technical specialisations, attract skilled talents, and engage them in the Company's activities.

Advancing digitalization in HR

The Company advances digitalization in HR processes and data management while ensuring compliance with Czech legislation.

As part of the global program timeline, Škoda Auto is leading the rollout of the **Hello Success** system in the Hub Eastern Europe region with a view to standardizing HR processes across all brands within the Group. To prepare employees for implementation, a step-by-step Digital Adoption Tool was put in place to reduce training costs, time, and system errors.

Moreover, being able to sign employment documents electronically means that employees can sign remotely, ensuring convenience and legal compliance at the same time.

Promoting Social Sustainability and Diversity

Škoda Auto is committed to being a socially-sustainable employer by actively engaging in targeted communications and strategic partnerships and seeking external validation.

One key area of focus is managing diversity, the aim being to foster an inclusive work environment that values equal opportunities and embraces differences. This approach enhances creativity, drives better outcomes, and supports a more open corporate culture.

Primary activities include initiatives across key diversity dimensions, such as empowering women in management, promoting intergenerational collaboration, supporting family-friendly policies, and driving internationalization. Together, these efforts strengthen Škoda Auto's recognition as a responsible and progressive employer.

New, more effective HR

In 2023, the operative HR function underwent a significant transformation, during which the agenda was divided into two key pillars: the HR Consulting Centre, focused on addressing the individual needs of tariff employees, and HR Business Partnering, which supports line managers in conceptual and strategic changes. The HR Consulting Centre has streamlined access to HR services – employees can now utilize the centres in Mladá Boleslav, Kvasiny, or Vrchlabí, or contact HR electronically, by phone, or by email.

Since its establishment in July 2023 till the end of 2024, the team at the HR Consulting Centre processed over 70,000 tickets, most commonly dealing with services through managerial and employee self-service, mobile work in light of the amendment of the Labour Code, a change of personal data, transfer, other changes in employment status, and the issue of proof of employment. The analysis of customer feedback revealed a high level of satisfaction with the services provided by the centre.

Popular benefit programme

Škoda Auto offers a variety of benefits, regardless of work regime (full/part-time). The Company systematically modernises its benefits system, with an emphasis on digitisation and flexibility, so as to meet all employee needs.

The introduction of a system of equal pay facilitates fair wage rates for people with similar jobs, a concept which applies globally throughout the Group. Wages are set in a collective agreement for all core employees of the Company in the Czech Republic. The wage system comprises a fixed basic wage, variable pay components, and premiums for overtime work, on-call time work, and work on public holidays. The wages and benefits paid for a standard working week will not drop below the relevant national or trade-union minimum wage in the relevant country.

The remuneration policy complies with the Labour Code and other regulations according to Czech legislation. The Charter of Agency Employment, meanwhile, governs the work done by agency staff.

The most commonly used benefits include the Škoda Benefits Cafeteria, a MultiSport card, a contribution toward supplementary pension plans, a contribution toward meals in Company catering facilities, rewards for having worked at the Company for a certain number of years, contributions toward recreational or rehabilitation holidays, an interest-free loan for housing or for purchasing a Škoda car, and preventive health programmes.

The Company also provided a variety of attractive benefits to agency staff, such as special prices on cars and accessories or participation in selected education courses.

Overview of Employee Benefits in 2024

Cafeteria Škoda Benefits

€6 million

utilised by employees in 2024

Health
56%

Culture,
sport and travel
37%

Pension
savings
7%

32,800

Škodians used **T-Mobile Benefit program**

3,700

employees purchased a **MultiSport Card**

Promoting flexible forms of work

The Company focused on flexibility as one of its main priorities in 2024. The aim was to retain and find motivated and qualified people on the labour market and boost the employer's brand image. Support for modern forms of work is a key element in the Next Level Strategy and the New Forms of Work project, which focused on increasing the number of shared jobs and part-time jobs, particularly for parents and caregivers who needed to better harmonise their private and working lives.

Another important project to have a major impact on the Company in 2024 was the introduction of a Desk Sharing concept for more than 1,800 people. This project was tied mainly to the construction of the new Laurin & Klement Campus office building, and subsequently moving in. Desk Sharing has changed the way in which almost 15% of indirect staff work, in that they now work in a single office building where they share and use the workplace according to the nature of work activities ("Activity Based Workplace"). The aim of this major change was to move white-collar staff to one location and to support cooperation across departments. A shared office environment not only encourages creativity; it also brings new ideas and increases work efficiency.

Teleworking, also known as mobile work, is already an established modern form of work at the Company. Nearly ten thousand people used this option in 2024.

Škoda Auto, outstanding reputation

According to a survey by HR consultancy Randstad, in 2024, Škoda Auto was again the most attractive employer on the Czech market in the automotive industry. On top of that, the Company came second in the Pluxee Employer of the Year 2024 poll, also taking the Best Employer in the Central Bohemia Region award. The awards are presented by the Employers' Club, which praised such aspects as the long-term support provided to employees and their families.

Other Czech students would appreciate the opportunity to work at Škoda Auto as well. According to the Top Employer 2024 study, the highest number of university students would like to work at the Mladá Boleslav–based car manufacturer when it comes to the Automotive and Engineering Industry. In the special category of First Choice, in which pupils at secondary schools and grammar schools voted on spontaneous knowledge of employers, the Company ranked second.

Škoda Auto also took first place in the announcement of the SDGs Awards 2024 in the area of Diversity, Equality, and Inclusion with a Sheltered/Profile Centre to help Company staff with health or social constraints.

Škoda Auto achieved the highest level (III) of the Health Supporting Company title for the fourth consecutive year. This award is given to companies where health support has become an integral part of daily work life and which go above and beyond legal requirements in caring for the health of their employees. Škoda Auto also made significant progress in the LGBTQ+ Friendly Employer Awards 2024, increasing its score by 16.2 points to 56.5 points. This improvement reflects the Company's commitment and strategic focus on creating a truly inclusive work environment.

More room for ZEBRA Idea Management

ZEBRA is the oldest innovation program at Škoda Auto, which successfully continued in 2024 with its strategy focused on quality, efficiency, and customer orientation. The program concentrated on optimizing processes and system, enhancing communication, and expanding consulting services. Idea Management has successfully transformed its role within the company – from reactive to proactive, becoming a collaborative tool that strengthens connections with other company activities and goals. In 2024, thanks to the long-standing collaboration and support of the KOVO Unions, new tools were introduced to streamline improvement and support further development.

The success rate of employee proposals remained high in 2024, reaching 47%. These improvements resulted in record savings of €17.4 million. Among the highest-impact proposals that contributed to this historic result are employee solutions that optimize production processes or materials used, having a positive impact on production efficiency and quality or waste reduction. Additionally, there are proposals that make it possible to reuse equipment for new purposes, instead of disposing of them, that bring smart solutions to streamline activities and minimize rework, or that optimize the storage and subsequent handling of parts. The financial savings were complemented by other incalculable benefits in areas, such as increased efficiency in production processes, personnel safety, environmental and ergonomic improvements, and enhanced product quality. These initiatives enable the Company to respond more effectively to market changes and directly support its efficiency, profitability, competitiveness, and sustainability. Employees who engage in the improvement process are not only financially or materially rewarded but also actively contribute to the Company's success.

Sustainable HR

Sustainability is a top priority at Škoda Auto, part of its DNA. To develop this, the Company set out five pillars that focus on employees: diversity, education, general health, employee volunteering and engagement, and mobility.


Welcome to ŠKODA IT Summit
October 31, 2024
ŠKODA IT
years
55

IT and Digitisation

When the Company's first IT Department was opened in Mladá Boleslav in 1970, there were only 20 employees. In 2024, there were more than 700. Their outstanding ability to continually adapt and devise new ways of using technology is a major part of the successes achieved at Škoda Auto over the past 55 years. During 2024, the Company organized a series of events to commemorate the 55th anniversary of Škoda IT. These included an IT history exhibition at the new Laurin & Klement Campus, guided tours of the data centre, a workshop series titled "From Calculator to AI," a special podcast mini-series, and the IT Summit conference featuring a range of distinguished guests.

In recent years, the automotive industry has faced massive changes. Škoda Auto responded to these changes at an early stage and is investing heavily in digitisation and innovation. The Company's digitisation strategy centres on the use of AI-based technologies and the consistent use of data to optimise internal processes and support new services for customers. This digitisation process pervades all areas of the Company, from development, production, logistics, and sales to human resources and sustainability.

IT Strategy

To better meet its security, efficiency, data management, and sustainability goals, the Company developed an IT strategy to support it in the task at hand. This strategy, which is in line with the Company-wide Next Level Škoda Strategy, responds to current happenings and defines four main objectives: reliability and efficiency, orientation on the future, sustainability, and focus on employees and collaboration between them. These objectives are then subdivided into 12 initiatives.

Reliability and Efficiency

Key business applications run in Škoda data centres, making it essential to ensure a secure and readily available environment that is under control. Within its Operational Efficiency initiative, the Company strives for the sustainable operation of applications and infrastructure, rapid incident resolution, finding synergies, the efficient use of energy, and application monitoring (E2E monitoring).

As part of the Cybersecurity initiative, the Company wants to create a culture that is resilient to cyber threats and to strengthen the resilience of the organisation by raising awareness and skills in staff, partners, and clients. Critical infrastructure and industrial control systems must be protected from cyberattacks, which could disrupt the production, distribution, and quality of goods and services, and it must also be possible to enable the digital transformation and innovation of industrial processes and business models using new technologies.

Doing the right thing at the right time – that is the objective of the Technology Portfolio Management initiative, which aims to ensure the establishment of a portfolio management process, better alignment of the Škoda IT portfolio with business partners, full use of available technologies, minimal unnecessary overlaps in existing systems, and the identification of gaps in solutions.

Orientation to the Future

The Data Strategy initiative aims to improve data management capabilities and processes, data preparation and analysis, and portfolio use management, while minimising potential data security risks. Only then will it be possible to effectively use the value of the data.

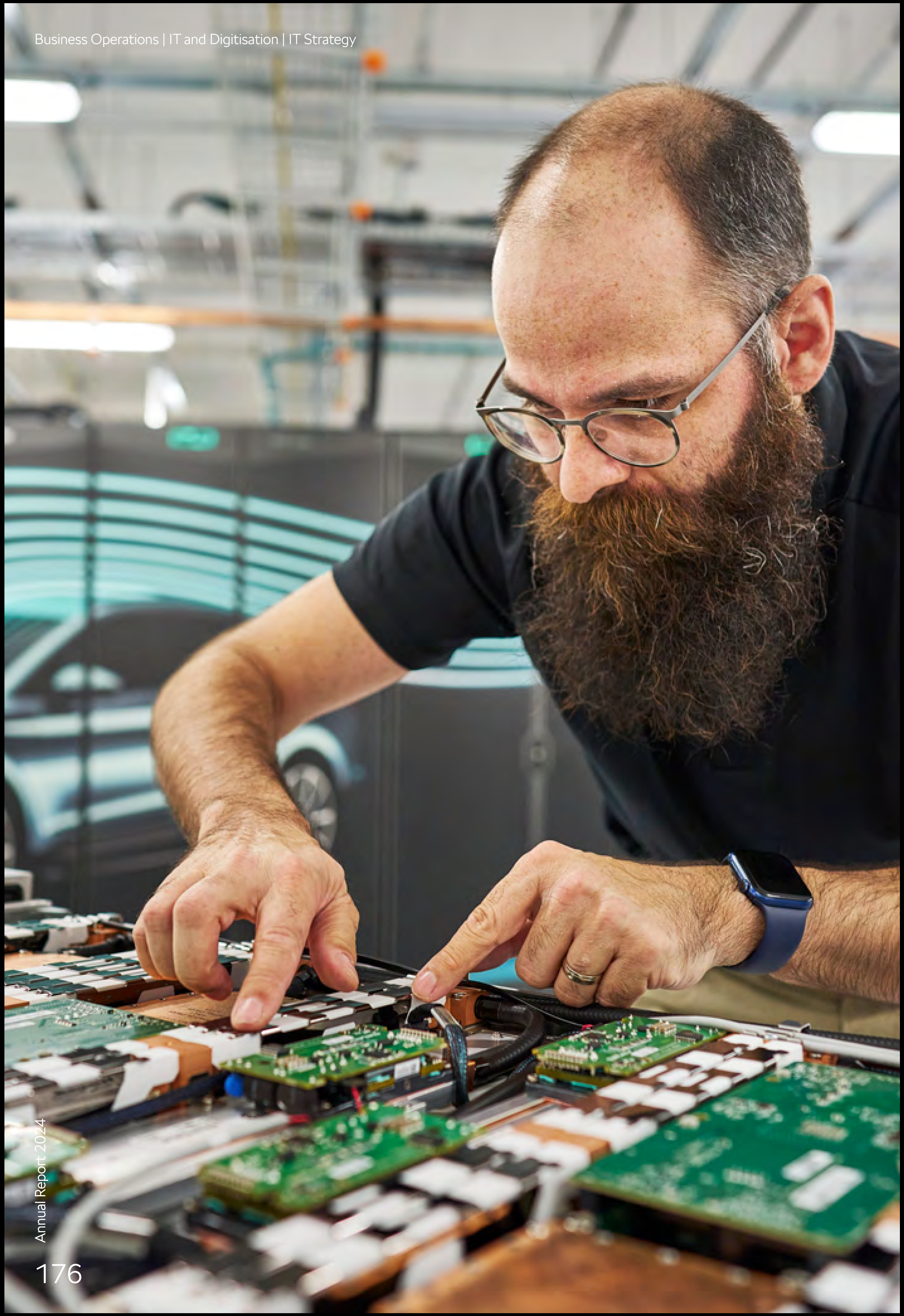
The Artificial Intelligence and Automation initiative is designed to increase efficiency and productivity, saving costs through decision-making and valuable insights. The priorities for 2024 were to develop the in-house Škoda GPT application, facilitating the safe use of GPT for everyday work, the deployment of a Conversational Artificial Intelligence tool, which communicates with customers over the phone and helps handle thousands of e-mail inquiries and responses per month in real time and in 15 world languages, and the launch of the Direct Quality Feedback system, which analyses records of qualitative defects in batch production, and quickly and efficiently identifies their causes.

The Democratisation of IT – Low-Code Platform initiative aims to develop solutions without relying on expensive professional IT capabilities. Its objectives are therefore to accelerate and reduce the cost of digitisation by introducing technologies with minimal code writing, or without code at all, by exploiting the potential and capacities of non-IT professionals across the Company, and by increasing the digital thinking and competencies of all employees.

These three areas of development also meet in the Digital Delivery Centre, a decentralised competence centre in every area of business that significantly enhances the ability to deliver the digital solutions needed quickly and in-house. Within these competence centres, the Company is building a unique combination of know-how in areas of business and the technical capabilities needed to create and develop digital solutions that will further optimise the running of the Company.

Using cloud solutions provides greater flexibility and reliability, higher performance and efficiency, and helps reduce IT costs. It also improves innovation and makes it possible for organisations to achieve launch faster on a market and incorporate artificial intelligence and machine learning. The Cloud initiative was therefore created in support of these solutions.

The Digital Product Efficiency and Improving Customer Satisfaction initiative emerged from the need to create a modern and easy-to-use environment and the prerequisites to provide multi-channel points of contact for all customer offerings and services. The priorities for 2024 included shortening and improving the Sales IT demand process and introducing cutting-edge technologies and procedures for delivering high-quality sales IT products.



Sustainability and Focus on People

The Green IT initiative aims to ensure the operation of an optimally designed portfolio of applications, and thus the optimal use of internal capacities and financial resources. The Best Employer in IT initiative aims to stabilise and strengthen Škoda IT's position on the labour market, raise awareness of IT at Škoda Auto, bring in new talent and win a higher market share, and ensure that conditions and benefits are attractive to employees. Long-term goals include securing a top-3 position in the league table of IT employees.

Collaboration

The Intelligent IT Partnership initiative aims to expand the strategic partnership to ensure stable and scalable knowledge of IT products and portfolio management (Ponteaq). The twelfth initiative, Competence Centres, Group IT, and New Product Organisation contributes toward the expansion of the Group competence centres run by Škoda Auto. The Company provides a wide range of SAP and AZURE services, together with the Group's expertise. The advantages of this measure are lower costs, reliability, speed, high efficiency, and integration into the organisation of new products. The Group's SAP Competence Centre had almost 300 experts in 2024.

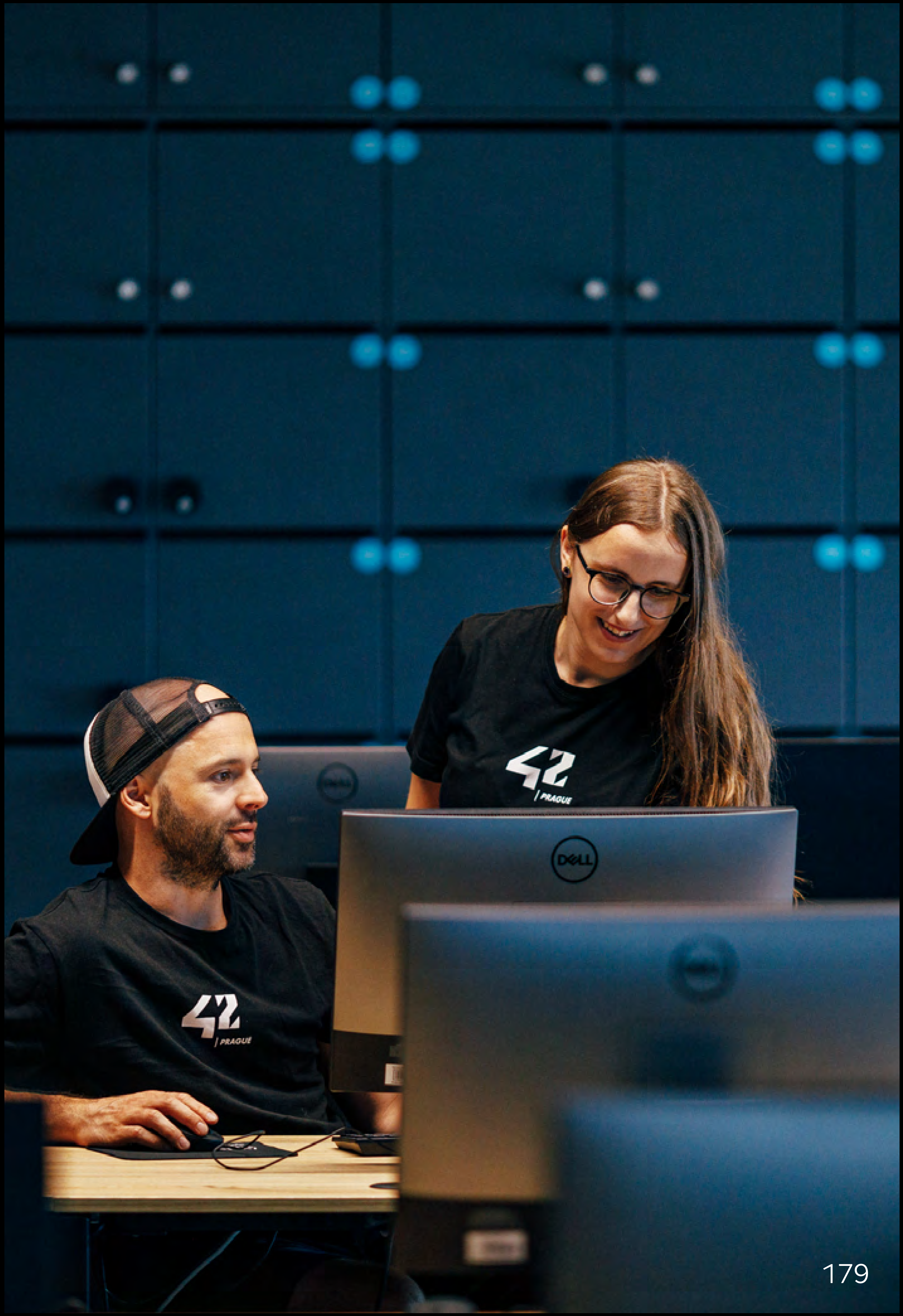
42 Prague

The 42 Prague non-profit education institute, which Škoda Auto founded in 2021, continued its support of lifelong IT learning and improving social skills in the year 2024. The innovative concept of teaching, a milestone for the IT education sector in the Czech Republic as a whole, consists of reciprocal teaching and learning without teaching staff and a campus that is open 24/7. The teaching style is unique in three ways: the progress of all students is measured in gamified levels, while students learn both separately and together on practical projects, resulting in use of the peer-to-peer learning system, which also teaches them soft skills.

Students have the opportunity to earn a certificate in software engineering, a profession that is extremely important to the automotive industry, after two to four years. In total, 210 people were accepted to study in 2024.

The institute had the highest number of active students in its history in the autumn of 2024, and it will reach a capacity of 350 active students in 2025. The Company expects dozens of them to complete their basic studies and move into paid internships every year, in turn helping Škoda IT grow and innovate.

Škoda Auto also implements projects and processes to support its employees in obtaining further education and IT qualifications. It collaborates with its own Secondary Vocational School of Engineering and Škoda Auto University, as well as with partner secondary schools and universities, providing employees with opportunities to expand and deepen their expertise. Additionally, the Škoda Academy has launched the Digital Upskilling programme, which assesses employees' digital skills and enables them to enhance existing competencies or acquire entirely new ones.



The Hackathon BeeGreen Competition

Škoda Auto hosted the BeeGreen Hackathon in late February and early March 2024. Seven teams, made up of 60 international IT experts, were invited to participate in the competition. Participants were asked to present innovative ideas aimed at increasing the sustainability of the customer experience, developing business models in the spirit of the GreenFuture Strategy, and improving processes within supply chain management.

The first prize went to a design for a recycling platform that connects manufacturers, suppliers, and partners with a view of renovating and reusing car parts, which reduces the carbon footprint and increases the share of recycled materials. Other ideas included improvements to the MyŠkoda mobile app or environmentally sound route planning supported by artificial intelligence.

New IT Centre

In March 2024, Volkswagen Group Technology Solutions India (VW ITS) opened a new branch in collaboration with Škoda Auto in Prague that will enhance cooperation and establish new links with specialists in India, where VW ITS operates one of its largest global IT centres. This strategic partnership and onward development of our own expertise underscores the efforts being made at Škoda Auto to achieve fundamental progress in the field of digitisation, which is the cornerstone of the Next Level Škoda Strategy.

With the opening of its new IT centre, the Company is creating opportunities for the best professionals in the industry to engage in the objective of continuously improving the digital services available inside and outside the car.

At its Prague branch in Vysočany, the new IT centre works alongside Škoda Auto IT departments of the same ilk that ensure the development of advanced technological solutions, data analytics, and artificial intelligence. The SAP Competence Centre for companies in the Volkswagen Group, which Škoda Auto runs, also has its headquarters here. One floor is set aside for the 42 Prague non-profit education institute, where software developers prepare for a career in IT in innovative ways.

4.0

Škoda Auto received an award for innovative production digitalization within Industry 4.0.

Industry 4.0 Award

In September, Škoda Auto won an Industry 4.0 Award in the own-company implementation category for the Digitisation of Production Control Dispatching at Škoda Auto Plants in Kvasiny, Mladá Boleslav, and Pune, India. The award is presented by the Confederation of Industry to companies and projects that contribute significantly to digital transformation and innovation in industry. The projects that enter demonstrate the digital maturity of companies, their interest in innovation and improvement, and the transformation of products or production processes and logistics. At the same time, the selection of projects validates the conceptual approach to digital solutions and the ability to effectively use Industry 4.0 tools, and indeed the fact that the successful ones are not about individuals but entire teams.

Best Practice Tour at Škoda Auto

In September, Škoda Auto organised the Best Practice Company Tour in collaboration with the Czech-German Chamber of Commerce and Industry. The car manufacturer is a premium partner to the #PartnerForDigitalization platform, which brings together companies focused on innovation and digitisation. The aim of the platform is to provide companies with the opportunity to share experiences, inspire others, and showcase concrete examples of how digitisation transforms work processes and creates new opportunities across industries.

During the tour, those involved had the chance to explore key Škoda Auto projects dedicated to digital technologies, particularly in manufacturing. The Company showcased areas such as the digitisation of production processes and quality systems, the use of virtual reality to simulate production processes, and digital twin technology that facilitates the real-time simulation and optimisation of production processes.

Management Report

Sustainability

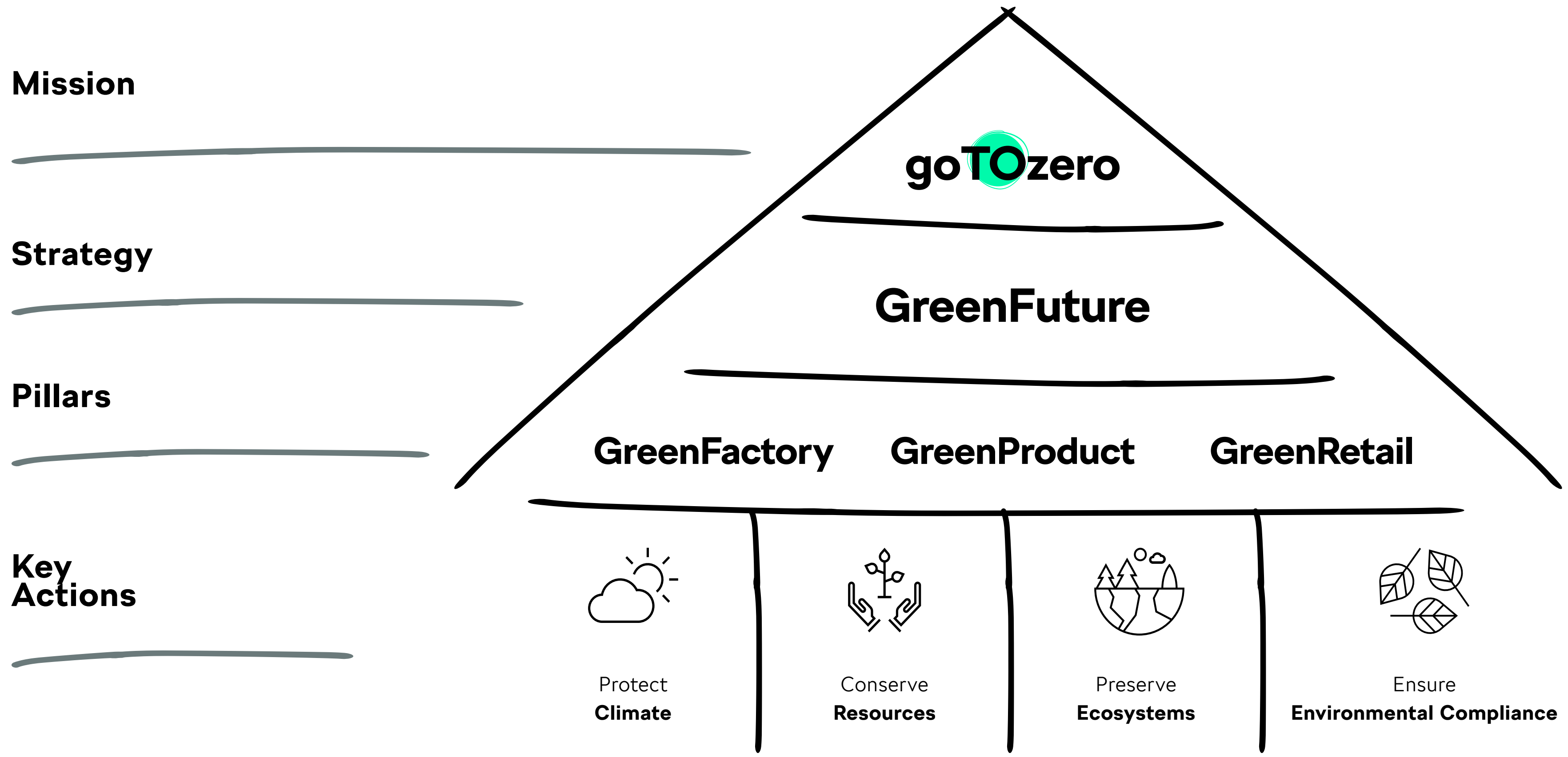
The automotive industry is undergoing unprecedented transformation, and Škoda Auto is actively involved. Sustainability is not simply a peripheral thought at the Company – it is at the heart of its strategy. The main task is to minimise its own environmental footprint, to strengthen sustainable growth, and to have a positive impact on society. This is all built on pillars that include the Social Responsibility Strategy, the GreenFuture Environmental Strategy, and principles of ethical and transparent conduct.

Environmental Sustainability

GreenFuture strategy

The philosophy of the Company's GreenFuture Strategy is to minimise the environmental impacts of all products and services, mobility included, with the aim of maintaining untouched ecosystems, influencing society positively, and developing entire regions. Back in 2013, Škoda Auto brought together its sustainability objectives under the GreenFuture Strategy, an extensive range of measures to ensure sustainable environmental protection. Over the 11 years of its existence, the GreenFuture Strategy has achieved a number of extraordinary successes. In addition to taking steps in production, vehicle design, and the targeted use of recycled materials, it also came to include social responsibility programmes.

The Company is also tied to the Group's environmental mission, entitled **goTOzero**, which defines four priority areas: to protect the climate, to save resources, to preserve ecosystems, and to ensure that environmental regulations are respected. Adherence to environmental regulations, standards, and our own voluntary commitments is therefore a fundamental prerequisite of all Company activity.



58.2%

By implementing the GreenFuture strategy, the Company successfully reduced the environmental impact of production by 58.2% in 2024 compared to 2010.

The journey towards carbon neutrality

The Company aims to maximise the effective use of resources and to advance the approaches of the circular economy when using materials, energy, water, and land. Škoda Auto sees the most important objectives in this area as being the reduction of the CO_2 emissions produced by its own fleet of vehicles by more than 50% of their 2020 level by 2030 and the transformation of the Company's Czech production plants to achieve a neutral CO_2 balance of used energy by the year 2030.

Thanks to the implementation of the GreenFuture Strategy, the Company was able to maintain a reduction in the environmental impact of production in 2024 by more than 52% compared to 2010. The reduction in the environmental impact of production is annually monitored across five key indicators – energy consumption, water consumption, CO_2 emissions, waste, and emissions of volatile substances.

The following steps should be highlighted in the Company's efforts to achieve carbon neutrality. ŠKO-ENERGO, which ensures across-the-board supplies of energy for the automotive company and heat for the town of Mladá Boleslav, launched a key project to upgrade a heating plant with a view to using 100% biomass.

Work on the project began in 2024, and it is expected that the full upgrade of the heating plant will have been completed in the next three years. Afterward, all boilers will run only on biomass, consisting of 70% wood chips and 30% pellets from plant residues - phytopellets. The use of biomass will be certified in line with European and Czech legislation. Moreover, the entire supply chain will undergo certification according to PEFC, which puts a premium on the sustainability of processes in forestry. After transitioning to these environmentally friendly fuels, the Company expects an annual carbon-dioxide saving of 290,000 tons.

Energy efficiency

Škoda Auto has also progressively introduced a number of measures aimed at reducing the consumption of electricity, natural gas, heat, and compressed air. In 2024, Škoda Auto continued to replace old lighting with LED in halls and on technological premises. One integral part of making energy savings is recovering the heat produced in technological processes, which is then used to provide additional heating and to heat other technology. Another significant contribution to energy savings was the further re-evaluation of parameter settings in technological processes, which, among other factors, led to a significant reduction in natural gas consumption.

The Company also actively motivates staff to look for other savings by providing training in energy management and communication, all as part of general education on energy and water issues.

Raising standards

Regarding integrity, the Company pursues a policy of raising standards, mainly in relation to compliance, the environment, and energy management.

Environmental protection and energy management are both key parts of the Integrated Management System (IMS) at Škoda Auto and are important pillars in the concept of sustainable development. The Environmental Compliance Management System (ECMS – in line with EN ISO 14001) and the Energy Management System (EnMS – in line with EN ISO 50001) are checked every year, as part of both internal audits according to the Company's IMS Audit Plan and an accredited outside certification company.

One hot topic for the Company in 2024 was a new amendment to ISO standards concerning the organisation's approach to "climate change". An external auditor verified this requirement in November – Škoda Auto's approach to climate protection was given a positive evaluation.

Waste as a resource

Škoda Auto actively applies the principles of the circular economy, consistently applies a hierarchy of waste management, and favours the use of waste as material and for energy over dumping. Even in 2024 the Company was able to maintain a situation in which no production waste from its Czech plants was dumped.

The Company actively pursues ways to prevent the production of waste. In logistics, for example, it regularly checks the packaging of delivered parts. In 2024, it succeeded in adjusting the cleaning products used to clean the painting shop in Mladá Boleslav, making it possible to clean the water from washing carts in the WWTP located within the plant itself. With this measure, the Company prevented the production of 230 tons of liquid waste per year. At the same time, savings were made on the emissions of CO_2 generated during the incineration of waste and during the transportation of waste to the incinerator.

The Company also began pushing sustainable development in the procurement of materials and components. It remains involved in the development of innovative and environmentally friendly "Simply Clever" materials. These will be used in everyday operations, will be easy to process, and are attractive in design. A good example includes the new materials Recytitan and Technofil, which are used in the interior of the fully electric Škoda Enyaq. Recytitan is made of 78% recycled PET and, for the first time in Škoda models, recycled clothing. Technofil comes from ECONYL® fibres – recycled nylon made of old fishing nets and fabric residues. In 2024, the Company also started using the husks of Curiosity Fuel coffee beans, which are grown, roasted, and packaged for use in Czech plants and offices, to sustainably tan the leather for seats in the Octavia and Kodiaq Suite models.

In seeking out new possibilities for waste management, Škoda Auto became a member of the Czech Circular Hotspot, a platform that puts the principles of the circular economy into practice.

Reducing air emissions

Volatile organic compounds (VOC) are the most significant pollutants released into the air. And paint shops are mostly accountable for the quantity of VOC emitted. The Company significantly restricted VOC emissions by using a new paint shop that employs advanced technologies. These technologies reduce VOC during the process of drying bodywork and paint spraying.

Protecting soil and economical management of water

Škoda Auto also strongly pays particular attention to the safe handling substances that could endanger soil or groundwater if allowed to leak. When technologically possible, it favours less hazardous substances and minimises the use of water per manufactured car.

2007

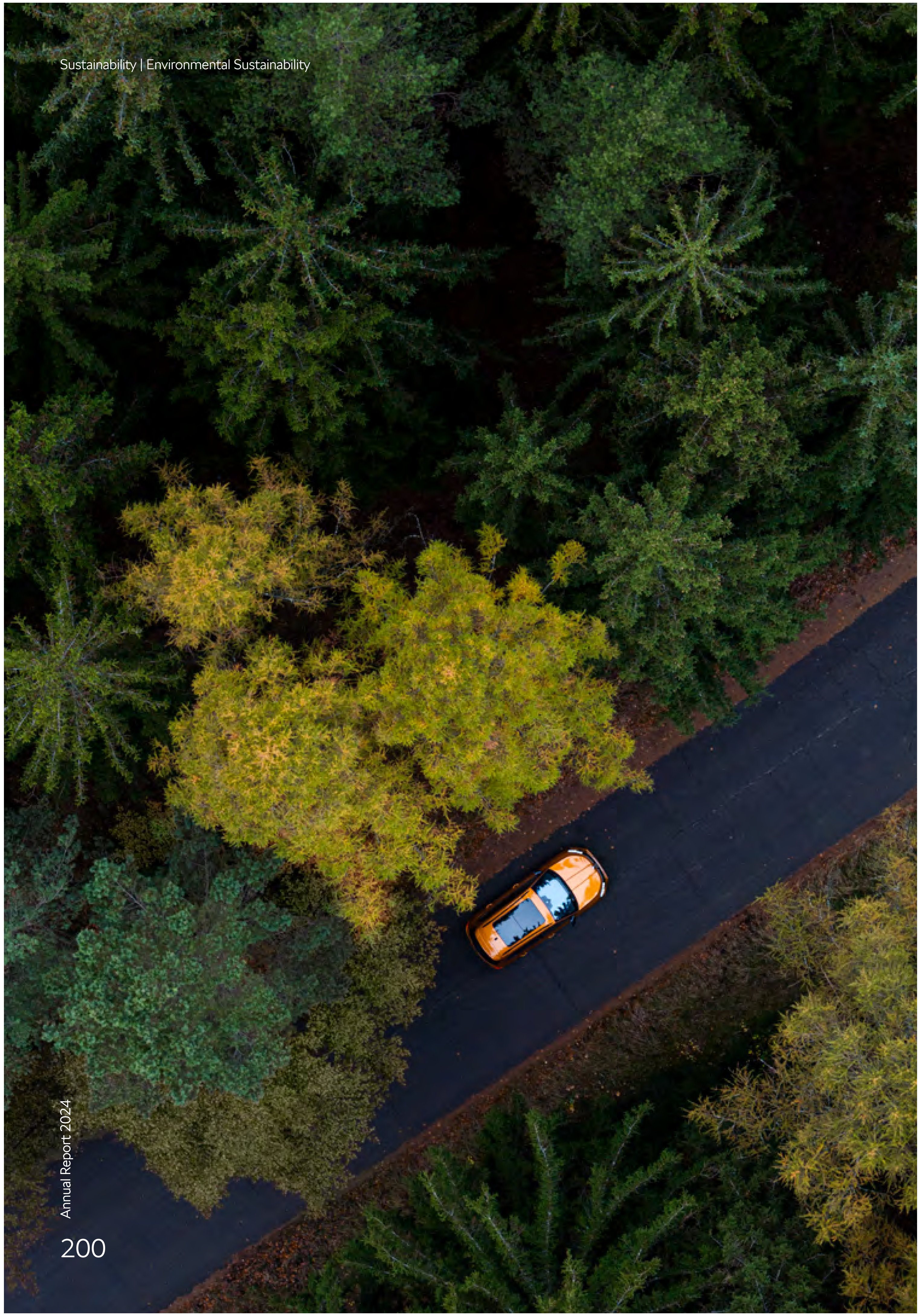
Since 2007, the Company has planted 1,331,864 trees, the equivalent of more than 277 hectares of new forest or the area of 423 football pitches.

Support for biological diversity

Promoting biodiversity is essential for the sustainable development of the Company as a whole. Škoda Auto is therefore actively involved in protecting the environment and promoting biodiversity through many of its own initiatives and projects. For example, it built insect houses and planted bushes and flowering plants on Company land to help preserve the diversity of life, even at industrial plants.

In another of its long-term efforts to protect the natural world, Škoda Auto enriches the Czech landscape with new trees all across the country. In this way, it helps restore forest stands and contributes to the diversity of the landscape, and in turn the conservation of biodiversity.

The Company also works with the Škoda Auto Endowment Fund on the Krakonošovy zahrádky (Rübezahl's Gardens) grant programme, which supports an increase in biodiversity in certain regions. For example, the project contributed to the return of the endangered Apollo butterfly to the Krkonoše Mountains. This grant gives towns, local governments, and other organisations the chance to receive financial support for their biodiversity projects to the tune of up to € 9,600.



Involving staff in protecting the environment

For the tenth time, as part of the Let's Clean Up Czechia project, Škoda Auto and its employees helped clean up the surroundings of its plants in Mladá Boleslav, Kvasiny, and Vrchlabí. First of all, they ventured into the Martinovice Wood, part of the little town of Březno not far from Mladá Boleslav, in early April. There, in the area where the River Klenice springs, they removed illegal dumps and a huge amount of collected waste: almost 5 tons.

Staff from the production plant in Vrchlabí, meanwhile, joined forces with the Krkonoše Mountains National Park Administration, the organiser of the whole operation, to clear the downhill slopes on Medvědín in mid-May. This lightened the load of waste in the countryside by around 3 tons.

As part of the Company-organised **GreenWeek** event, employees were for a fourth time given the opportunity to discuss issues with experts from different branches of the Company and guest experts from outside. Discussing current projects helped the Company uncover as-yet-untapped sustainability opportunities and raise awareness of how to better treat the environment and more effectively use resources within the Company and in everyday life.

Disclosure Pursuant to Act No 542/2020 Coll., on End-of-Life Products

Škoda Auto procures the take-back of waste tyres from end customers in the Czech Republic through its authorised service network and other partners. A list of take-back points is available online. In 2024, 2,461 tons of tyres were taken back under this scheme scheme.

Most such waste was processed into secondary raw materials suitable for further use, which reduced the consumption of primary raw materials. Producer registration number: 00052/14-PCZ.

The take-back rate in 2024 was 89,8%. The total cost of taking back waste tyre processing and recovery was €375 thousand. The deposit provided under this law is €81.4 thousand (CZK 2 million). The cost of take-back is invoiced as a separate item for the product (CZK 34 per piece).


6SK 2526

Social Sustainability

Social sustainability strategy and development of regions and communities

Social sustainability is one of the three fundamental pillars of the Škoda Auto Sustainability Strategy. The Company believes that economic and social development go hand in hand. That's why it supports a kind of shared value that seeks to be beneficial to the Company itself and to staff, clients, suppliers, society as a whole, and the environment. Shared value is built on sharing skills, know-how, and products with others, in turn contributing to better results and benefits.

As far as social sustainability is concerned, Škoda Auto identified five strategic areas in which it is able to benefit its employees and its own surroundings as effectively as possible. These priority areas are: **education**, **mobility**, **employee volunteering and engagement**, **well-being**, and **diversity**.

The Company is actively involved in several national and regional initiatives and carries out a wide range of activities through the Škoda Auto Endowment Fund, which works mainly in the regions where the Company has its production plants. This offers an intensive and long-term demonstration of its commitment to engaging the entire community and increasing the resilience of the regions in which it works.
The Company carried out several of the projects mentioned below with the support of its social partner, the KOVO Trades Union Organisation.

Škoda Social Week 2024

The second year of this important social sustainability initiative focused on connecting different generations, both in the working environment and in society in general, all with a view to helping bridge the generations. A series of five podcasts brought different perspectives from the speakers, both personalities and experts on issues that affect the quality of our lives.

The podcasts were dominated by issues such as digital literacy, heritage and culture, intergenerational coexistence, sustainability, the environment, and a good place to live. The event also underscored the importance of social sustainability, highlighting the burning topics around us. In fact, in 2024, the podcast series was awarded 2nd place in the Communication Campaign category in the Fórum dárců Awards.

Education

Emphasis on retraining and upskilling workers is key to the transformation of the Company. As the founder of one of the oldest vocational schools in the Czech Republic, the Company concentrates primarily on technical education, digital technology, personal and cultural development, language skills, and support for the physical and mental health of its employees.

A long tradition in education

Škoda Auto has long been a proponent of vocational training. The tradition of our own vocational school dates back to 1927, and almost 800 young people are currently preparing for their future careers in a total of 15 specialisations, among them more than 120 girls. The Škoda Academy also helps with the professional development of workers and the enhancement of qualifications, particularly in connection with the advent of electromobility. More than 28,000 people have been trained in this matter so far. The Company established the first private university in the Czech Republic to receive institutional accreditation back in 2004. Škoda Auto University offers applicants unique bachelor's and follow-up master's degree programmes, as well as online MBA studies in English that are specifically focused on the needs and prospects of talent in the early stages of a career.

By linking secondary education and the professional development of Company employees, Škoda Academy achieves the national strategy of lifelong learning of the Czech Republic established in cooperation with the National Institute of Vocational Education and approved by the Government of the Czech Republic in 2007.

Preparing for the future

Škoda Auto is gradually transforming, shifting towards e-mobility and digitisation. To successfully manage this change, it creates conditions in which to upskill its employees and prepare them for future requirements of the automotive industry.

It therefore makes perfect sense that encouraging lifelong learning and broadening workers' competencies (for example, in connection with electromobility) are a top priority at the Company.

Škoda Academy – building a strong community of education

For 11 years now, the Škoda Academy has been actively devoted to transformation issues and training, dealing with conceptual and methodical activities, and offering comprehensive education to all employees and students of the Škoda Auto vocational school in Mladá Boleslav.

In March 2024, the Company ceremonially opened a reconstructed space in its education centre for teaching electromobility and digitisation skills. The modernised premises will ensure the enhancement of skills, such as the ability to work with technologies for fully electric and hybrid vehicles from the Škoda portfolio. Safely, there are also separate rooms for teaching and traction-battery diagnostics. More space was also provided in which to display the components used in electric cars for visual instruction.

The Škoda Academy continues to use and develop the Degreed education platform, which provides tools and content for retraining, augmenting expertise, and personal development.

Cooperation in education

Support for educational activities at Škoda Auto is not simply about educating its own employees but about developing educational institutions as a whole. To this end, the Company works intensively with the Škoda Auto Endowment Fund and supports schools at all levels of education, public-benefit organisations, selected providers of non-formal education, and other partners. By supporting these organisations and building new partnerships, Škoda Auto aims to help improve the quality of education in the regions where it works, encourage innovation, and popularise technical and IT specialisations.

The number of schools with which the Company collaborates increased dramatically in 2024. In addition to its support of 52 primary schools, there were also 10 kindergartens, 44 secondary schools, and 20 universities. It offers schools a range of unique projects that develop professional, social, and other pedagogical leadership skills in teachers, pupils, and students. The following were among the most striking projects carried out in 2024:

EDU.Lab mobile education laboratory

The Škoda EDU.Lab mobile laboratory was established in 2021 to introduce modern technologies to young people and inspire them to study technical specialisations in the future. The laboratory attracted in 2024 more than 11,000 primary- and secondary-school pupils. It also appeared at events designed to popularise technology, such as the ABC Magazine Festival in Prague, the EDUCA Week Secondary School Fair, and the Maker Faire festival in Pardubice and Prague. The mobile laboratory plans to visit all regions in the Czech Republic between 2023 and 2025, addressing more than 32,000 primary and secondary school pupils.

Technological Literacy and Technology Olympics

In 2024, Škoda Auto again took an active role in projects that concentrated on technological literacy, providing students with a chance to look into the world of the modern technologies used at Škoda Auto. The Company provided a team of experts to help create a talk for schools and financially supported the execution of the project throughout the Czech Republic. In 2024, teachers of Technological Literacy from Czech Technical University, Brno University of Technology, and VSB – Technical University of Ostrava visited more than 200 schools throughout the Czech Republic.

The project earned great acclaim at primary and secondary schools, with a total of 11,000 pupils and students attending the talks. This activity was followed in April 2024 by the Technology Olympics, with 1,592 secondary school students taking part.

EDU WEEK – three days packed with education

The fourth year of the EDU Week education event took place at the end of August 2024 in Škoda Auto's home regions, this time taking the form of practical workshops, and throughout the Czech Republic, online in the shape of webinars.
The event is jointly organised by the Škoda Academy, the Škoda Auto University, and the Škoda Auto Endowment Fund, focusing on the self-development of teachers, instructors in non-formal education, and staff in the private or non-profit sector. EDU Week 2024 attracted 104 people from Škoda Auto and almost 600 from around the country. The event was again staged under the auspices of the Ministry of Education, Youth, and Sports of the Czech Republic and supported by partners in home regions such as the Krkonoše Mountains National Park Administration

42 Prague

The non-profit educational institute 42 Prague, which focuses on lifelong learning in IT and social skills development, is one of the key educational initiatives. Not only does this unique education programme help enhance digital literacy, but it also helps build soft skills in future IT professionals. For more information, see IT and Digitisation.

Supporting education through the Škoda Auto Endowment Fund

The Škoda Auto Endowment Fund contributes toward the development of education in the regions using key programmes that focus on formal and non-formal education. The Fund's ambition is to promote systemic changes in the environment of education and ensure its long-term sustainability through strategic partnerships.

Its programmes target schools at all levels of education, the bodies that run schools in individual regions, the providers of leisure-time activities, and school communities. In 2024, the Endowment Fund was again involved in Donate Extracurricular Activities to Children (Darujeme kroužky dětem), a successful project that helps struggling families provide their children with leisure-time activities.

The Škoda Auto Endowment Fund is also actively involved in educating public-benefit organisations, regularly organising workshops for them. Moreover, it recently launched an Academy for non-profit organisations that offers them various educational activities according to the area in which they want to advance and the intensity with which they want to do it, and that connects active people with passion, no matter the sector they come from. The Endowment Fund is also the initiator of and a partner to the emerging Impact Hub in Mladá Boleslav, which enhances community activity in the historic Klementinka building. The HUB Mladá Boleslav institute was entered into the Commercial Register in 2024, and reconstruction work began on the historical building.

Mobility

Škoda Auto actively works to ensure barrier-free and safe mobility. To this end, it aims primarily to provide accessible mobility to people with handicaps or other restrictions and to promote road safety. One key issue at the Company, one it has spent a great deal of time on for many years, is education in the field of traffic safety and prevention. Its aim here is to create a safer environment on the roads for pedestrians, drivers, bikers, and cyclists alike.

Traffic safety

When it comes to road safety, the Company stresses prevention, above all by educating the most vulnerable groups. One important initiative in this regard takes the form of courses for L17 Mentors, run by the Association of Driving Schools of the Czech Republic (Asociace autoškol České republiky), in which those interested can learn all that is important about the ideal approach to training drivers who are not 18 year old or older. After all, it has been possible to obtain a class B driving licence at the age of 17 since January 2024. Such drivers, however, are only allowed to drive a car under the supervision of a specific, experienced driver – a so-called mentor. In total, 96 people took part in these courses in the Mladá Boleslav area in 2024. At the same time, the Company followed up on the successful Start Driving project and again initiated Start Driving courses for women. Interest in these courses was record-breaking.

The Movitren Project

Škoda Auto has long contributed to the advancement of society when it comes to safety, transport education, and prevention. For this reason, it was involved in creating the Movitren mobile virtual trainer, in cooperation with the Association of Driving Schools of the Czech Republic and Digiteq Automotive. This mobile virtual trainer is ideal for practising safe driving in regular and long-time drivers, and those without much experience. In 2024, the Company successfully presented the simulator at several events (for example, Prague Bike Fest, Legends, and elsewhere).

The Škoda Auto Endowment Fund also supports traffic safety in production regions with grant calls. These grants are targeted at prevention using a data-based approach, in particular through education and awareness-raising activities. Just as important, however, is support of infrastructure measures designed to improve traffic safety. A total of 14 projects from all Škoda Auto regions received support for such measures in 2024.

Barrier-free mobility

The promotion of barrier-free mobility has long been part of the Škoda Auto strategy, the Company actively helping people with disabilities live a full and active life without restrictions.

The Škoda Handy programme, which provides special financing, insurance, and vehicle modification, is a big help to the people with disabilities involved.

Cooperation with organisations such as the Czech Paraplegic Association, Centrum Paraple, and Journey to a Dream (Cesta za snem) further boosts this support. A workshop was arranged for peer mentors in 2024, in cooperation with the Czech Paraplegic Association, at which they were acquainted with the specifics of the Škoda Handy programme and with possible Company support for disabled people. A series of events was staged as part of the Company's partnership with Journey to a Dream (Cesta za snem), such as Lioness 2024 (Lvice 2024), while educational videos in the series We're in This Together (Jedeme v tom spolu) were again filmed under the Company brand.

Škoda Auto also initiated and, in cooperation with Barrier Account (Konto Bariéry), ran the Škoda Without Barriers (Škoda Bez bariér) grant programme.

This programme provides individual assistance to athletes with disabilities, helping them obtain a driving licence and financial support to buy specialized bicycles. There are two parts to the grant programme: Shame Not to Drive (Škoda Neřídit) grants, which provides a contribution towards athletes with disabilities getting a driving licence, and Cycling Without Barriers (Cyklistika bez bariér grants), which make it possible for them to apply for financial support to buy a handbike, a sports wheelchair, or an auxiliary electric propulsion. Twenty two disabled cyclists received this support in 2024.

Increasing the mobility of public-benefit organisations and other partners

Škoda Auto provided a total of 11 electric Škoda Enyaq and Enyaq Coupé RS cars to partners throughout the country for long-term use in 2024, the aim being to improve mobility at public benefit purpose organisations. The aim is to promote sustainable mobility at those organisations, improve the quality of services provided, and simultaneously give people personal experience with fully electric cars.

Škoda Auto handed 20 cars to key providers of social and medical care in the regions in which it works in the course of 2024, among them care services, social care institutions, homes for senior citizens, and home hospice care providers. The aim of this cooperation is to raise the quality of social care in the given areas and improve the availability of such care to clients who live in remote or hard-to-reach places.

Employee Volunteering and Engagement

Staff volunteering and engagement at Škoda Auto have been a stable part of the Company's culture for many years now. There are several organised groups of employees at Škoda Auto, sharing experiences and offering their knowledge and skills to voluntary activities and elsewhere. Such platforms include Škoda Proud, Internationals@Škoda, and beginning in 2024, WomeN@Work. Other examples include the Woman to Woman mentoring programme and Škoda Explorers.

Staff at Škoda Auto also regularly take part in organised volunteering events. For example, in regular clean-up events as part of Let's Clean Up Czechia (Ukliďme Česko), planting greenery, restoring native species, and maintaining social-service facilities. The Škoda Volunteers employee platform was set up with a view to sharing information and bringing together employees and non-profit organisations. More than 300 employees helped those in need during their free time in 2024. At the end of 2024, a new volunteer platform was piloted, allowing volunteers from Škoda Auto to connect directly with non-profit organizations seeking volunteer support.

Below are some of the most notable staff volunteering activities in the year 2024:

Support of the Tereza Maxová Foundation for Children

Škoda Auto again planned "Teribear moves Mladá Boleslav powered by Škoda Auto", a traditional tenth charity event staged in cooperation with the Tereza Maxová Foundation for Children. Unfortunately, though, the 2024 event was cancelled because of flooding. Undeterred, the Company decided to support the Tereza Maxová Foundation for Children anyway by contributing €20 thousand to a one-off charity collection to raise funds to help children from children's homes and institutions affected by the floods.

Tree Day

Tree Day with Škoda Auto took place in November, during which a new avenue of trees was planted at Krásná louka in the Mladá Boleslav area alongside the Jizera River in cooperation with regional partners and company staff. In total, more than 55 people joined forces to plant more than 140 bushes and trees.

More trees came in autumn; for example, the first 90 native fruit trees (apple trees, pear trees, plum trees, cherry trees) were planted along the field path from Hněvousnice to Káčov. These trees have an important part to play in the lives of certain species of animals and plants and put the finishing touches on the character of the landscape.

The second part of the planting initiative, launched in 2023 at the instigation of the Škoda Auto Endowment Fund and the Krkonoše Mountains National Park Administration, continued in 2024. Working with local associations and helped by volunteers from Škoda Auto, native fruit trees were planted in and around the highest range of mountains in the Czech Republic, with those trees also acting as a reserve population of the gene pool of old fruit varieties. In total, 100 fruit trees were planted during the two-year project, at a total cost of €21 thousand, and those trees will also be provided with the necessary care in the coming years.

Škoda Auto has also been supporting the European Tree of the Year initiative since 2021. This initiative which highlights the importance of trees and connects communities with environmental topics across Europe, has been running for 13 years.

Škoda Trees

The Škoda Trees grant programme, run in collaboration with the Partnership Foundation (Nadace Partnerství), focused even more in 2024 on the impact of the trees planted, on restoring the environmental balance of the landscape, and on boosting its resilience in the face of the climate crisis. The Company has planted a total of 1,331,000 trees in more than 300 places in the Czech Republic as part of this project since 2007. Some 87,784 trees were planted in 2024 alone, at a cost of €120 thousand. Information about the Škoda Trees grant programme and a map of plantings that volunteers can sign up for are available in the interactive Hlas lesa application.

Employee collections

Staff at Škoda Auto have been providing support to selected organisations that have a positive impact on society through what is known as Employee Collections ever since 2014. The fourth round of these collections was launched in 2024. Employees themselves voted for the public-benefit organisations they would like to support from 2024 to 2028, doing so at the end of 2023. The help provided is therefore long-term. Organisations were selected that have ties to the regions where the Company operates and that received the most support from staff. Staff can regularly contribute to one or more of ten different organisations working in different fields of activity. In 2024, 1,289 employees contributed in this way, their donations totalling €171 thousand. The Company then doubled all the donations, meaning that the total amount was €342 thousand.

The participating public-benefit organisations received a donation of 80% of the amount contributed by employees twice per year. The remaining 20% of the contributions was used to support social responsibility in Pune and Chhatrapati Sambhajinagar in India, where Škoda Auto also has production facilities. In addition to this, the Company announced a one-off collection to help regions affected by flooding in September and October 2024.

Let's Clean Up Czechia

Škoda Auto has once again signed up for Let's Clean Up Czechia (Ukliďme Česko) in 2024, with employees from all three plants venturing into the surrounding countryside to help clear it of rubbish. Almost 250 people turned up for the three weekend get-togethers, with the clean-ups being done in cooperation with local environmental conservation societies and other partner organisations. In total, more than 8 tons of waste were removed from the environment.

Well-Being

Škoda Auto cares for the well-being of its staff and again prepared a number of innovations in support of mental and physical health in 2024.

Several years ago, the Company introduced the concept of New Work, one shining example of which, in practice, is its newly opened headquarters – the Laurin & Klement Campus. The Department of Health, Safety, and Ergonomics worked with other departments to help people adapt to the new working concept; among other steps, they built what is known as community zones for them, zones in which to rest and offset the workload using relaxation machines and aids. The Company also organised its first Health Day at the Laurin & Klement Campus in support of preventive healthcare.

A new Challenges and Campaigns page was created on the in-house Škoda Space employee website, which offers hints and tips to aid health and a balanced lifestyle and presents campaigns and challenges that aim to motivate people to live an active life and take an active approach to health. Staff at the Company also had the opportunity to take part in the Burn Calories, Not Electricity challenge in 2024.

Building resilience against stressful situations and negative external effects is crucial when it comes to preventing medical issues. It is also important to be able to relax the mind; for example, through meditation or yoga. New videos (Chair Yoga level 1 and 2) were released on the Škoda Space Tips and Tricks for Health page in 2024. The online videos are no more than 10 minutes long and are used for short but effective relaxation; during a busy workday, for example.

Since November 2024, staff have been able to listen to the new More Resilient (Odolnější) podcast, which uses inspiring stories, expert advice, and practical tips, to provide the knowledge and skills needed for listeners to be able to discover the path to self-resilience and mental well-being.

As far as questions of burnout are concerned, employees can turn to expert psychological consultation or Chatbot IVA. IVA advises staff on how to recognise burnout in themselves, colleagues, and relatives, how to proceed afterward, who to turn to, and what to do to prevent it from happening in the first place.

For the fourth time in a row, Škoda Auto won the title of Level III Health Promoting Company Award (the highest level). The principal aim of this competition is to recognise businesses where promoting health has become an integral part of their daily working life and that take great care of their employees' health, more than required by law.

Caring for physical health

One of the fundamental obligations of an employer in the Czech Republic is to create a safe working environment. For this reason, Škoda Auto systematically looks for and eliminates risks that could potentially threaten employees or cause them discomfort, and in turn pose a risk to their health, well-being at work, and performance.

Annually, the Volkswagen Group evaluates the best technical ergonomic measures. In 2024, Škoda Auto came first with an ergonomic product which significantly reduces the force when handling a fifth door on an electric strut.

Caring for mental health

Psychosocial factors might be considered relatively new risks. This is witnessed in the ever-rising interest shown by employees in the psychological consultations that the Company provides, with a total of 511 psychological consultations in 2024.

Prevention first

Škoda Auto comes up with a diverse range of preventive programmes in support of health each and every year. To help identify risk factors and prevent them in time, the Company organises Health Days at its Mladá Boleslav plant, in Kvasiny, in Vrchlabí, and at departments based in Prague. Preventive examinations detect serious illnesses in time, and employees are given immediate recommendations on how to proceed from then on. A total of 1,288 workers have taken part in Health Days. A total of 480 people have taken part in “Skin Matters” (Na kůži záleží), a preventive campaign during which birthmarks are examined by dermatologists.

The Company, working with Klaudián Hospital, the Škoda Employee Health Insurance Company, and Na Homolce Hospital, also prepared a preventive programme for staff to detect cardiovascular diseases in time and to ensure early follow-up care at Klaudián Hospital or Na Homolce Hospital.

One very effective form of prevention is vaccination. As in previous years, the Company offered free vaccination against flu and Covid-19. In total, 4,376 employees were vaccinated.

Health, Occupational Safety, and Ergonomics worked with the Škoda Academy to broaden the Degreed education platform for Škoda staff to include an expert Health shop, in which staff can develop a wide range of health skills. As part of the digitisation process, the Company updated the online Comprehensive Ergonomics course, which is now more user-friendly and available in an audio version. What is more, it launched a new educational ergonomic self-assessment application on the Microsoft 365 Power Platform aimed at improving ergonomic literacy and gaining feedback on working conditions.

Some 80,681 examinations were provided at the Škoda polyclinic, which places a major emphasis on high-quality, accessible healthcare in Mladá Boleslav.

Support for the families of staff and communities in our regions

Škoda Auto also cares for the health of communities in the regions in which it has its plants. Working with organisations in the Mladá Boleslav region, such as Klaudián Hospital in Mladá Boleslav, the Škoda Employee Health Insurance Company, and the Statutory Town of Mladá Boleslav, it prepared several preventive and educational health days in 2024: the traditional Health Day for Women in the spring, the Health and Social Services Day at the start of summer, Škoda Employee Health Insurance Company in the Clouds in September, and the first annual Heroes Among Us (Hrdinové mezi námi) family event in October.

ŠkoFit, a team of enthusiastic athletes, began its activities in 2017 with the aim of involving as many people from Škoda Auto as possible in sports and promoting a healthy lifestyle. ŠkoFit announced several challenges for its membership base in the Strava app in 2024: ŠkoFit: Let’s Help by Running (Pomáháme během); ŠkoFit: Let’s Help on a Bike (Pomáháme na kole); and ŠkoFit: WALK. Participants in these challenges raised €16.5 thousand in support of selected projects in 2024.

The ŠkoFit community was also actively engaged in regular sports classes such as in-line skating, ŠkoFit volleyball, classes at a workout park, and exercising for parents with children, all under the guidance of an experienced team of coaches, as well as one-off activities.

In addition to the above-mentioned sporting activities, ŠkoFit also organises talks on fascinating topics such as Cold Exposure and Mindfulness, A Healthy Back in the Working Environment, and Chinese Medicine.

Diversity

Implementing the diversity strategy

For the third year in a row, the Company continued to implement its diversity strategy. Its core idea is to meet commitments, fulfil and update set goals, and continually improve the fairness of the surroundings and equal opportunities. Škoda Auto is always taking steps to be a responsible and inclusive employer, both inside and outside the Company.

Everyday diversity

Škoda Auto believes in the potential we all have, regardless of origin, religion, gender and sexual identity, cultural background, age, or any other possible traits that distinguish us. These values are deep-rooted in our code of conduct, which we simply call OUR CODE. The Company constantly strives to help create an environment that facilitates and supports individuality and its potential benefits. Although the Company carried out activities in all nine defined dimensions, Generational Cooperation was the main theme in 2024.

Generational Cooperation

Working with its partners – the Škoda Auto University and Business for Society – Škoda Auto organised a workshop for more than 20 companies on the Czech market at the beginning of 2024. The focus was on sharing experiences in age management, various approaches to this topic, and providing education. The youngest generation of Škoda staff got involved, particularly interns and trainees, preparing an interactive workshop on cooperation with the growing Generation Z, thereby considering the needs and approaches of the coming generation in an interactive way. A working group was also set up to address and develop issues relating to age diversity at the Company.

Gender Balance

Regarding the Company's goal of increasing the number of women in management, Škoda Auto reached a level of 20.4% in 2024, exceeding the set target of 18.8% by 1.6p.p, meaning that the programme in place to support gender equity brings long-term provable results. The Company continues its efforts to further increase the representation of women across the organizational structure.

One of the tools used to increase the percentage of women in management is the effective and fair distribution of targets within individual areas. In 2024, the Company set out and approved targets for individual areas to the year 2030 in line with the principle of management equality, the opportunities in particular areas, and benchmarks.

It also used other tools to achieve gender balance; for example, the third in-house WomeN@Work employee group was established in 2024 to create a better environment for women, and for people in general. The group is open not only to women, but to all people interested in the issue and in moving it forward with their own contributions and ideas. Another event that took place was the second annual Woman's Day, which brought inspiring talks and displays of modern projects, welcoming almost 400 people.

Škoda Auto aims to increase the share of women in management to at least 20% in 2025 and to 25% in 2030.

Good Dad

In March 2024, Škoda Auto provided its support to the Good Dad Conference, on the issue of Changing Perceptions of the Role of Men – Fathers in Society and on the Labour Market, offering financial support and help with communication, and sending several Company representatives. The event included panel discussions, talks, personal stories related by managers/fathers, and practical examples from business experts. Good Dad helps parents and businesses find ways of supporting parenting without losing promising people from teams.

European Diversity Month

For the fourth time in a row, the Company signed up for European Diversity Month, stressing the importance of diversity, inclusion, and mutual respect in society and at work, as well as the merits of international cooperation. To mark the occasion, it staged nine events, including in-house gatherings and workshops on a variety of issues. It also delved into entirely new topics, such as neurodiversity and issues associated with domestic violence. The central motto of European Diversity Month was: "Škoda Auto: A Place for Everyone."

Supporting LGBT+ People

Škoda Auto actively supports the LGBT+ people and is involved in activities and events that promote diversity, inclusion, and LGBT+ rights. The Company signed up for Pride Month, which commemorates the Stonewall riots in 1969 and highlights the importance of human rights issues.

In May, the Škoda Proud employee group, which promotes an inclusive work environment, organised a streaming discussion for partners from the Pride Business Forum on the importance of Allyship (active support and collaboration for equality and inclusion). This demonstrates the commitment shown by Škoda Auto both to internal initiatives and to cooperation with external partners in support of the LGBT+.

The Company won a Big Step Forward Award in a competition that recognises employers for their fair approach to staff organised by the Pride Business Forum platform, of which the Company is a premium member. And in August, the Company was a proud partner to the Prague Pride Festival for a third time. The 2024 festival focused on family and celebrated the diversity and openness of the LGBT+ people. Staff at Škoda Auto took an active role in the parade and in other events linked to the festival, and the Company contributed to the musical backdrop with the Company brass ensemble. The aim of the event was to underline the Company's commitment to diversity and inclusion and to support LGBT+ rights.

Developing regions and communities

Škoda Auto is only too aware of its social responsibility, and it works particularly hard in support of sustainable growth in the regions of Mladá Boleslav, Kvasiny, and Vrchlabí, where it has its production plants. In order to develop these regions, it had three regional development studies compiled in past years, benefiting greatly from these when conducting its activities. The studies were regularly supplemented with surveys of public opinion and other data, all of which help ensure effective and targeted regional development and improve the lives of the people living in those regions (for example, Municipality in Figures – Obce v datech, and BehavioLabs).

In 2024, Škoda Auto enhanced its cooperation with the town of Mladá Boleslav in line with a Memorandum of Cooperation it signed with the town, valid for the period 2023 to 2026. This Memorandum aims to strengthen relations and common steps with a view to improving the quality of life in the town and its surroundings. Priority areas include support for safety, kindergarten and children's groups, leisure time facilities, and activities for senior citizens and socially disadvantaged people or alternative cultures. The Company and trade unions contribute a minimum of EUR 163,000 per year.

Cooperation with regional partners is also ongoing in the Rychnov and Vrchlabí areas, where Škoda Auto contributed a total of €209,000 to social responsibility projects in 2024. After renewing its Memorandum with the key towns of Rychnov nad Kněžnou, Solnice, and Kvasiny, Memoranda of Cooperation were also signed in 2023 with Kostelec nad Orlicí, Dobruška, and Opočno. Based on these memoranda, cooperation continues in key areas such as transport safety and social services. The Company also meets its commitments to Memoranda with the Government of the Czech Republic and the Hradec Králové Region, and in turn a Resolution of the Government of the Czech Republic, by dealing with the task of ensuring high-quality transport and public infrastructure for the region and its residents.

Successful cooperation with key partners such as the town of Vrchlabí and the Krkonoše Mountains National Park Administration continued in the Vrchlabí and Jilemnice areas in 2024 in the field of biodiversity and sustainable mobility. Significant support was also provided to the mobility of social services and education through the programmes of the Škoda Auto Endowment Fund operating in the regions (see the chapter on Education).

Helping after the floods

In 2024, the Czech Republic was hit by devastating floods that affected hundreds of thousands of people and caused tragic loss of life. Working together with the KOVO Trades Union and the Škoda Auto Endowment Fund, management at Škoda Auto therefore decided to jointly organise a one-off employee collection immediately after the events, the aim being to gather the resources needed to provide effective help to the areas worst hit by the floods. Everyone at Škoda Auto was able to take part in the collection through the Employee Collections app. The Company then increased the amount collected by staff and trade unions to more than €259 thousand. In addition to financial assistance, the Company also provided vehicles to non-profit organisations working to help the affected areas immediately after the floods.

Škoda Auto Endowment Fund

The Škoda Auto Endowment Fund, which the Company founded in 2018, continued its support of the integrated development of the regions in which the Company has its production plants. Since its inception, the Fund has provided over €16.7 million (CZK 423 million) in support of more than 1,000 projects, together with its partners.

Given that Škoda Auto will also be systematically preparing its regions for the transformation of the automotive industry in the years ahead, it has decided to again provide financial support to the long-term sustainability of the Endowment Fund in 2024, investing €4.5 million. Another €60 thousand was donated by donors from outside the Company. In 2024 alone, the Endowment Fund financed projects in support of regional development to the tune of €3.2 million.

The Company's long-term plan to keep investing in the Endowment Fund will make it possible to significantly advance projects and activities in Škoda Auto production regions even further. The Fund responsibly manages the money entrusted to it and, in cooperation with a professional partner, effectively manages its finances with an emphasis on sustainability.

The work of the Endowment Fund is directed at achieving the Sustainable Development Goals (SDGs) set out by the United Nations, concentrating on four programme pillars.

The **first pillar** addresses strategic projects with partners that, for example, help in the revitalisation of public space and historical monuments. The **second pillar** consists of grant programmes aimed at strengthening civic society, cultural life, road traffic safety, biodiversity, and the development of social services. The **third pillar** focuses on education – how to address systemic changes, for example, by developing the leadership of education staff and school management, or promoting professionalisation in public-benefit organisations. The **fourth pillar** consists of philanthropic projects that have a long-term impact, such as support for civic engagement or the organisation of public collections.

Strategic projects

Bike-sharing

The Endowment Fund has long supported the establishment and development of shared bikes as an alternative to private or public transport. The successful bike-sharing programme in the regions of Vrchlabí and Kvasiny, initiated by the Fund and supported in collaboration with those towns for several seasons, served as an example and inspiration for the Hradec Králové Region to launch and establish its own grant programme. In March, representatives of the Endowment Fund and the region signed a Memorandum of Cooperation in the field of regional development, in particular sustainable mobility. The Endowment Fund also continued its long-standing support of shared bikes in the Mladá Boleslav region.

Mladá Boleslav traffic simulation course

The Endowment Fund has long been committed to transport safety, and therefore initiates and supports projects that focus on prevention and raising awareness of how to act safely in public space. In March, it signed a memorandum with the Central Bohemian Region, the Town of Mladá Boleslav, the Association of Driving Schools, the VIZE 0 Platform, and Jičínská Secondary and Vocational School on the basis of which a multifunctional traffic training ground and a new public traffic simulation course will come into being.

Hub Mladá Boleslav

The Endowment Fund is the initiator and one of the founders of an emerging co-working and innovation centre that broadens community activity in the historical Klementinka building. HUB Mladá Boleslav was founded in 2024 with the ambition of creating open space in which generations come together to create ideas that have a positive and sustainable impact on society. In 2024, the Endowment Fund signed a memorandum with the Central Bohemian Region, the Central Bohemian Innovation Centre, and HUB Mladá Boleslav, which aims to ensure that Mladá Boleslav is prepared and can adapt to future challenges brought on by the transformation of the region.

Pluhárna

The Endowment Fund initiated the transformation of a historical brownfield site in the heart of Mladá Boleslav into a community centre back in 2019. Reconstruction continued in 2024, focusing on repairing and painting the roof. The community programme, in which active local organisations and individuals were involved, ran throughout the season.

Cultural projects

The Endowment Fund has long provided support to the cultural sector through grant projects and by seeking to deepen strategic partnerships that have a long-term impact. For three years now, it has been general partner to the classical music cycle A Year in 4 Beats (Rok na 4 doby) and has deepened its cooperation with Memory of Nations. The Schule Culture and Education Centre was founded in the Rychnov area, while in the Mladá Boleslav and Vrchlabí areas the Endowment Fund has long supported local awards for architectural achievements, together with the Czech Centre for Architecture (České centrum pro architekturu).

Grant calls

The Endowment Fund announced six grant programmes in 2024, and within them 10 calls which primarily focused on the development of community activities and public space, traffic safety, support of culture, social services, the conservation of nature and support of biodiversity, and cultural/study residences abroad for secondary-school students.

In 2024, the Endowment Fund supported a total of 153 projects in grant calls at a cost of €1 million.

Education and professionalisation of public-benefit organisations

The Endowment Fund has long supported the advancement of formal and non-formal education. Its programmes are targeted at schools at all levels of education, and the education authorities responsible for them, or entities which provide leisure-time activities.

The Fund is a partner to the Gifting After-School Activities to Children project (Darujeme kroužky dětem), which helps struggling families provide their children with leisure-time activities. In January 2024, the Fund signed a Memorandum of Cooperation with the Hradec Králové Region which aims to promote innovation in education and respond to the increasing dynamics of technological development. The first foray came with the acquisition of a collaborative hi-tech robot for students at Krkonoše Grammar School in Vrchlabí (more in the chapter on Education).

The Endowment Fund has long supported the advancement and professionalisation of public-benefit organisations, and is therefore the initiator and one of the founders of HUB Mladá Boleslav. It also opened the Academy for Non-Profit Organisations and Social Enterprises, the aim of which is to offer a full educational, mentoring, and consulting service and become a platform for the reciprocal sharing of experience.

Philanthropy

The Endowment Fund is a partner to the znesnáze21 platform, through which it supports people in difficult life situations. One integral part of this cooperation is the engagement of the ŠkoFit sporting community. In 2024, the Fund was a patron of 19 collections, and thanks to the active involvement of Company employees and people from the regions, the total financial support topped €159 thousand.

Significant events

The Endowment Fund regularly organises events intended for the general public and aimed at connecting generations or developing public space. In 2024, for a third time, it organised Yoga Fest, an event full of informative talks and workshops looking at holistic health and different yoga classes for all. The Endowment Fund brought the City = Gallery Street Art Festival to the town, again for a third time. Nine murals were created during the festival, one of which was chosen from an open call for female artists. The Maker Faire festival, celebrating the creative and the inventive, was again held in all Company regions during this time.

All up-to-date information about the Škoda Auto Endowment Fund, and its annual report, can be found at **www.nfsa.cz/en** or **www.nfsa-vyrocka.cz/eng**.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Corporate Governance, Integrity, and Compliance

Corporate Governance endeavours to ensure that the Company is run in a responsible, qualified, and transparent way, focusing on its long-term success and the protection of the interests of all parties involved.

Corporate Governance provides a framework for governing and monitoring the Company. Inter alia, it defines the distribution of rights and duties among the relevant stakeholders, such as shareholders, management, Company bodies, employees, and business partners.

Corporate Governance and Sustainability

Corporate Governance, the Integrity & Compliance Management System and the Risk Management System are integral parts of the Company's Sustainability Strategy. Relevant Company departments implement and promote principles that support its long-term sustainable operations within the framework of this strategy. These Company principles include compliance with legislative requirements and voluntarily adopted commitments in areas such as human rights, environmental protection, and supply chain compliance. The Sustainability Strategy aims, for example, to continually enhance business ethics standards, to meet requirements regarding the Company's legal and social responsibility, to help the development and economic stability of the Company, and last but not least, to prevent and mitigate risks.

Supply Chain Due Diligence Act

Following the German Supply Chain Due Diligence Act, as a result of which the Company had to adopt a range of relevant measures, 2024 saw the Company focusing on managing sustainable relations with business partners. It also supported the matter at hand by providing training and internal communication, and at the same time informed employees of the obligation to report cases in which they suspect a violation of this law using the Central whistleblowing system of the Volkswagen Group.

Code of Conduct – OUR CODE

The Company adheres to applicable laws and internal regulations. Integrity principles, outlined in the updated version of the code of conduct OUR CODE, published in January 2024, are an integral part of the corporate culture. All Company employees were familiarised with the code throughout 2024. The principles and commitments of OUR CODE apply to all activities inside and outside the Company. In this way the Company endeavours to ensure compliance with requirements stemming from legal regulations applying to, for example, fair competition, financial and tax areas, anti-corruption, environmental protection, and employee relations, including promoting equal opportunities, prohibiting discrimination, and protecting and upholding of human rights. OUR CODE also includes information about the Company's whistleblowing systems.

Integrity & Compliance Management System

The Company administers and develops a comprehensive and structured Integrity & Compliance Management System encompassing relevant measures and processes. Particular emphasis is placed on the processes of verifying the integrity and compliance of business partners, evaluating potential conflicts of interest, preventing corruption and money laundering, ensuring integrity and compliance in HR processes, and whistleblowing systems. Regularly updated training sessions and targeted communication initiatives strengthen awareness and knowledge of these issues and processes at the Company.

In 2024, the Company introduced new training on human rights and other relevant topics, including OUR CODE, anti-corruption, personal data protection, prevention of money laundering, and the functioning of the whistleblowing systems in place at the Company.

The Company also regularly informed its employees about integrity and compliance issues using many existing communication channels. To ensure that the employees are aware of the importance of these topics, the respective measures included the Tone from the Top as well as discussions within individual areas and teams.

Company whistleblowing systems

The Company provides employees of the Company and the Group, as well as the third parties, with discreet and reliable channels to report potential violations of applicable legal and/or internal regulations. For this reason, two whistleblowing systems are in place at the Company – the Whistleblowing System according to Czech Act No. 171/2023 Sb., on the protection of whistleblowers, and the Group's Central Whistleblowing System. Both systems are actively used and the reports filed are handled in accordance with the Company's internal processes.

In 2024, the Company actively communicated how to report potential violations of applicable legal and/or internal regulations within both existing whistleblowing systems. This information was provided to the customers of the Company, business partners, and other relevant subjects, as well as the Company's own employees.

New reporting channels that provide further reliable features, such as a mobile application and the possibility of leaving a voice message, were introduced to the Volkswagen Group's Central Whistleblowing System in cooperation with the Group in 2024.

Risks in the Integrity and Compliance areas

In 2024, the Company also continued in its regular assessment of risks in the integrity and compliance area as well as in setting out appropriate measures to minimise the risks identified. It then used the analysis of those risks to proceed with the onward systematic development of the Integrity & Compliance Management System.

Subsidiaries and affiliates

In 2024, as in previous years, the Company oversaw the implementation of the Integrity & Compliance Management System and the Risk Management System at subsidiaries and affiliates. It continued to apply a system of central management of such companies, by the methodological steering of local organisations or the use of service-level agreements.

Declaration of Compliance with the Corporate Governance Code, Czech Republic

Škoda Auto is aware of its extraordinary position in the Czech Republic, of its key role within the Volkswagen Group, and of its position amidst competing car manufacturers. It is therefore fundamentally important to the Company that its employees, business partners, customers, and the general public view it as a successful and transparent company that is open to providing information about its activities.
The Company sees its long-standing tradition and the reputation it has built up over many years as a key value for the successful and sustainable development of its business activities into the future.

In light of all this, the Company complies with the recommendations of the Corporate Governance Code, Czech Republic 2018 (the "Code"), which can be viewed online at the Ministry of Finance of the Czech Republic website.
The Code's general rules are inspired by comparable national corporate governance codes (in particular, the German and Austrian codes), and by international corporate governance standards (in particular, G20/OECD Principles of Corporate Governance). The core idea is that the Code brings best practice rules that should be followed at most companies, but at the same time leaves the door open to adapting the rules of governance and management to suit the specific conditions and needs of each and every company.

The Company complies with the Code based on the principle of "think through and follow". To the Company, the Code provides inspiration in situations when it might be appropriate and beneficial. The Company aims to continually improve internal processes and rules in accordance with the Code, to promote transparency, and to follow legal regulations and pursue ethical conduct in business practice in the Czech Republic.

In light of the fact that the Company has a sole shareholder, no general meeting is held and the sole shareholder acts in the capacity of the general meeting. The credibility, experience, and professional competence of the members of elected bodies is carefully assessed before their election.
The Company leaves the task of evaluating whether those requirements are met, even during their term of office, to the members of individual bodies, under the provisions of Section 159 of the Civil Code.

The Company adheres to the provisions of Articles 3.1 through 3.1.2, 3.1.4, and 3.1.5, as well as 3.2 through 3.2.3 of the Code. Members of the elected bodies comply with the statutory duty of due managerial care and follow internal regulations. They are required to act diligently, loyally, and in the best interests of stakeholders, while focusing on sustainable development. To support this, they are regularly provided with the information necessary to perform their duties in accordance with internal guidelines. Furthermore, the standard of due managerial care obliges them to utilize available professional expertise, skills, and competencies. Beyond legal requirements, the Company imposes additional standards of accountability, integrity, fairness, and transparency on members of elected bodies through its internal regulations. Meetings of the elected bodies are governed by procedural rules, and the minutes of these meetings are recorded and retained. The Company's Articles of Association also enforce a non-compete clause on members of elected bodies.

The general meeting – in this case, the sole shareholder – appoints members of the Board of Management, primarily on the basis of their professional qualifications and expertise. However, the Company has no instrument in place that would make it possible to influence the composition of the Board of Management, in accordance with its diversity policy. Since there is no general meeting, the nominated candidates do not participate in the session intended for the election to the respective body. The Company's Board of Management has seven members and is responsible for making sure the Company is governed in its interests. Each member of the Board of Management is responsible for one area of expertise. Members of the Board of Management must carry out their scope of activity with the diligence of a professional manager and are responsible for the execution of their work to the extent laid down by the legal regulations of the Czech Republic.

The Company complies with all provisions of Chapter 5 of the Code. The Board of Management, as defined by the Articles of Association and legal regulations, manages the Company in its interest and ensures the implementation of decisions.
Key matters are decided collectively by the Board, following its procedural rules. The Board ensures that decisions are made independently and establishes the Company's organizational structure. It has also implemented an effective internal control system, including process oversight, internal audit, compliance, risk management, and managerial controls.

There are nine members of the Supervisory Board. Two-thirds of the members of the Supervisory Board are appointed and removed by the sole shareholder, in accordance with the law. One-third of the members are appointed by Company employees in elections, in accordance with valid voting rules. However, the Company has no instrument in place that would make it possible to influence the composition of the Supervisory Board in accordance with its diversity policy.
The Company professes the principles of non-discrimination and equal treatment, not only in staffing governing and management positions, but throughout the Company as a whole.

The Company complies with Articles 6.1, 6.1.1, and 6.2 to 6.2.2, 6.3, and 6.3.1, as well as 6.3.3 of the Code. As stipulated by the Articles of Association, the Supervisory Board oversees the activities of the Board of Management and the Company. The Board of Management is required to provide all necessary information to enable the Supervisory Board to fulfil its duties. The rules of procedure mandate that the Board of Management informs the Supervisory Board about specific Company matters. The Articles of Association specify that one-third of Supervisory Board members are elected by Company employees, and these members share the same duties and responsibilities as other members. The election process ensures proper and effective voting rights for employees and is prepared and approved by the Board of Management after consultation with the labour union. The independence of employee-elected members is safeguarded by the statutory duty of due managerial care.

Cooperation between the Board of Management and the Supervisory Board is governed by statutory provisions, the Company's Articles of Association, and the rules of procedure in place for the Board of Management at the Company, which set out detailed regulations for the work of the Board of Management at the Company, including actions and measures requiring the involvement of the Supervisory Board and the obligation to inform the Supervisory Board.

The Company complies with all provisions of Chapter 7 of the Code. The Articles of Association require the Board of Management to provide the Supervisory Board with all information necessary to fulfil its duties. In line with the duty of due managerial care and the Articles of Association, Supervisory Board members must request any additional information needed for their work. The Board of Management's rules of procedure mandate timely reporting to the Supervisory Board on selected matters and specify key actions requiring the approval of the Supervisory Board Chair. The rules also establish an extraordinary reporting framework for situations with significant potential impact on the Company. Information is provided to the Supervisory Board promptly, without unnecessary delay, and in writing.

The Board of Management at the Company has established committees with the involvement of at least one member of the Board of Management at the Company. These committees are either advisory bodies or bodies with decision-making powers. Their purpose is to initiate, prepare, and submit to the Board of Management recommendations in specialized matters.

The Company complies with Articles 9.1 to 9.1.6 of the Code. The activities of these committees are governed by their respective rules of procedure, which define meeting protocols, recordkeeping, and archiving. The rules of procedure require committee chairs to report to the Board of Management and grant committee members the right to access information relevant to their responsibilities. Each committee consists of more than three members. The Board of Management retains the right to review matters assigned to the committees.

Information about the remuneration of members of bodies is made public in notes to the financial statements, in the Related Party Transactions section.

The Company complies with Articles 4.1 to 4.1.6 and 4.1.8 of the Code. It has established remuneration rules for Board of Management members based on achieving short- and long-term financial and non-financial goals, and adherence to Volkswagen Group's Rules of Culture and Integrity. These rules are predefined, clear, and measurable. Board members' remuneration consists of fixed and variable components, with the fixed portion serving as the basis for calculating the variable portion. The variable component is tied to performance quality through various factors. The Company reserves the right to withhold the variable remuneration, in full or in part, if members violate the Volkswagen Group's Rules of Culture and Integrity. If such violations are discovered later, the Company may reclaim previously paid variable remuneration. The Company limits the maximum variable remuneration by capping the individual factors used in its calculation. Supervisory Board members receive only fixed remuneration or may serve the Company on a voluntary, unpaid basis.

The Company has created and applies a proper and effective policy of preventing, identifying, and managing conflicts of interest involving persons at the Company. For more on this matter, see Corporate Governance & Compliance.

The Company complies with Articles 10.1 to 10.2 and 10.3 of the Code. Its policy for preventing, identifying, and managing conflicts of interest, as well as regulating transactions with related parties, is implemented through internal regulations, including the Code of Ethics, and adherence to relevant legal requirements. The Company's internal regulations also establish rules to prevent insider trading. Additionally, they classify internal information by confidentiality levels and define rules for handling such information.

The Company regularly publishes all relevant information about its activities in a transparent manner in the Annual Report. It also provides information regarding the impacts of its activities on the surrounding area in its Sustainability Report. The risk management system and internal control system are described in detail in the chapter entitled Report on Risks and Opportunities.

The Company complies with Articles 10.5 to 10.7 and 10.7.4 to 10.8.1 and 10.11 of the Code. Under the law and the Articles of Association, the Board of Management is responsible for preparing the financial statements, while the Supervisory Board is tasked with reviewing them. Both bodies are therefore accountable for the content and publication of the financial statements. The audit of the financial statements is conducted in accordance with International Standards on Auditing (ISA). Auditor independence is guaranteed by the Act on Auditors and the Code of Ethics of the Chamber of Auditors of the Czech Republic.

The Company's Annual Report contains all statutory requirements and information mandated by the Code. Annual Reports have been published on the Company's website for more than 10 years. The Company communicates with the public through its website, where it provides updates and information about its activities.


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Report on Risks and Opportunities

To secure long-term success, Škoda Auto must identify, predict, and manage potential risks and opportunities arising from its operations. The Company employs a comprehensive Risk Management System and Internal Control System (RMS/ICS), including Business Continuity Management (BCM). The goal of RMS/ICS is to detect potential risks early, allowing the Company to take timely countermeasures, prevent possible damage, and avoid risks that could threaten its existence.

Given the inherent uncertainty of predicting future events, RMS cannot foresee all risks, just as ICS and BCM cannot fully prevent unforeseen incidents.

The structure of the risk management system and internal control system

Škoda Auto's RMS/ICS structure is based on the Volkswagen Group's uniform risk management principles, which follow the internationally recognized COSO Enterprise Risk Management Framework. The RMS/ICS is centrally managed by the Governance, Risk & Compliance department in collaboration with the Controlling department. The principles, responsibilities, and components are governed by the Group's Risk Management System guidelines and internal control system, with relevant methodological guidelines. The Board of Management at Škoda Auto holds ultimate responsibility for the Risk Management System, while day-to-day implementation is decentralized. Each organizational unit must annually assess and identify risks, evaluating their potential negative impact on the department's and the Company's objectives. Risks are assessed based on potential financial losses, reputational damage, legal consequences, and other significant factors. Countermeasures are then implemented to reduce the probability of occurrence or impact of risks, and these measures are regularly reviewed by management. RMS/ICS also involves regular risk reporting to the Board of Management and Volkswagen AG to provide an overall risk situation overview. The system's adequacy, effectiveness, and transparency are regularly and independently reviewed, with ongoing improvements supervised by the Volkswagen Group.

The Internal Control System ensures the implementation of ongoing control activities, with quality and expertise anchored in the common Group methodology. Key benefits include clear determination of competencies and responsibilities, increased transparency across hierarchical structures, and support for understanding the Company as process-oriented.

Škoda Auto also continuously implements Business Continuity Management to enhance resilience and response capabilities. While BCM does not prevent business disruptions, it ensures the continuation of essential business processes at a predefined minimum level during breakdowns or resource unavailability, providing a specific and functional "backup plan" for critical business processes. Škoda Auto manages operational risks and ensures the integrity of key processes within its internal control system. Operational risks are mainly considered short-term threats, typically within a two-year timeframe. These are the most critical and immediate issues that require prompt countermeasures. The Governance, Risk & Compliance department updates the Company's Board of Management on current threats quarterly when reporting operational risks, and annually concerning the Internal Control System (ICS) and Business Continuity Management (BCM).

Economic, political, and legislative risks

Škoda Auto, as both an exporter and local manufacturer, is influenced by global and European economic conditions and the situations of specific economies. Factors include economic cycles, political situations in active countries, and legislative amendments (e.g., EU regulations). Legislative changes may lead to additional costs for technical development, such as stricter requirements on car safety, fuel consumption, and emissions. Other significant risks include uneven economic development in different regions and a vulnerable banking system. Škoda Auto identifies and hedges export contracts to countries with potential geographical and political risks using standard financial and insurance products, working with Czech and international banking institutions, including EGAP.

Emission legislation

One significant risk that Škoda Auto faces is the failure to adhere to statutory limits for the average values of CO_2 emissions, particularly in European Union Member States and in Norway, Switzerland, the United Kingdom, and Iceland. €95 sanctions for each gram exceeded and vehicle sold in the relevant calendar year may be imposed by the European Union for exceeding the targets. Despite all planned or approved technical measures, achieving the required values comes with a degree of uncertainty, considering slower growth in demand for fully electrified vehicles.

CO_2 limits are also in place in other countries and regions. An analysis of the current development of expected CO_2 emissions is regularly presented to the board of directors as crucial information to be considered when making decisions on the future product portfolio of conventional and electrified models and the planned quantities of such models, and in annual or quarterly reports within the bounds of risk management.

Demand risks

The increasing and intensifying competition in the automotive sector, along with the volatile transition to electromobility, requires increasingly active sales support. This situation is further exacerbated by market risks related to changes in consumer demand, whose purchasing behaviour depends not only on actual influences such as real wage levels but also on psychological factors and local legislation of the respective markets. Škoda Auto continuously analyses market developments, customer behaviour, and competition, and takes appropriate measures to minimize risks.

Procurement risks

Extremely close and economically advantageous collaboration between vehicle manufacturers and their suppliers brings with it procurement risks which could disrupt the fluidity of production, or indeed lead to considerable financial losses. For example, a delay in deliveries, failure to deliver goods at all, qualitative defects on goods, or, in extreme cases, suppliers becoming insolvent and disappearing from the supply chain. Other risks ensue from fiercer competition in the supply industry. Therefore, when buying assembly components, Škoda Auto collaborates with multiple suppliers to ensure that it can react to any negative developments if necessary. Moreover, preventive measures are taken within the risk management system to cover cases in which a supplier is insolvent, and regular checks are made on the financial stability of the Company's suppliers. All such preventive and reactive measures combine to actively reduce as far as possible the risks that come from relations with suppliers to the Company. Despite all the measures taken and efforts of the Procurement, it is not possible to fully eliminate the risk of material shortage, which could constitute a risk factor for price fluctuations, affecting both Škoda Auto and its suppliers.

Financial risks

Financial risks and their management are among the most closely monitored within the Company. In the first place, as far as importance is concerned, is the risk associated with the exchange rate development of foreign currencies and its impact on cash flows, financing, and the overall economic performance of the Company. The risk and impact of changes in exchange rates are regularly monitored, planned for, and managed using standard hedging instruments. Members of internal and Group boards discuss and approve the products and strategies used. The Company maintains hedge accounting for derivative instruments in order to hedge currency risk in accordance with IFRS Accounting Standards, and more specifically the requirements of IFRS 9. In 2024, the Company implemented hedge accounting in accordance with IFRS Accounting Standards to address the price risk arising from the purchase of aluminium, copper, and lead, which are essential raw materials for product manufacturing.

Another significant risk is the liquidity risk, which is managed using standard procedures and instruments to facilitate sufficient coverage of activities and obligations for the absolutely required period of time. The financial resources in place at Škoda Auto and resources from the companies of the Volkswagen Group form the base here. The Company manages the export risk using standard security instruments; for example, documentary credit, letter of credit, bank guarantees, and the like.

Research and development risks

When it comes to new products, there is the risk that customers will not accept the product in question. To eliminate this, extensive analyses and customer surveys are conducted, helping the Company to identify trends and check their relevance to customers with ample time. The risk of delays in launching new products, or deviations in the envisaged quality and targeted cost, is minimised through regular project reviews and comparisons with the desired situation, ensuring that the required measures can be taken when any discrepancies arise. Key areas of future activity at the Company include electromobility, hybrid vehicles, autonomous steering, and digitisation, which are all important for successful and sustainable development. For the Company to successfully deal with forthcoming transformation processes, assistance is required for research and development in the form of targeted support programmes, such as making it possible to test autonomous vehicles under real conditions and on test tracks, or government support for cars with alternative propulsion, in particular electric cars. Other important steps are the deployment of charging infrastructure and high-speed Internet coverage on traffic routes. Certain specific risks come with these steps, risks that must be assessed regularly. Internal risks include the development of new technologies and the need to change existing processes. External risks, meanwhile, include economic policy, technical legislation, and unpopularity among customers.

Quality risks

The Company places significant emphasis on maintaining a robust quality management system in accordance with ISO 9001 standards and the latest trends in digital technologies, cyber security, and sustainability.

From the early stages of product development, the focus is on customer satisfaction and predicting quality-related issues, thereby reducing the risk of production delays. This proactive approach is supported by risk analysis tools, which are an integral part of the ISO 9001 standard.

With increasing digitalization, ensuring cyber security is crucial. The Company regularly updates its cyber security practices to ensure the security and integrity of its systems. To minimize related risks, it also focuses on managing risks specific to vehicle cyber security and software updates.

Adhering to global and national regulatory requirements is essential for maintaining quality and customer trust. The Company regularly reviews its processes to ensure compliance with current regulations and standards.

The quality of products, processes, and management systems is verified through regular audits conducted by independent accredited certification bodies. Quality management system certificates, successfully retained since 1993, ensure that processes meet the highest standards and enable product homologation. To promptly identify and address deviations in internal processes, the Company continually develops a network of qualified auditors and experts. Department heads regularly inform management about test and measurement results, enabling a swift response to any issues. The Company's goal is to ensure maximum customer satisfaction, which includes continuous monitoring of their needs and expectations in various markets. Upon identifying any negative deviations, immediate action is taken to minimize potential damages and ensure that products meet the highest-quality standards. This approach not only reduces risks but also opens up new opportunities for innovation and process improvement.

Human resource risks

Dynamic developments in the automotive industry and ever-fiercer competition push the Company to secure the competitive advantage of having a stable, qualified, and flexible workforce in direct and indirect areas into the future. This can be achieved only by adopting the right long-term strategy, one which focuses on the HR process from start to finish – from human resource planning, through recruitment and education, to motivating and rewarding employees.

At the same time, Škoda Auto needs to properly analyse and prevent possible risks, among them losing the qualified staff involved in key processes at the Company, risks stemming from amendments to legislation, legal risks, and risks associated with long-term demographic changes.

Information technology risks

Information technology (IT) is taking on an increasingly vital role at Škoda Auto, a global company focused on achieving further growth. IT risks might include unauthorised access to data or abuse of the Company's sensitive electronic data, restricted access to systems, and failure to comply with regulatory requirements (for example, GDPR). The Company pays heightened attention to the risk of unauthorised access to data, in that various measures are taken in relation to employees and organisations, applications, systems, and data networks. These might take the form of a firewall, restricting the allocation of access rights to systems, or backing up crucial data sources. The Company only uses technical resources that have been tried and tested on the market and that comply with internal standards. Škoda Auto has an established and certified Information Security Management System (ISMS) that minimizes IT-related risks and their potential impact on the Company's objectives.

Legal risks

Škoda Auto distributes its products and related services to dozens of countries around the world. Similarly, Škoda Auto collaborates with numerous suppliers of goods and services, primarily in the areas of development, production, and logistics. These activities are necessarily associated with the risk of legal disputes with distributors, suppliers, employees, investors, or customers, as well as the risk of administrative proceedings related to various areas of the Company's business activities.

Other operating risks

In addition to the aforementioned risks, there are influences that are unpredictable and can potentially affect future developments. These events primarily include natural disasters, epidemics, terrorism, and similar occurrences.

Key Intangible Assets

Škoda Auto considers its key intangible assets to be its strong and well-established brand, extensive customer portfolio, and comprehensive dealer network. Strong customer relationships, backed by an extensive network of authorized dealers and service partners, contribute to long-term customer satisfaction and further strengthen trust in the Škoda brand, reinforcing the Company's position in the global market.

Another key asset is the deep expertise of its skilled employees in research and development. This enables the Company to drive innovation in the automotive industry, respond to evolving market demands, and maintain a long-term competitive advantage. Additionally, synergies within the Volkswagen Group play a significant role in ensuring efficient technology sharing, production platform utilization, and innovation exchange. These synergies enable Škoda Auto to optimize costs, accelerate new product development, and enhance the efficiency of its R&D processes.


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Short-Term and Long-Term Outlook

The world economy recorded positive growth in 2024. Global demand for vehicles was slightly higher than in the previous year. In 2025, the global economy is expected to grow at a slightly slower pace than in the reporting year. Global demand for passenger cars will probably vary from region to region and increase slightly year-on-year.

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

Development in the Global Economy

Our planning is based on the assumption that global economic output will grow overall in 2025 at a slightly slower pace than in 2024. Declining inflation in major economic regions and the resulting easing of monetary policy are expected to improve consumer demand. We continue to believe that risks will arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict and the confrontations in the Middle East, and the uncertainties regarding the political orientation of the USA. We assume that both the advanced economies and the emerging markets will record somewhat weaker momentum on average than that of the reporting year.

We also expect the global economy to continue on a path of stable growth until 2029.

In Western Europe, we expect the economy to grow at a similar rate in 2025 to the reporting year, with a further decline in the average inflation rate.

The associated key rate cuts by the European Central Bank (ECB) will likely support the eurozone economy.

For Central Europe, we estimate a slightly higher growth rate for 2025 than in the previous year, with persistently high though less dynamic price increases. Economic output in Eastern Europe should continue to recover.

India's economic growth will likely see momentum on a par with the reporting year 2024.

Trends in the Global Passenger Car Market

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will further intensify. 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 tension and conflicts could lead 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 predominantly positive in 2025. Overall, the global volume of new car sales is expected to be slightly higher than in the previous year. We are forecasting growing demand for passenger cars worldwide in the period from 2026 to 2029.

For 2025, we anticipate that the volume of new passenger car registrations in Western Europe will be higher than that recorded in the reporting year. In the German market, we expect the volume of new registrations in 2025 to be slightly up on the prior-year level. For the individual markets of France, the United Kingdom and Spain, we expect growth in 2025 to varying degrees between slightly and noticeably above the prior-year level. We estimate that the Italian market will be on a par with the previous year.

Sales of passenger cars in 2025 are expected to exceed the prior-year figures overall in markets in Central and Eastern Europe – subject to the further development of the Russia-Ukraine conflict. We expect a mixed development in the major markets of this region.

We estimate that the market volume in China will be on a level with the comparative figure for 2024.

For India, we project that the volume in 2025 will be slightly higher than in the reporting year.

Škoda Auto Development Plans

Škoda Auto will intensively pursue the implementation of the Next Level Škoda Strategy aiming to become the most attractive brand for Everyday Explorers both in its European home base and the fastest-growing international markets.

The Company will provide its customers with the choice from the best of both worlds through a range of attractive BEV, ICE and hybrid products with great value for money, quality and intuitive functionality.

In order to succeed, Škoda Auto will strengthen its company and culture by further upskilling its employees for the transformation, enhancing the role within the Group and becoming a benchmark for environmental, social and financial sustainable behaviour.

The successful implementation of the Next Level Škoda Strategy will also be supported by the appropriate integration of artificial intelligence into all activities of the Company, which wants to be perceived as one of the centres of AI competence within the Group.

Financial Section

Auditor's Report

Translation of a report originally issued in Czech - see notes to the financial statements.

Independent Auditor's Report

To the Shareholder of Škoda Auto a.s.:

Opinion

We have audited the accompanying financial statements of Škoda Auto a.s. (hereinafter also the "Company") prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the balance sheet as at 31 December 2024, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flows statement for the year then ended, and notes to the financial statements, including a material accounting policy information. For details of the Company, see notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Škoda Auto a.s. as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

— The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
— The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Audit, s.r.o.
License No. 401

Milan Kočka, Auditor
License No. 1994

3 March 2025
Prague, Czech Republic

A member firm of Ernst & Young Global Limited
Ernst & Young Audit, s.r.o. with its registered office at Na Florenci 2116/15, 110 00 Prague 1 – Nove Mesto, has been incorporated in the Commercial Register administered by the Municipal Court in Prague, Section C, entry no. 88504, under Identification No. 26704153.

Separate Financial Statements

Separate Financial Statements for the Year Ended 31 December 2024

Balance Sheet as at 31 December 2024

Assets € million	Note	31 December 2024	31 December 2023
Intangible assets	4	3,086	2,899
Property, plant and equipment	5	3,560	3,491
Investments in subsidiaries	6	153	153
Investments in associates	7	0	0
Non-current trade receivables	8	–	83
Other non-current receivables and financial assets	8	268	345
Deferred tax asset	14	150	28
Non-current assets		**7,217**	**6,999**
Inventories	9	1,313	1,434
Current trade receivables	8	1,703	1,385
Other current receivables and financial assets	8	146	115
Current non-financial assets	8	283	244
Cash and cash equivalents	10	708	73
Current assets		**4,153**	**3,251**
Total assets		**11,370**	**10,250**

Equity and liabilities € million	Note	31 December 2024	31 December 2023
Share capital	11	692	692
Share premium		65	65
Retained earnings	12	4,063	3,658
Other reserves	12	(174)	(82)
Equity		**4,646**	**4,333**
Current financial liabilities	13	303	255
Deferred tax liabilities	15	0	0
Non-current non-financial liabilities	13	400	314
Non-current provisions	15	771	687
Non-current liabilities		**1,474**	**1,256**
Trade liabilities	13	2,916	2,924
Other current financial liabilities	13	200	153
Current non-financial liabilities	13	790	706
Current income tax liabilities		365	109
Current provisions	15	979	770
Current liabilities		**5,250**	**4,661**
Total equity and liabilities		**11,370**	**10,250**

The notes on pages 275 to 367 are an integral part of these financial statements.

Income Statement
for the Year Ended 31 December 2024

€ million	Note	2024	2023
Sales	**16**	**25,469**	**24,012**
Cost of sales	24	22,368	21,166
Gross profit		**3,101**	**2,846**
Distribution expenses	24	679	570
Administrative expenses	24	471	597
Other operating income	17	362	359
Other operating expenses	18	225	306
Operating profit		**2,088**	**1,732**
Financial income		64	68
Financial expenses		49	141
Net financial result	**19**	**15**	**(73)**
Profit before tax		**2,103**	**1,659**
Income tax expense	21	448	338
Profit for the year		**1,655**	**1,322**

Statement of Other Comprehensive Income
for the Year Ended 31 December 2024

€ million	Note	2024	2023
Profit for the year, net of tax		**1,655**	**1,322**
Items that will be reclassified to profit or loss:			
Net fair value gain/(loss) net of tax on financial derivatives designated as hedging instruments	12	(58)	(177)
Items that will not be reclassified to profit or loss:			
Net fair value gain/(loss) net of tax on equity instruments	12	(33)	(122)
Total Other Comprehensive Income		**(91)**	**(299)**
Total comprehensive income for the year		**1,564**	**1,023**

The notes on pages 275 to 367 are an integral part of these financial statements.

Statement of Changes in Equity
for the Year Ended 31 December 2024

€ million	Share capital	Share premium	Retained earnings	Other reserves*	Total equity
Balance as at 1 January 2023	**692**	**65**	**2,856**	**216**	**3,829**
Profit for the year	–	–	1,322	–	1,322
Other comprehensive income / (loss)	–	–	–	(299)	(299)
Total comprehensive income for the year	**–**	**–**	**1,322**	**(299)**	**1,023**
Dividends**	–	–	(520)	–	(520)
Balance as at 31 December 2023	**692**	**65**	**3,658**	**(83)**	**4,332**
Balance as at 1 January 2024	**692**	**65**	**3,658**	**(83)**	**4,332**
Profit for the year	–	–	1,655	–	1,655
Other comprehensive income / (loss)	–	–	–	(91)	(91)
Total comprehensive income for the year	**–**	**–**	**1,655**	**(91)**	**1,564**
Dividends**	–	–	(1,250)	–	(1,250)
Balance as at 31 December 2024	**692**	**65**	**4,063**	**(174)**	**4,646**

* Explanatory notes on Other reserves are presented in Note 12.

** The detailed information about dividends is presented in Note 11.

Cash Flow Statement
for the Year Ended 31 December 2024

€ million	Note	2024	2023
Cash and cash equivalents as at 1 January	**10**	**73**	**69**
Profit before tax		2,103	1,659
Depreciation, amortisation, impairment loss and reversal of impairment loss of non-current assets	4, 5, 6, 7	1,121	871
Change in provisions	15	294	(346)
(Gain) / loss of tangible and intangible assets and financial investments		(20)	121
Net interest (income) / expense	19	(4)	23
Income from dividends and shares	19	(11)	(17)
Adjustments for non-cash transactions on derivatives and other adjustments for non-cash transactions		(29)	188
Change in inventories	9	114	232
Change in receivables		(261)	(410)
Change in liabilities		338	(13)
Income tax paid from operating activities		(298)	(235)
Interest paid		(32)	(39)
Interest received		36	16
Cash flows from operating activities		**3,351**	**2,050**
Purchases of tangible and intangible assets	4, 5	(924)	(667)
Payment for increase in equity of subsidiaries and associates	6, 7	0	(67)
Additions to capitalised development costs	4	(547)	(667)
Proceeds from the sale of financial investments	7	–	21
Proceeds from sale of tangible and intangible assets		25	–
Proceeds from dividends and investments		11	17
Cash flows from investing activities		**(1,435)**	**(1,363)**
Net cash flows (operating and investing activities)		**1,916**	**687**
Dividends paid	11	(1,250)	(520)
Repayments of lease liabilities - principals		(31)	(23)
Repayment / utilisation of short-term loans		–	(140)
Cash flows from financing activities		**(1,281)**	**(683)**
Net change in cash and cash equivalents		**635**	**4**
Cash and cash equivalents as at 31 December	**10**	**708**	**73**

Total cash outflow from lease liabilities, short-term leases and leases of low-value assets was €53 million in 2024 (2023: €41 million). For non-cash transactions from investing activities relating to leases under IFRS 16 see Note 5.

The notes on pages 275 to 367 are an integral part of these financial statements.

The following table shows the changes in liabilities arising from financing activities according to the classification as cash and non-cash transactions:

€ million	Balance as at 1 January 2024	Cash-effective changes	Non-cash changes - additions	Balance as at 31 December 2024
Lease liabilities - interest	–	(6)	6	–
Lease liabilities - principal	63	(31)	112	144
Lease liabilities total	**63**	**(37)**	**118**	**144**
Liabilities from short-term loans - interest	–	–	–	–
Liabilities from short-term loans - principals	–	–	–	–
Total liabilities from short-term loans	**–**	**–**	**–**	**–**

€ million	Balance as at 1 January 2023	Cash-effective changes	Non-cash changes - additions	Balance as at 31 December 2023
Lease liabilities - interest	–	(3)	3	–
Lease liabilities - principal	65	(23)	21	63
Lease liabilities total	**65**	**(26)**	**24**	**63**
Liabilities from short-term loans - interest	–	(2)	2	–
Liabilities from short-term loans - principals	140	(140)	–	–
Total liabilities from short-term loans	**140**	**(142)**	**2**	**–**

Financial Section

Notes to the Separate Financial Statements for the Year 2024

Company Information

Foundation and Company Enterprises

Škoda Auto a.s.* ("the Company") was incorporated as a joint-stock company on 20 November 1990. The Company's principal business activities are the development, production and sale of vehicles and related accessories.

Registered office:	tř. Václava Klementa 869, 293 01 Mladá Boleslav, Czech Republic
Identification number:	00177041
Website:	**www.skoda-auto.cz**

The Company is registered in the Commercial Register maintained with the Municipal Court in Prague, with File No. B 332.

The organisational structure of the Company is divided into the following main areas:

— Central Management
— Finance, IT and Legal matters
— People & Culture
— Procurement
— Sales and Marketing
— Technical Development
— Production and Logistics

The Company has its main production plant in Mladá Boleslav and two other production plants in Vrchlabí and Kvasiny.

Škoda Auto a.s. is a subsidiary of VOLKSWAGEN FINANCE LUXEMBURG S.A. included in the consolidation group of its ultimate parent company and its ultimate controlling party, Volkswagen AG ("Volkswagen Group"), with its registered office in Wolfsburg, the Federal Republic of Germany (details disclosed in Note 29).

Note
The financial statements have been prepared in Czech and in English. In all matters of interpretation of information, views or opinions, the Czech version of these financial statements takes precedence over the English version.

* From 31 March 2023 the name of the company was changed from ŠKODA AUTO a.s. to Škoda Auto a.s.

1 Summary of Accounting Policies and Principles

1.1 Compliance Statement

These financial statements are separate financial statements of Škoda Auto a.s. for the year ended 31 December 2024. Financial statements of the Company, its subsidiaries, and associates are included in the consolidated financial statements of Volkswagen Group for the year ended 31 December 2024.

The Company as a controlled entity is required to be consolidated by its ultimate parent company Volkswagen AG in its financial statements prepared in accordance with IFRS Accounting Standards as adopted by European Union that are available for public use. The Company prepares the separate financial statements in accordance with IFRS Accounting Standards as adopted by European Union ("IFRS") based on the Company's sole shareholder's decision in accordance with provisions of paragraph 19a Article 7 Act No. 563/1991 Coll., on Accounting.

The Company publishes these separate financial statements as its only financial statements prepared in accordance with IFRS* and relied on the exemption from consolidation under paragraph 4(a) of IFRS 10 and exemption from applying the equity method in accordance with paragraph 17 of IAS 28. The consolidated financial statements of Volkswagen Group prepared in accordance with IFRS will be publicly available on the following website after their release at: https://annualreport2024.volkswagen-group.com.

The Company publishes only separate financial statements in Collection of Documents of respective court maintaining the Commercial Register based on the exemption from consolidation under provisions of paragraph 22aa Article 1 and 2 Act No. 563/1991 Coll., on Accounting (effective as at 31 December 2024). Consolidated financial statements of Volkswagen AG and the auditor's report thereon will be published in the Czech language in the Collection of Documents in the Commercial Register.

For more information about the Company see the preceding Note "Company information".

For more information about the ultimate parent company Volkswagen AG see Note 29.

1.2 New Standards, Amendments and Interpretations to Existing Standards

New Standards, Amendments and Interpretations to Existing Standards Mandatory for Accounting Periods Beginning on 1 January 2024

A summary of new standards, amendments, interpretations, and improvements of existing standards that have an impact on the Company's separate financial statements.

IFRS, interpretation, impact	Effective in EU
IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments – Disclosures **Supplier Financing Arrangements** The Company disclosed the significant terms of contractual arrangements regarding supplier financing in Note 2.18. It also disclosed information on whether it has utilized or has access to supplier financing arrangements that provide it with extended payment terms or early payment to its suppliers and provided users with other important information that enables them to assess the company's exposure to liquidity risk in connection with these arrangements, see Notes 2.18 and 13.2. Regarding the disclosure requirements for financial liabilities, the company assessed these requirements as irrelevant, see the evaluation of the classification of liabilities to suppliers in Note 2.18.	1 January 2024

New Standards, Amendments and Interpretations to Existing Standards Published Not Yet Effective for Accounting Period Beginning on 1 January 2024

The table below lists the new standards, amendments, interpretations and improvements to existing standards, which the Company will adopt, and which will have a material impact on its separate financial statements. The Company expects their application at the same time as the effective date in the European Union

IFRS, interpretation	Effective in EU
IFRS 18 **Presentation and Disclosure in Financial Statements** IFRS 18 introduces new requirements for presentation within the income statement. It requires an entity to classify all revenues and expenses in the income statement into one of five categories: operating, investing, financing, income tax, and discontinued operations. These categories are supplemented by requirements for the presentation of subtotals and totals for „operating profit or loss," „profit or loss before financing and income tax," and „profit or loss." It also requires the disclosure of performance indicators defined by management and includes new requirements for the aggregation and disaggregation of financial information based on the designated „characteristics" of the primary financial statements and notes. Additionally, there are consequential amendments to other reporting standards. Retrospective application is required in both annual and interim financial statements. The Company's management has assessed that the new accounting standard IFRS 18 will primarily impact the structure of reported information in the current and comparable periods, and additional significant information will be provided for assessing the Company's performance.	1 January 2027**
Amendments to IFRS 9 and IFRS 7 **Changes in the classification and measurement of financial instruments** The amendments clarify that a financial liability is derecognized on the „settlement date" and introduce the option to derecognize financial liabilities settled through an electronic payment system before the settlement date if certain conditions are met. Additionally, the amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG) and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse loans and contractually linked instruments. For financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income, additional disclosures are introduced. The Company's management expects that the adoption of these adjustments may impact the Company's standalone financial statements, particularly in the area of derecognition of liabilities before the settlement date. This impact is currently being analyzed.	1 January 2026**

* The Company prepares the separate financial statements in accordance with IFRS Accounting Standards as adopted by European Union and as interpreted by the agenda paper issued by the European Commission Internal Market and Services for the meeting of the Accounting Regulatory Committee (document ARC/08/2007) about a relationship between the IFRS regulation and the 4th and 7th Company Law Directives, which were subsequently replaced by Directive 2013/34/EU of the European Parliament and of the Council. The Commission Services Department was of the opinion that, if a company chooses or is required to prepare its annual separate financial statements in accordance with IFRS Accounting Standards as adopted by European Union, it can prepare and file them independently from the preparation and filing of consolidated financial statements. At the time of preparation of these separate financial statements, the approved consolidated financial statements of Volkswagen Group have not been published.

** Not adopted by the European Union as at 31 December 2024 (this date represents the effective date under the IASB).

1.3 Impacts of the Russia-Ukraine Conflict and Supply Chain Issues

In 2023, the adverse effects of the Russia-Ukraine conflict were observed in global markets. The situation in the energy and commodity markets stabilised only partially, with energy and commodity prices falling but remaining at high levels compared to those before the surge. Internationally, inflation has fallen slightly, but all at the cost of a further rise in interest rates. In connection with the above price developments, the Company has identified risks which it has taken in 2023 into account by making provisions for purchase risks. Details of these provisions are disclosed in Note 15. In 2024, the situation in the energy and basic commodities markets stabilized, and the Company did not identify any significant risks associated with a sudden increase in the price levels of production resources during this period. In connection with the transition to electromobility, the company faced an increased risk of production program volatility in 2024, which was reflected in an increase in the provision for purchase risks, see point 15.

In May 2023, in accordance with the Volkswagen Group's decision, the Company ceased all production and business activities in the Russia region. Along with the termination of all activities, the Company sold its shareholding in its affiliate OOO Volkswagen Group Rus. For further information on this transaction see these separate financial statements, Note 25. In 2023, receivables related to licenses were also written off in connection with the termination of activities in Russia, while the specific allowance made in the previous year was also utilized. Apart from the discontinued operations related to the sale of OOO Volkswagen Group Rus, no other significant costs related to the Russia-Ukraine conflict were recognised in 2023. After terminating activities in the Russia region, the Company did not identify any additional significant risks arising from the Russia-Ukraine conflict in 2024 that would lead to future expenditures, except for risks already considered in previous accounting periods as described in Note 15.

In August 2023, catastrophic floods damaged a key Slovenian supplier of components for internal combustion engines. As a result of the disruption in the supply of these components, engine production at the company's plants was interrupted in the third quarter of 2023, which negatively impacted the delivery delays of vehicles to customers. Compared to 2023, no adverse events occurred in 2024 that significantly affected the company's production activities.

When assessing the Company's ability to continue as a going concern in 2023, the management based its evaluation on the assumption that the Russia-Ukraine conflict and the related economic crisis were temporary in nature. In 2024, the Company did not identify any adverse events that could significantly disrupt its production and sales activities. The outcome of this assessment confirms the Company's ability to continue its operations.

1.4 Change in Functional Currency and Its Impact on Currency Risk Hedging

The Company operates primarily in the economic and legal environment of the Czech Republic, but as a result of its foreign activities it is also exposed to the influences of other economic environments. The Company is mainly influenced by the economic and legal environment of the Eurozone which is a source for substantial part of its sales and from which a significant part of purchases of raw materials and parts to ensure the production of cars is also made.

The Company's management evaluates, as part of its regular analysis, the ratio of currencies that mainly affect and will in the near future affect the selling prices of goods and services and the currency mix of costs. The Company's management takes into account all indications and trends in the primary economic environment that could affect its functional currency in the near future. A significant indicator of recent years is also the future purchases of euro-denominated parts, which are related to the increased battery production.

Based on the evaluation of the time series of significant indicators (primarily the relative proportion of various currencies involved in sales and purchases), it was determined that the functional currency of the Company for the accounting period beginning 1 January 2023, is the euro. The Company adopted the euro as its new functional currency in accordance with IAS 21, section 35 prospectively from the date of change and translated all CZK denominated asset, liability and equity balances into the new functional currency euro at the single conversion rate as at 1 January 2023.

For the purposes of the conversion, the Group* EUR/CZK exchange rate applicable on 1 January 2023 was used, which is the same as the Group* closing EUR/CZK exchange rate applicable on 31 December 2022: 24.14500. The resulting translated amounts of non-cash items are considered to be their historical cost.

Adjustment of the Currency Risk Hedging Strategy

Following the above-mentioned information, the Company's management identified a change in the definition of currency risk for the accounting periods beginning from 1 January 2023 onwards. Currency risk was newly defined after this date as the risk arising from changes in exchange rates against the euro for future foreign currency sales and purchases. This currency risk is hedged using financial derivatives, see Notes 2.5.3 and 3.3.4. In the area of accounting under Czech legal regulations (referred to as the tax area), which serves as the basis for determining the current tax expense in this separate financial statement, the functional currency remained the Czech crown. Therefore, in the tax area, all financial derivatives for hedging the risk of exchange rate changes against the euro are maintained in a trading regime, leading to temporary differences and impacts on deferred tax.

1.5 Impact of Climate Change on Reported Data

In the context of climate change and the resulting stricter emissions regulations, the transformation of the automotive industry towards electromobility and further digitalization continues. The Company considers the most important goals in this area to be the reduction of CO_2 emissions produced by the vehicle fleet and the transformation of the Company's Czech production plants to achieve a CO_2 neutral energy balance by 2030. Both measures will contribute to the long-term reduction of greenhouse gases throughout the product lifecycle and thus to the main goal of becoming a CO_2-neutral company by 2050. In preparing the separate financial statements, the Company's management considered the potential impacts of climate change, current and future regulatory requirements in the area of emissions, and in particular the corresponding transformation towards electromobility.

Potential impacts, particularly on non-current assets and liabilities in respect of the provision for emission fee risks, have been included to the extent possible as part of the significant estimates and assumptions included in these separate financial statements, see Notes 2.19 and 15. In the coming years, the Company will spend increasing amounts to achieve a CO_2 neutral balance from the automotive to e-mobility transition. One of the measures to reduce the overall carbon footprint of the production and operation of electric vehicles is the acquisition of EACs* and VERs** certificates. This topic is reflected in Note 23 that discloses future commitments from contracts concluded for the purchase of these certificates. The effects of the transformation towards e-mobility are taken into account in the medium-term planning and therefore in the calculation of future cash flows for the determination of the recoverable amount in the impairment tests for intangible assets, in particular in the planning of future vehicle models and in connection with investments in development costs and production facilities. In addition, the Company periodically evaluates whether these developments require adjustments to the useful lives of other tangible and intangible fixed assets.

Further and detailed information on how sustainability is considered within the Group's strategy is set out in the "Sustainability" and "Strategy" sections of Management Report in the Company's Annual Report.

* The exchange rate of the Volkswagen Group, which is derived from exchange rates from the Refinitiv database (provider of financial market data).

** EACs (Energy Attribute Certificates) are certificates that are generated by renewable energy production.

*** VERs (Voluntary/Verified Emission Reduction Certificates): These are certificates that are based on the principle of compensation. A company can compensate the greenhouse gases it emits in one place in another place, e.g., through a reforestation projects, where one VER certificate is issued for each tonne of CO_2 that the forest can compensate for.

2 Basis of Preparation of Financial Statements

These separate financial statements have been prepared under the historical cost convention, except for fair value measurement of equity instruments measured at fair value through other comprehensive income, of financial assets and financial liabilities at fair value through profit or loss, and of all derivative contracts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying material accounting policies. The Company's separate financial statements disclose material accounting policies that, if omitted, misstated or obscured, could affect the economic decisions of users made on the basis of those separate financial statements.

Amounts in these separate financial statements including the notes are disclosed in millions of euros (€ million), unless stated otherwise. All amounts have always been rounded, which may lead to slight variations when added together.

2.1 Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The 2024 (2023) financial statements are presented in euros, which is the Company's functional and presentation currency, see Note 1.4. Transactions denominated in foreign currencies are translated into the functional currency based on the Group's exchange rates* prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at the Group's exchange rate* ruling at that date. Exchange gains or losses arising from these transactions and from the translation of assets and liabilities at the balance sheet date are recognised in the income statement.

2.2 Intangible Assets

Separately purchased intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. These are mainly software, patents and trademarks granted for a limited period of time. Separately purchased intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses. These are mainly trademarks that do not have a finite useful life.

Separately purchased rights to production equipment are also capitalised as intangible assets. These are the rights to use 'common tools' (various specific machines, tools, moulds for casting or moulding, dies, etc.) used to manufacture parts for Volkswagen vehicles. Capitalised costs include direct costs and a corresponding proportion of the relevant overheads.

Research costs are recognised in the profit and loss account in the current period.

Development costs in connection with Škoda models and other product projects are recognised as intangible assets in accordance with IAS 38 if it is probable that the project will be successful in terms of its commercial and technical feasibility if the related costs can be measured reliably and if the cash-generating unit (see section 2.4) to which the intangible asset can be allocated is not fully amortised. Capitalised development costs and other internally generated intangible assets are stated at cost less any accumulated amortisation and impairment losses. If the conditions for capitalisation are not met, the costs are recognised in the profit and loss account in the year in which they are incurred. As part of the Volkswagen Group's synergies, the Company participates with other Group brands in the development costs of joint Group projects. These development costs are monitored as a whole at Group level and are regularly allocated to the individual Group companies according to a predetermined allocation key. This cost allocation is reviewed in the event of changes, and adjustments may be made to previously invoiced cost amounts (e.g., if a new entity joins a project, the relevant financial amount will be refunded to the Company or reallocation of development costs between the Company's development projects).

The Company applies straight-line amortisation to intangible assets. The development costs are amortised using the straight-line method from the start of production over the expected life cycle of the models or components. Amortisation recognised during the year is allocated to the relevant functions in the income statement.

Amortisation rates are based on the estimated useful lives of intangible assets. The useful lives are determined according to the following table:

Capitalised development costs	2–9 years according to the product life cycle
Software	3–5 years
Tooling rights	2–8 years according to the product life cycle
Other intangible fixed assets	3–5 years

Estimated useful lives and amortization method are reviewed on a regular basis, the effect of any changes in estimates are accounted for prospectively.

Intangible assets not yet ready for use and intangible assets with an indefinite useful lives (for example, trademarks with indefinite use) are not amortized but are tested annually for possible impairment, see Note 2.4.

Intangible assets are derecognised on sale or when no future economic benefits from individual intangible assets are expected from their use or sale. The gains or losses arising from derecognition of an intangible asset, which are determined as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the profit or loss when the assets are derecognised.

2.3 Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less cumulative depreciation and impairment losses. Acquisition cost includes expenditure that is directly attributable to the acquisition of the assets. In particular, administrative and other general overhead costs are not part of the cost of acquisition, as well as any proceeds from the sale of items generated by the tangible asset before the time at which it is ready for its intended use.

All repairs and maintenance costs are charged to the income statement during the reporting period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Land is not depreciated. Other assets are depreciated on a straight-line basis. Depreciation rates are determined on the basis of estimated useful lives. The useful lives are determined according to the following table:

Buildings	9–50 years
Machinery and equipment	3–18 years
Special tooling	Production cycle length, maximum 9 years
Other equipment, operating and office equipment	3–23 years
Means of transport	5–25 years

Estimated useful lives and depreciation method are reviewed on a regular basis, the effect of any changes in estimates are accounted for prospectively.

Items of property, plant and equipment are derecognised on sale or when no future economic benefits are expected from their use. The gains or losses arising from the derecognition of items of property, plant and equipment, which are determined as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the profit or loss when the assets are derecognised.

Property, plant and equipment also includes right-of-use assets arising from leases, see Note 2.13.

* The exchange rate of the Volkswagen Group, which is derived from exchange rates from the Refinitiv database (provider of financial market data).

2.4 Impairment of Assets

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units (CGUs). Due to the regulation of performance standards for emission limits, the individual models of the Company are significantly interdependent. Therefore, the cash-generating unit is determined at the level of tangible and intangible assets used within the Company's automotive business activities, specifically at the brand level of Škoda.

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount.

Intangible assets that are not amortized (those not yet ready for use and those with an indefinite useful life) are allocated to the cash-generating unit (CGU) expected to benefit from their use for impairment testing purposes. To determine the recoverability of these intangible assets, the recoverable amount of the CGU to which the relevant intangible assets can be allocated is used.

The recoverable amount represents the higher of the cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

2.5 Financial Instruments

2.5.1 Financial Assets

2.5.1.1 Classification and Measurement

The Company classifies its financial assets at the time of acquisition and upon initial recognition. The Company categorizes its financial assets into two main groups: debt and equity financial instruments. Upon initial recognition, financial assets are measured at fair value minus any transaction costs. A separate group of financial assets consists of financial derivatives with a positive fair value, which are reported as hedging derivatives, see Note 2.5.3.

Debt Instruments

A debt instrument is any contract that results in a financial asset for one party and a financial liability for the other party. Within debt instruments, the Company classifies financial assets into the following categories:

a) Financial assets at amortised cost (portfolio AC)
In this category, the Company presents debt instruments, which are held under a business model, which aim is to collect all contractual cash flows and which also have contractual cash flows representing solely principal and interest on the outstanding principal. Subsequently, they are measured at amortised cost, as determined by the effective interest rate method (hereinafter the amortised cost). During the accounting period 2024 (2023), the Company had in this category other receivables and financial assets (see Note 8.1), trade receivables (see Note 8.2), deposits in Volkswagen Group companies and cash. Deposits in Volkswagen Group companies are included in cash equivalents (see Note 10).

b) Financial assets at fair value through profit or loss (portfolio FVPL)
Within this category, the Company classifies all other debt instruments that are held for trading purposes or their contractual cash flows that do not represent solely payments of principal and interest on the principal amount outstanding. Subsequently, they are measured at the fair value through profit or loss. Within the debt instruments, the Company had only trade receivables in this category that were held for sale through factoring arrangement during the 2024 (2023) accounting period (see Notes 2.18 and 8.2). The realised and unrealised losses from the changes in the fair value of these receivables were included in the financial expenses in 2024 (2023).

Derivatives are classified in category FVPL, provided that they do not meet the conditions of hedge accounting. During the accounting period 2024 (2023), the Company had receivables from trading derivatives in this category (see Note 2.5.3 and 8.1). The realised and unrealised gains and losses from changes in the fair value of financial derivatives held for trading were included in other operating income or other operating expenses in 2024 (2023).

Equity Instruments

An equity instrument is a contract that evidences a residual interest in the assets after deducting all liabilities. For equity securities that are not held for trading purposes, the Company decided at the time of their initial recognition that subsequent changes in fair value will be reported in other comprehensive income.

These equity instruments are therefore classified in the category: Financial assets at fair value through other comprehensive income (FVOCI portfolio). Upon derecognition, realized gains or losses from these equity instruments are not reclassified from other comprehensive income to profit or loss for the current period. Dividends are included in profit or loss only when they represent a return on investment.

During the accounting period of 2024 (2023), the Company had an investment in equity instruments of another entity classified in this category (FVOCI) (see Note 8.1), which does not have a market price quoted in an active market.

2.5.1.2 Impairment

The Company applies an impairment model reflecting expected credit losses (ECL), under which an allowance is recognized before a credit loss occurs. For trade receivables, the Company has opted to apply the simplified approach using an impairment matrix.

Simplified Approach to Impairment

Simplified approach using provision matrix
The Company determines the amount of allowances using provision matrix for trade receivables. The provision matrix is based on the application of the appropriate loss rate to the outstanding balances of trade receivables (i.e., the aging analysis of receivables).

The Company applies the following steps to estimate impairment allowances using the simplified approach. The Company first divides its individual trade receivables into groups of receivables with similar credit risk characteristics. The Company identifies the most important factors driving the credit risk of each group. In the second step, the Company establishes a historical loss rate for each group with similar credit risk characteristics. This rate is based on past 3 consecutive accounting periods. In the next step, the Company determines the expected loss rate for each group of receivables, which is further divided into subcategories based on the number of days past due (e.g., the loss rate for receivables that are not due, the loss rate for receivables 1–30 days past due, loss rate for receivables 31–60 days past due, etc.). When determining the expected loss rate, the Company takes into account whether the historical loss rates were incurred under economic conditions that correspond to the expected conditions during the exposure period of the given portfolio of receivables at the balance sheet date.

In the last step, the Company calculates the amount of impairment allowances based on the current gross amount of receivables multiplied by the expected loss rate.

If a trade receivable is categorised as irrecoverable, the allowance is set for 100% of amount of trade receivable. A creation of allowances is recognised in other operating expenses in profit or loss. In cases where a receivable can no longer be subject to enforcement activity (e.g., the receivable ceases to exist, as a result of court resolution due to the lack of assets in the bankruptcy, the debtor perished without a legal successor, etc.), the receivables are written off against the related impairment allowance.

2.5.1.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the Company neither transferred nor retained substantially all risks and rewards but transferred control.

2.5.2 Financial Liabilities

Classification

The classification depends on the purpose for which the financial liabilities were contracted. The Company's management determines the appropriate classification of financial liabilities at their initial recognition. A separate group of financial liabilities consists of financial derivatives with a negative fair value, which are reported as hedging derivatives (see Note 2.5.3).

The Company classifies financial liabilities into the following categories:

a) Financial liabilities measured at fair value through profit or loss
Financial liabilities at fair value through profit or loss are financial liabilities held for trading or so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedging instruments. Realised and unrealised gains and losses from changes in the fair value of financial liabilities at fair value through profit or loss are included in other operating expenses or in other operating income. During the accounting period 2024 (2023), the Company only had financial derivatives in this category (Note 2.5.3 and 13.1).

b) Financial liabilities measured at amortised cost
Financial liabilities are measured at fair value net of transaction costs at initial recognition. Subsequent measurement is at amortised cost by applying the effective interest rate method. In this category, the Company recognises trade payables (see Note 13.2) and lease liabilities (see Note 13.1). For lease liabilities, specific valuation procedures apply at initial recognition, see Note 2.13.

Derecognition

The Company derecognises financial liabilities only when the contractual liabilities of the Company are discharged, cancelled or expired. The difference between the carrying amount of a derecognised financial liability and the consideration paid is recognised in profit or loss.

2.5.3 Financial Derivatives

The Company uses derivative financial instruments to hedge currency and price risks. Within derivative financial instruments, currency forwards and commodity swaps are primarily used.

Derivative financial instruments are measured at fair value. To determine the fair values of financial derivatives, that are not traded on an active market, valuation techniques, such as the present value of expected future cash flows, are used. The fair value of currency forwards is determined as the present value of future cash flows based on market interest rates (OIS - Overnight Indexed Swap). The fair value of commodity swaps is determined as the present value of future cash flows based on LME (London Metal Exchange) rates.

The method of recognizing gains or losses from the revaluation and subsequent realization of financial derivatives depends on whether the derivative is classified as a hedging derivative or a trading derivative.

The Company classifies as hedging derivatives only those derivatives that meet the conditions for hedge accounting. The Company hedges against changes in cash flows resulting from changes in spot exchange rates and, starting from 2024, also against changes resulting from other price changes. (During 2024, the Company implemented hedge accounting for other price risks arising from a combination of commodity and currency risks.) The hedged items are highly probable forecast transactions. The Company determines the volume of highly probable forecast transactions which is designated for hedging of a specific risk (the so-called nominal) and hedges 100% of this nominal value. (The nominal value of the financial derivative corresponds to the nominal value of the hedged item). Therefore, the hedging ratio is set at 100%.

Changes in the value of the spot and forward components of currency financial derivatives and changes in the fair value of commodity swaps that meet the criteria for effective cash flow hedging are recognized in the cash flow hedge reserve in equity, which is part of other comprehensive income.

If the hedged forecast transaction subsequently results in the recognition of a non-financial asset (e.g. inventory), the Company removes the values from the revaluation of derivatives in the cash flow hedge reserve in equity and includes them directly in the acquisition cost of the non-financial asset. If the hedged forecast transaction (e.g. hedge of future revenues) results in the recognition of a financial asset, the Company removes the values from the revaluation of derivatives in the cash flow hedge reserve in equity and includes them in the income statement as revenue or a reduction of revenue in the period in which the hedged item affects the income statement. Hedge ineffectiveness is recorded in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting or is settled early, the cumulative gains or losses arising from the hedging instrument, which is recognized in other comprehensive income during the effectiveness of the hedging instrument, remains there until the original forecasted hedged transaction is finally recognized. However, if it is no longer expected that the forecasted transaction will occur, the cumulative gains or losses that were recognized in other comprehensive income are immediately transferred to the income statement. Hedge effectiveness is primarily determined prospectively using the Critical Terms Match (CTM) method.

In 2023, the Company economically hedged against other price changes related to commodity risk using commodity swaps and related currency forwards, for which it did not apply hedge accounting. Changes in the fair value of these derivative instruments, which did not meet the criteria for effective cash flow hedging, were recorded directly in the income statement and classified as revenue or expense for the period.

In the tax area, all financial derivatives, whether for hedging currency risk or other price risk, are treated under the trading regime, leading to temporary differences and impacts on deferred tax.

2.5.4 Offsetting of Financial Instruments

The Company presents financial assets and financial liabilities offset in statement of financial position in net amount only when it has currently a legally enforceable right to set off the recognised financial asset and liability and intends to settle on net basis or to realise the asset and settle the liability simultaneously. Legal right must be enforceable both in the normal course of business, but also in the event of default, insolvency or bankruptcy of any contractual counterparty.

2.6 Investments in Subsidiaries and Associates

Subsidiaries are investees that are controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Associates are all entities in which the Company has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. This significant influence is generally connected with ownership of 20 to 50 per cent of the voting power or is usually evidenced in one or more of the following ways:

(a) representation on the Board of Management or equivalent governing body of the investee;
(b) participation in policy-making processes, including participation in decisions about dividend or other distributions;
(c) material transactions between the investor and the investee;
(d) interchange of managerial personnel; or
(e) provision of essential technical information.

Recognition, Measurement and Derecognition

Investments in subsidiaries and associates are carried in the separate financial statements at cost less any impairment loss. The cost of the investment represents the cost of the investment as agreed between the parties, which represents the consideration paid by the Company to the selling party.

The Company recognises a dividend from a subsidiary or associate in financial income when the right to receive the dividend is established.

Financial assets are derecognised from the balance sheet if the right to receive cash flows from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership or if the Company has not transferred substantially all the risks and rewards but did not retain the control.

Impairment

The Company determines at each reporting date whether there is objective evidence that the value of share on equity of subsidiaries and associates is impaired. In the event of impairment (or reversal of impairment) of investments in subsidiaries and associates, the impairment loss (or gain on reversal of impairment) is presented in the income statement in financial result.

2.7 Current and Deferred Income Tax

The income tax expense consists of current income tax and deferred income tax. The tax expense is recognised in the income statement with the exception of cases when it relates to items recognised in other comprehensive income or directly in equity. In such cases the current income tax and deferred income tax are recognised in other comprehensive income or directly in equity.

2.7.1 Current Income Tax

Current tax liabilities (receivables) for the current period and preceding periods are recognised in the amount of expected payments to or claims from tax offices, using the tax rates (and tax laws) valid in the respective period. Current income tax relating to the current accounting period and to preceding periods reduced by the amount already paid is recorded as a liability. If the amount already paid in the current and in preceding periods exceeds current income tax related to these periods, the difference is recorded as a receivable (income tax receivable).

The situations, in which the expected amount of payment to the tax authorities (or expected receipt from them) is based on the interpretation of tax laws, are regularly reassessed and the expected payments to tax authorities (or expected receipt from them) are adjusted accordingly to reflect the best estimate of the amount to be paid to tax authorities (or to be received from them) based on legislation enacted or substantially enacted by the balance sheet date.

The income tax expense is determined on the basis of the result from the accounting records maintained in accordance with Czech legislation in CZK. For the purposes of presentation of the income tax expense in these separate financial statements, the current income tax expense in CZK is translated at the Group exchange rate* at the reporting date. When the tax payable is settled, a realised exchange difference arises from the difference in the Group exchange rate* between the closing date and the date of settlement.

Top-up Tax

The OECD's Model Rules for the Pillar II have been enacted in the Czech Republic, where the Company operates, through the Equalization Tax Act and are effective for the Company for the accounting period beginning on 1 January 2024.

The Company intends to utilize the transitional "safe harbour" rules, which allow for simplified calculations of the effective tax rate for top-up tax purposes under certain conditions.

The impact of these simplified rules on the current income tax is disclosed in Note 21.

2.7.2 Deferred Income Tax

Deferred income tax is determined using the balance-sheet liability method, based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates and tax laws, that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

In accordance with IAS 12, deferred tax assets and liabilities are offset, where the Company has the enforceable right to offset the current tax assets and liabilities and if the deferred tax assets and liabilities relate to income taxes levied by the same tax authority. Deferred tax assets and deferred tax liabilities from lease transactions are initially recognised on gross basis (see Note 14) and offset later at balance sheet level.

Deferred tax relating to items recognised in other comprehensive income (for example the effective portion of changes in the fair value of financial derivatives that are designated and qualify as cash flow hedges) is also recognised in other comprehensive income.

The Company recognises deferred income tax assets relating to unused tax credits from investment incentives against deferred tax income in the income statement to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised.

The Company applied the mandatory exception under IAS 12 and does not disclose information on deferred tax assets and liabilities arising from the implementation of the OECD's Pillar II Model Rules (introduction of a global minimum level of taxation) into the tax regulations of the Czech Republic.

* The exchange rate of the Volkswagen Group, which is derived from exchange rates from the Refinitiv database (provider of financial market data).

2.8 Inventories

Purchased inventories (raw materials, consumables, supplies and materials used in production, goods) are stated at the lower of cost and net realisable value. Costs include purchase costs and other acquisition costs (e.g., transport and packaging) and hedging effects (see Note 2.5.3).

Inventories generated from own production, i.e., work in progress and finished goods, are stated at lower of own production costs or net realisable value. Own production costs include direct material, direct wages and production overheads. The administration overhead expenses are not included in the valuation of work in progress and finished goods.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion less applicable variable selling expenses. Net realisable value reflects all risks of obsolete and redundant raw materials and excessive original parts.

A weighted-average calculation is used to account for the consumption of materials.

2.9 Cash and Cash Equivalents and Cash flow statement

The cash and cash equivalents disclosed in the cash flow statement also comprise, in addition to cash and short-term deposits in banks, short-term deposits in Volkswagen Group companies (mainly in Volkswagen International Belgium SA (VIB), the Regional Treasury Centre) with original maturity of less than three months, which are readily convertible to known amounts of cash, the risk of changes in value is not significant and are held to meet short-term financial liabilities rather than for investment or other purposes. When classifying Group deposits as cash equivalents, the Company also assesses the creditworthiness of Group companies in which free liquidity is deposited and takes into account the overall performance of the Volkswagen Group.

Detailed information relating to cash and cash equivalents is disclosed in Note 10.

Cash flows are presented in the cash flow statement and are classified into cash flows from operating activities, investing activities and financing activities. Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate non-cash expenses (mainly depreciation, losses and reversals of impairment losses on non-current assets and changes in provisions) and changes in working capital. Investing activities include additions to property, plant and equipment, financial assets, as well as to capitalised development cost. Financing activities include in addition to the outflows of cash from dividend payments, redemption of liabilities from financing, also outflows and inflows from other borrowings.

2.10 Provisions for Employee Benefits

Provisions for Other Long-Term Employee Benefits

The following types of long-term employee benefits are included in the provision for other long-term employee benefits:

— service jubilee benefits;
— termination gratuity benefit payable before retirement from the Company.

The entitlement to these benefits is usually conditional on the employee remaining in service for a certain service period or up to the moment of a certain work anniversary of the employee. The amount of provision corresponds to the present value of long-term employee benefits for past service at the balance sheet date determined using the projected unit credit method.

These obligations are valued annually by independent qualified actuaries. Actuarial remeasurements arising from changes in actuarial assumptions and experience adjustments are charged or credited to the income statement.

The present value of other long-term employee benefits is determined by discounting the estimated future cash outflows arising from their settlement using interest rates equal to market yields of Czech government bonds because there is no deep market of high-quality corporate bonds denominated in CZK. The term and currency of these bonds are consistent with the currency and term of the respective other long-term employee benefits.

2.11 Other Provisions

In accordance with IAS 37, provisions are recognised where a present obligation exists to third parties as a result of a past event; where a future outflow of resources is probable; and where a reliable estimate of that outflow can be made. Future outflows are estimated with respect to particular specific risks. Provisions not resulting in an outflow of resources within one year are recognised at their settlement value discounted at the balance sheet date. Discount rates reflect the current market interest rates, inflation and the specific risks of the respective liabilities. Where there is a number of similar obligations, the likelihood that an outflow occurs upon the settlement is determined by considering the class of obligations as a whole.

The provision for onerous contracts is created in the amount of all directly attributable contract performance costs. Costs directly related to the contract include both the incremental costs of performing the contract (e.g., direct personnel or material costs) and the allocation of other directly related costs (e.g., the allocation of depreciation of items of property, plant and equipment used in the performance of the contract).

2.12 Revenue and Expense Recognition

Revenue Recognition

At first, all contracts with customers are analysed to identify all performance obligations to a customer. Subsequently, the transaction price is determined which is, in case of identified multiple performance obligations, allocated according to a relevant key. Consequently, the revenue is recognised for the particular performance obligation in the appropriate amount either at a certain point in time or the revenue is deferred as a contract liability and afterwards allocated over certain time.

Revenue from the sale of cars, spare parts and accessories and the supply of car components including battery modules within the Volkswagen Group is recognised when the control is transferred to the customer depending on the particular contractual terms where the amount of the revenue is agreed or can be reliably determined, and the collection of the consideration is probable. This generally corresponds to the point when products are transferred to resellers or when they are transferred to final customers in case of direct sales.

If discounts are granted for sold cars (typically as sales support), the discount amount is estimated as reliably as possible already at the time of the sale of the car and thus the revenue from the sale of the cars is reduced by this amount. The consideration received (or receivable) from customer arising from the sold car, which represents an uninvoiced sales support for the Company (i.e., amounts not included in the transaction price) is recognised as a refund liability within trade liabilities.

The Company provides to other car manufacturers licences for the production of Škoda cars. These are divided into two main groups: one-off licences and per-piece licences. Because the transfer of the licence can be determined and the licence provides the right to use intellectual property, the performance obligation is fulfilled at a certain point in time.

Revenue from one-off licences is recognised only when the intellectual rights are transferred i.e., when the intellectual property is transferred or when partial delivery has been completed (e.g., delivery of technical documentation, technical support, etc.). Revenue from per-piece licences is recognised based on the number of cars produced in the respective reporting period.

Based on licence agreements with certain contractual parties, the royalties may be returned if licence is not utilised by the counterparty. This royalty revenue is recognised in the expected amount taking into account the estimate of the risk of a royalty refund.

Revenue arising from separate rendering of services (e.g., revenues from the sale of the prolongation of Škoda Connect services) is recognised when the services are rendered or on a straight-line basis over the period of time when the services are provided via an indeterminate number of acts over a specific time period. At first, the received consideration is recognised as a contract liability from the considerations received and subsequently the respective revenue is recognised on a straight-line basis depending on the duration of the service contract.

Revenue arising from rendering of services, which are sold together with a car but are separable from it (e.g., revenue from the sale of extended guarantee or of Škoda Connect services) which will be provided in future periods is identified as distinct performance obligation including the duration period. Subsequently, the transaction price is determined which is allocated between the car and other services. The transaction price attributable to the services is derived from the market prices at which these services can be purchased separately. Subsequently, a contract liability from the consideration received is recognised and the respective revenue is recognised depending on the way of consuming of the services by customers.

Expense Recognition

Costs of sales include production costs, costs of goods purchased for resale, and additions to warranty provisions and purchase risk provisions. Research and development costs not eligible for capitalisation in the period, depreciation and impairment charges for capitalised development costs and production equipment are likewise presented as cost of sales.

Distribution expenses include personnel and material costs, and depreciation and amortisation applicable to the distribution function, as well as the costs of shipping, advertising, sales promotion, market research and customer service.

Administrative expenses include personnel costs and overheads as well as depreciation and amortisation applicable to administrative functions.

2.13 Leases

The Company rents office space, storage facilities, transport equipment, transport pallets, office technical equipment (e.g., computers, multifunctional equipment, etc.) and other assets which are needed to operate its business activities.

The Company assesses from the lessee's perspective whether a contract is in a substance a lease or is a contract for a provision of services at lease inception. A contract is in substance a lease if the Company controls the use of an identifiable asset. The Company reassesses, whether a contract is a lease in substance; only when the terms and conditions of the contract change.

Short-term leases (leases for which the lease term is less than 12 months and cannot be extended) and leases of low-value assets are charged to profit or loss on a straight-line basis over the lease term (see Note 24). Assets with an acquisition cost of less than €5,000 when new are considered to be low-value assets by the Company.

For other leases, the Company reports right-of-use assets and a lease liabilities.

Right-of-Use Assets

Right-of-use assets for leases are included in the balance sheet items where the corresponding underlying assets would be reported if the Company actually owned the assets. For this reason, as of the balance sheet date, right-of-use assets are presented as non-current assets under the item Property, Plant and Equipment, see Note 5.

Lease Liability

At the date of commencement of the lease, the Company recognises a lease liability at a present value of future lease payments not settled at that date.

Subsequently, the Company recognizes a lease liability using the effective interest rate method. The interest is included in profit or loss under financial expenses. The Company discounts lease payments over the lease term using the incremental borrowing rate. The Company considers the longest possible period that is reasonably certain as the total lease term. See Note 13.1 for further information on lease liabilities.

Right-of-use assets

At the date of commencement of a lease, the Company recognised a right-of-use asset at acquisition cost. The acquisition cost includes the amount lease liability at lease commencement date, any lease payments made at or before the lease commencement date, less any lease incentives received, including any initial direct costs and an estimate of costs of restoring the underlying asset to the condition required by the terms of the lease contract.

Subsequently, the Company reports the right-of-use asset at cost less accumulated depreciation and impairment losses and adjusted for effects of remeasurements of lease liability upon lease modifications. The right-of-use asset is generally depreciated straight line over a shorter of useful life of the asset and the lease term. If the Company is reasonably certain to exercise the purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

The estimated useful lives are as follows:

Buildings	33 years
Other equipment, operating and office equipment	5 years
Means of transport	5 years

Right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. See Note 2.4. Further information on the rights-of-use assets can be found in Notes 5 and 24.

2.14 Subsidies and Government Grants

Subsidies of entrepreneurial activities, employee training, retraining costs and extraordinary government grants are recognised as a reduction of the costs for which they were intended to compensate. Government grants, including non-monetary grants related to the purchase of tangible and intangible assets, are recognised at fair value as reduction in the value of tangible and intangible assets. The Company recognizes a grant when it has an undisputable entitlement to the grant under the specific terms of each grant.

2.15 Related Parties

A related party is a person that has control or joint control over the reporting entity; has significant influence over the reporting entity; or is member of the key management personnel of the reporting entity or of a parent of the reporting entity. A related party is also an entity which is a member of the same group as the reporting entity and other entities as defined by IAS 24 article 9 par. b.

Related party transactions are generally conducted at arm's length basis.

2.16 Equity

The substance of a financial instrument, rather than its legal form, governs its classification in the Company's statement of financial position. Ordinary shares are classified as share capital.

Share premium is represented by the difference between the nominal value of shares issued on share capital increase and the market price of shares and is recognised within equity.

2.17 Share-Based Payments

Top Management (TMK* and the Board of Directors)

Share-based payments consist of performance shares. At the time of grant, the annual target amount is converted into performance shares of the company based on the initial reference price of Volkswagen AG's preferred shares, which are allocated to the respective recipient purely for calculation purposes. The resulting payment amount corresponds to the final number of prescribed performance shares multiplied by the final reference price at the end of the three-year period, increased by the equivalent dividend for the respective period. The payment amount under the performance share plan is capped at 250% of the target amount. Each performance period (referred to as the performance share plan) lasts for three years. Cash settlement is made at the end of the three-year performance share plan period.

2.18 Factoring

In previous years, the Company had contractual arrangements for receivables financing (customer financing), which were significantly reduced or completely terminated in 2023 and 2024.** Selected receivables from foreign customers were transferred by the Company in 2023 and 2024 based on a non-recourse factoring agreement to Volkswagen Group factoring companies (specifically Volkswagen International Belgium S.A. - VIB and Volkswagen Finance Belgium S.A. - VFB), with these companies assuming the full risk of insolvency of the original customer/debtor. The Company derecognizes the receivables at the time of their transfer. Factoring fees, which consist of a service fee for receivables management including a margin, risk assumption of non-payment, and financing (interest), are included in the Company's financial result at the time of transfer. Outstanding transferred receivables are reported as part of trade receivables.

The Company continues to assign receivables from domestic customers who are not part of the Volkswagen Group to the Group company ŠkoFIN s.r.o. under a non-recourse factoring agreement, but at the same time, based on the "delcredere risk" agreement, which defines the principle of risk sharing between the Company and the factor, the Company is exposed to partial risk due to non-payment of the receivable by the original debtor. The Company derecognises the receivables at the time of assignment, disclosing in Notes to the separate financial statements qualitative and quantitative information on its continuing exposure, see section 3.1.6. The factoring company's commissions are included in the Company's financial result at the time of their settlement by the factor. Outstanding assigned receivables are recognised in Trade receivables.

In 2024, the Company had contractual arrangements that can be classified as supply chain financing (SCF) arrangements. Supplier financing agreements are generally characterized by one or more finance providers offering to pay amounts that the entity owes to its suppliers. These agreements may provide the entity with extended payment terms or the entity's suppliers with earlier payment terms compared to the due date of the related invoice. The contractual arrangements entered into by the Company have the following characteristics. An external bank, as the financing provider, pays the liabilities that the Company owes to its suppliers directly to these suppliers, with the suppliers having the option, but not the obligation, to receive early payment of their receivables. The Company makes payments of its liabilities to its suppliers directly to the external bank on the due date specified on the invoices issued by the supplier. The Company does not incur any obligations to pay costs related to financing (e.g., interest, service fees of the financing provider, etc.) from the supply chain finance arrangements. Based on the above characteristics of the contractual arrangements, the Company's management has concluded that these contractual arrangements do not constitute financial liabilities for the Company. The purpose of these SCF arrangements is to help suppliers obtain accessible credit.

The liabilities to suppliers included in the SCF are therefore not reclassified by the Company as financial liabilities and are reported under trade payables. Further information about these agreements is provided in Note 13.2.

In 2023, the Company did not have any significant contractual arrangements that can be classified as supplier finance arrangements and from which a financial obligation would arise for it (reverse factoring).

* TMK (Konzerntopmanagementkreis): Group Top Management.

** With the transition to the new functional currency, the euro, the Company terminated all foreign currency receivables factoring as at 1 January 2023, except for factoring with domestic customers. Furthermore, as at 1 January 2024, the Company ceased transferring receivables from Volkswagen Group companies to the Group factoring company VIB. From 1 January 2024, the Company only transfers receivables denominated in euros from third parties under non-recourse factoring.

2.19 Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions are continuously assessed by management. The estimates and assumptions are based on historical experience and other factors, including the realistic assessment of future developments. In recent years, in particular as a result of the Russia-Ukraine conflict and the lingering effects of the Covid-19 global pandemic, the Company's management had to make a significantly more judgements while dealing with a higher degree of uncertainty. The basic premises on which the Company's management based its estimates and assumptions in 2024 (2023) concerning the future are disclosed in Note 1.3.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

Going Concern Assumption

The fundamental accounting assumption of going concern must always be assessed by the accounting entity whenever preparing financial statements. If there are indicators from the internal or external environment, the accounting entity must conduct a more detailed analysis and assessment of risks that could disrupt this assumption. The results of the assessment of the going concern assumption for the accounting periods 2024 and 2023 are presented in Note 1.3.

Impairment of Non-Current Assets

Intangible assets that are not yet ready for use and intangible assets with an indefinite useful life must be tested for possible impairment every year, as noted in Note 2.4. Furthermore, during the product life cycle and in exceptional cases even before its commencement, events may occur that indicate the value of the so-called cash-generating unit could be impaired. To determine any possible impairment, the Company estimates value in use of the cash-generating units, which is calculated as discounted expected future cash flows generated by the business attributable to each cash-generating unit.

For determination of the estimated future cash flows, the Company applies estimates and assumptions regarding future sales of its products, economic development of the individual markets and development of the automotive industry during the next five or more years. Although the Company estimates the value in use of the cash-generating units based on the best information and data currently available to the Company, the risk of future changes and uncertainty with respect to the future development of the applied assumptions in the following years remains significant. More detailed information about impairment losses is included in Note 4 and Note 5 in the section Impairment reviews.

Valuation of Investment at Fair Value

The Company holds equity instruments of another entity that fall within the scope of IFRS 9. The investment is measured at the fair value at the balance sheet date. The Company intends to hold it as the long-term investment; therefore, the Company classifies it as fair value through the other comprehensive income and reports unrealized gains and losses from its revaluation in other comprehensive income. The fair value of the financial investment is determined as the present value of future cash flows from dividends using a discount rate derived from the Company's cost of equity. In determining the fair value of an investment, the Company considers the following significant unobservable inputs: business planning assumptions (e.g., cash flows from operating activities); the growth rate of the industry and the discount rate derived from the cost of equity. In determining the Company's estimate of future dividends of an entity in which equity instruments have been invested, the Company works primarily with expectations and assumptions about future sales of its products and the future development of the economic environment in which the entity operates.

Although the Company prepares an estimate of the fair value of the investment based on the best available information and data currently available, the risk of future changes and uncertainty about the further development of the assumptions used in the coming years remain significant. More detailed information on measuring this investment at fair value is provided in Notes 8 and 3.6.

Valuation of Investment at Cost

Investments in subsidiaries and associates are carried in the separate financial statements at cost less impairment loss. The Company tests subsidiaries and associates for which projected performance indicates a possible impairment loss. The carrying amount of the investment in the tested subsidiary or associate is compared against its recoverable amount. The recoverable amount is determined based on the higher of fair value less costs to sell and value in use. In determining the value in use of a financial investment, the Company considers the following significant unobservable inputs: assumptions relating to corporate planning (e.g., cash flows from operating activities); the industry growth rate used to estimate free cash flows after the end of the planning period; and discount rate. Although the Company prepares its estimate of the recoverable amount of the financial investment based on the best information and data available to it at the time, the risk of future changes and uncertainty regarding the future development of the assumptions used in subsequent years remains significant.

Provision for Warranty Claims

The Company recognises provisions for warranty claims for future expenses connected with the basic guarantee (2 or 3 years), with the guarantee for corrosion (dependent on the model for 10 or 12 years) and other guarantees beyond the scope of basic guarantee, especially good-will repairs and service actions. For electric vehicles, this provision also includes a provision for the warranty on the functionality of the high-voltage battery (8 years or 160,000 km, whichever occurs first).

The Company recognises the provisions for warranty claims at the moment of sale on the basis of the number of sold cars and in advance determined rates for individual model line. Provision for extraordinary service actions is recognized at the time of identification of a technical defect in relation to the number of cars sold and the respective estimated rates set for the elimination of defect.

The rates for the basic guarantee are determined on the basis of a management estimate of the average number of failures in the guarantee period and average single failure costs with regard to the specifics of individual countries and on the basis of other specific assumptions (inflation, customers groups development, etc.). The amount of the provision for corrosion is determined on the basis of the development of the guarantee costs for corrosion and the extrapolation of these costs for the relevant period. The amount of the provision for good-will repairs is determined on the basis of a management estimate of existing good-will repair costs and defined strategy of the good-will repair trademark policy with regard to specifics of individual countries. The amount of the provision for service actions is determined on the basis of a management estimate, particularly of material, personnel and possible other expenses necessary for eliminating the defects. The amount of the provision for high-voltage batteries in electric vehicles is determined based on a management estimate, particularly of material, personnel and other expenses needed to remove defects.

The estimates of the rates are continuously revised with the use of the most recent historical data about the number of failures and their repair costs. Changes in these estimates can significantly influence the total amount of the provision. The detailed analysis of the provision according to the single types, production years, guarantee types and the sales regions is prepared at the year end. Further information about the provision for warranty claims is included in Note 15.

Provision for Litigation Risks

Certain events relating to the economic activities of the Company might result in disputes resolved in court and out-of-court proceedings. The risk that future cash outflows will be required to settle the claim (damages, court fees, etc.) is assessed by the Company once it becomes involved in any court or out-of-court proceedings. The risk is assessed based on the Company's experience with similar legal actions, reflecting the latest developments in the proceedings. A provision is recognised if it is more likely than not that an outflow of economic benefits will occur in the future (the risk is assessed as medium or high). The provision is measured based on the best estimate of the expected future cash outflows. For additional information see Note 15. If the risk is assessed to be low (possible but not remote), the Company discloses further information on litigation risks under contingent liabilities. Information on contingent liabilities is disclosed in Note 27.

Provision for Purchase Risks

The provision for purchase risks is recognized for future probable expenses from open business negotiations, which are mainly caused by the global economic situation in the supply chain related to input material and energy prices, material supply disruptions and volatility of the production programme. The estimate of the provision is updated on an ongoing basis taking into account model and special equipment production limitations, input price increases, energy price developments and inflation.

Provision for Covering Emission Expenditures

The risk of future expenses on charges for exceeding CO_2 emission limits has arisen from the national legislation of some major countries and regions, notably the EU 27+2*, the UK, Switzerland and India.

The Volkswagen Group companies that have to comply with the above-mentioned regulations and rules are grouped together in so-called emission pools, which allow them to share emission targets in order to achieve synergies from savings in excess emissions charges. This may give rise to liabilities for the Company on the one hand, or claims arising from settlements between members of the internal pool on the other. The Company establishes provisions to cover emissions expenses based on new car sales when the expense is probable, and the Company will realize an outflow of economic benefit from the settlement of the liability. The Company establishes provisions based on the best estimate of future expenses for exceeding permitted emission limits. In estimating the amount of the provision, the Company uses not only expected assumptions regarding sales of Škoda products, but also expected assumptions regarding sales of products from other brands, which introduces a higher degree of uncertainty into the estimated value of the provision.

As a result of the agreement, the Company is part of the EU 28+2* emission pool. This emission pool has an obligation directly to the EU authorities to meet the emission targets. Within this emission pool, the external CO_2 target of the entire emission pool is monitored separately with respect to the obligations to the EU and the internal obligations and receivables between the individual pool members. The internal settlement between the individual members of the emission pool is done at a reduced rate per gram corresponding to the current cost structure of the possible CO_2 reduction measures. The Company had created a provision for future expenses arising from the internal settlement for EU registered cars in 2020, which was utilized in 2023. Information on this provision is disclosed in Note 15. In respect of the internal settlement for cars registered in 2024 (2023), the Company has recognised a receivable in 2024 (2023) from the EU 27+2* emission pool, see Note 25.

Based on the concluded agreements, the Company is also part of other European emission pools, the emission pool in Switzerland and the emission pool in the United Kingdom. Within these associations, the external CO_2 target of the entire emissions pool is also monitored separately, taking into account obligations to the national authority and internal liabilities and receivables among the individual pool members. Within the Swiss emissions pool, it is possible to offset potential liabilities due to non-compliance with emissions targets using emission credits, which can be purchased more advantageously on the open market.

For vehicles registered in 2024, the Company recognized a liability in 2024 to the Swiss importer, who is not part of the Volkswagen Group. The majority of the liability was established at the acquisition cost of emission credits, and the remainder as a penalty to the national authority. Due to internal settlement for vehicles registered in 2023, the Company recognized also a receivable from the Swiss pool in 2024 (2023).

In 2024, there was a significant change in the UK legislation addressing emissions regulation. A new rule was introduced that altered the period for evaluating emissions. Compliance with emissions targets is no longer assessed on an annual basis but over four-year periods (from 2024 to 2027). Within this four-year period, the Company plans to meet the emissions target, and therefore did not create any provision for the UK pool in 2024. Due to internal settlement for vehicles registered in 2023, the Company reports a receivable from the UK pool in 2024 (2023), as noted in Note 25.

In the Company's other major market, India, there is stricter emissions legislation from the Indian fiscal year 2022/2023 (1 April 2022 to 31 March 2023). The legislation determining the financial implications for manufacturers when CO_2 emission (or consumption) thresholds are exceeded is different from other countries. Decisive is not the exact amount of emissions exceeded, but the emission range achieved, and the number of vehicles sold. This legislation was approved in the Upper House of the Indian Parliament. However, the exact interpretation and commencement date are still under discussion. Škoda Auto a.s. is part of a "consortium" of Volkswagen companies that must submit to stricter emissions legislation. Due to the time difference between the Indian fiscal year and the calendar year, the total future expenditure/income for the Indian fiscal year is additionally converted to the total expenditure in calendar years, compared to European regions.

In 2024, the Company created a receivable for future income arising from internal settlement for vehicles sold in India, adjusted for the Indian fiscal year 2024. Further information on the receivable from internal settlement is provided in Note 25. In 2023, the Company established a provision for future expenses arising from internal settlement for vehicles sold in India, adjusted for the Indian fiscal year 2023, which is also reported as of 31 December 2024 Due to the currently unclear impact of the final interpretation of Indian legislation regarding the imposition of penalties for exceeding emissions targets, it was decided to recognize a provision at the most probable outcome of the penalty from all possible development scenarios. Further information on this provision is provided in Notes 15 and 25.

Other Provisions

In connection with its economic activities in various countries, the Company is exposed to risks related to customs and tax issues. The risk is assessed based on the Company's experience with similar cases, reflecting the actual circumstances. A provision is recognised if it is more likely than not that an outflow of economic benefits will occur in the future. The provision is measured based on the best estimate of the expected future cash outflows.

In connection with the negative events arising from the Russia-Ukraine conflict, the Company has been and is exposed to the risk of outflow of future economic benefits from the concluded onerous contracts related to business activities in the region. The amount of the risk is assessed based on the actual development of the situation in the conflict area, with a potential provision being recognized in the amount of an estimate of all directly related contract performance costs.

Furthermore, the Company is exposed to the risk of outflow of future economic benefits due to changes or adjustments in the production program. Based on the change in the production program in the area of battery module manufacturing, the Company has created a provision for an onerous contract. The provision for an onerous contract is recognized in the amount of all costs directly related to fulfilling the contract.

Further information on costs directly related to onerous contracts is provided in Note 2.11. Additional information on other provisions is provided in Note 15.

Useful Lives

The estimated useful lives of individual tangible and intangible assets or classes of assets are determined based on the Company's experience with similar assets and in accordance with the expected future economic benefits of the assets, taking into account also changes in production plan and expected utilisation of these assets. If the estimate of useful life changes during the review, the remaining useful life shall be adjusted, and unscheduled depreciation shall be taken as necessary.

In 2024, there was a revaluation and extension of the useful life of special tools and development costs. As a result of this adjustment, the operating result in 2024 increased by €32 million for special tools and by €12 million for development costs. (In 2023, the revaluation and extension of the useful life was applied only to special tools. This adjustment resulted in an increase in the operating result by €119 million in 2023.)

Intangible assets show the highest uncertainty in estimating the useful life. Net book value of intangible assets was €3,086 million as at 31 December 2024 (as at 31 December 2023: €2,899 million). Average useful life of intangible assets was 7 years in 2024 (in 2023: 7 years).

Functional Currency

Items included in the Company's financial statements are measured in accordance with IAS 21 using the functional currency. The standard defines the functional currency as the currency of the primary economic environment in which the entity operates. The Company primarily operates in the economic environment of the Czech Republic, but due to its foreign activities, it is also exposed to the influences of other economic environments. The Company regularly conducts analyses of the functional currency criteria according to IAS 21. In determining the functional currency, the Company's management follows its general definition and other factors, particularly monitoring the proportion of currencies that significantly influence the selling prices of goods and services and evaluating the currency mix of costs. In determining the functional currency, management also considers the currency in which financing sources are generated and in which income from operating activities is held. The Company also regularly monitors and evaluates any indications and trends in the primary economic environment that could affect its functional currency in the future. Detailed information on the analysis of functional currency criteria is provided in Note 1.4. An evaluation of the time series of significant indicators (primarily the relative proportion of different currencies involved in sales and purchases) revealed that the functional currency of the Company for the 2024 (2023) accounting period is the euro, as noted in Note 2.1.

* EU 27+2 = 27 EU member countries + 2 non-member countries: Norway and Iceland; EU 28+2: 28 member countries including the UK + 2 non-member countries: Norway and Iceland

3 Financial Risk Management

The Company operates in the automotive industry, sells its products in many countries around the world and therefore performs transactions connected with a variety of financial risks. The objective of the Company is to manage these risks through application of a flexible hedging strategy with utilisation of various instruments. The structure of financial risk management in the Company is based on the unified principle of risk management applied in the Volkswagen Group. The Volkswagen Group's risk management principles are in compliance with the requirements of the German Act on Control and Transparency in Enterprises (KonTraG).

In compliance with the Volkswagen Group policy all hedging operations are agreed and implemented in cooperation with the Treasury department of the Volkswagen Group.

Management of the Company is regularly informed of current financial and other related risks (liquidity, foreign exchange rates, interest rates, prices of commodities, invoice currencies, payment conditions, etc.), which is achieved through regular "Liquidity Meeting" attended by member of the Board of Management for Finance, IT and Legal matters and representatives from Treasury, Controlling and Accounting. Inputs to and decisions from the meetings are discussed with Volkswagen Group Treasury, especially such that concerns FX hedging and commodity risks. These meetings have predefined agenda, which includes also information on the macroeconomic indicators. Meetings have a formalised structure and all minutes including the decisions are recorded and their fulfilment is periodically evaluated.

3.1 Credit Risk

Credit risk is a risk that one party to a financial instrument will cause a financial loss to other party by failing to discharge an obligation. Credit risk arises in the normal course of the Company's operations, as well as through activities connected with financial market transactions (money market, currency conversion, derivatives transactions, etc.). Credit risk arising from operations on the financial market is managed by Volkswagen Group Treasury through determination of maximal limits for individual counterparties.

The quantification of credit risks is based on several different primary criteria, of which the most significant are the country risk and the counterparty risk. The counterparty risk is monitored at the Volkswagen Group level.

The acceptance of new business partners is reliant on standard approval procedures. The Company's involvement with counterparties is managed by means of credit limits that are monitored and reassessed on a regular basis. A utilization of these limits is monitored and evaluated on a regular basis.

As part of credit risk management, there is also active administration and management of receivables. Trade receivables are categorized based on the hedging strategy into receivables from foreign entities, domestic entities, and group companies. Both preventive and additional hedging instruments are used to secure receivables. Preventive hedging instruments are primarily utilized at the moment of concluding a business contract. A mandatory hedging instrument in newly concluded written contractual relationships is the stipulated interest on late payments, and some trade receivables are further secured by the retention of title to the sold goods until the purchase price is fully paid. An integral part of the prepared contract is the determination and agreement of payment terms, which is ensured by the Treasury department. For additional security of risky receivables, instruments such as acknowledgment of debt, instalment plan, promissory note, lien, or notarial deed are used in various combinations. Employee loans are secured by the guarantor institution.

Trade receivables from customers located abroad include receivables from importers and other foreign customers. The receivables from importers are secured by the following financial security instruments: prepayments, standby letters of credit, documentary letters of credit, bank guarantees and assignment of receivables through factoring, see Note 2.18.

Only an immaterial part of receivables from other customers arises from the delivery of goods conducted with payment due at the invoice maturity date.

Receivables from domestic customers are divided into two groups: receivables from contractual partners bound by sales or service agreements, and from other domestic customers. The receivables arising from sales of new and used vehicles to contractual partners are transferred to factoring without recourse or with partial recourse, see Notes 2.18 and 3.1.6. The securing instrument for contractual partners with a lower creditworthiness, technical documents for new and used cars are deposited with a banking institution until the purchase price is paid. (From 1 April 2023, C.O.C.* certificates are deposited for new cars, while the technical certificate continues to be deposited for used cars.) Credit limits are set up for the supplies of new and used vehicles, original parts and accessories. The new orders of goods are automatically blocked in case the customer fails to settle due balances when the credit limit is exceeded. Supplies to other domestic customers are realised on credit terms. If the receivable is not paid by the due date, reminders are sent to customers at regular intervals. In case of unsuccessful reminders, legal enforcement is initiated.

Trade receivables from group and affiliated companies are considered by the Company to be the least risky, and therefore, deliveries of goods are made with payment due on the invoice's due date. In 2023, group receivables denominated in euros were transferred through factoring to the group factoring company VIB. However, as at 1 January 2024, the contractual agreements regarding customer financing for group companies were terminated, see Note 2.18.

The usual invoice payment terms for domestic sales of goods are 14 or 30 days. For international sales, the payment terms typically range from 30 to 180 days, but they can be longer depending on the type of goods, the customer's country, and the payment terms specified in the contract. Interest on late payments is charged on unpaid trade receivables according to the contractual terms.

In the following table, the reported figures represent either the carrying value of secured trade receivables, or the collateral value if this value is lower, determined individually for each instrument (both to third parties and related parties) presented in Note 8.2:

€ million	**2024**	**2023**
Retention of legal ownership title to sold cars	33	38
Bank guarantee	10	116
Letters of credit	55	50
Documentary collection	3	4
Total	**101**	**209**

As at 31 December 2024, the Company recorded bank guarantees securing advance payments paid to suppliers in the amount of €185 million (as at 31 December 2023: €164 million). As at 31 December 2024 (and 31 December 2023), the Company had no pledges as collateral for loans.

* C.O.C. (Certificate of Conformity) is the document used to register a vehicle for the first time in the relevant country.

3.1.1 Maximum Exposure to Credit Risk

The maximum exposure to credit risk in case of activities connected to business operations, granting of loans, supplier credits provided to customers and deposits in companies within Volkswagen Group and bank deposits is calculated as the gross carrying amount of the above-mentioned financial assets less any impairment provisions and the value of guarantees unrecognised in the balance sheet. The exposure to credit risk of derivatives is measured at fair value of the derivative.

The amount of guarantee provided by the Company is €3 million as at 31 December 2024 (as at 31 December 2023: €3 million). Detailed information on the guarantee is provided in Note 3.1.6.

3.1.2 Risk Concentration

The Company monitors concentration of credit risk primarily by the original currency of the transaction in which the financial assets are denominated and by distribution regions. The sensitivity of the Company to foreign exchange risk is disclosed in Note 3.4.1. As a result of the Russia-Ukraine conflict, the Company experienced a significant concentration of credit risk in the Russia sales region in past years. Upon termination of all production and trading activities in this sales region, the credit risk materialised, and the receivables were written off to other operating expenses on a one-off basis in 2023, see Note 18.

A significant portion of financial assets is of an intra-group nature. The Company deposited free cash only in Volkswagen Group companies.

The total volume of deposits in Volkswagen Group companies amounted to €708 million as at 31 December 2024 (as at 31 December 2023: €72 million), of which:

— Deposits with an original maturity of up to three months included in the balance sheet under Cash and cash equivalents, see Note 10: €199 million (as at 31 December 2023: €0 million),
— Overnight deposits from cash pooling included in the balance sheet under Cash and cash equivalents, see Note 10: €509 million (as at 31 December 2023: €72 million).

The Company did not consider probable that a default could occur in connection with the free cash deposited in 2024 (2023). The expected credit loss resulting from a possible default in the Russia sales region is presented in Note 3.1.5.

Possible risk of unpaid receivables from third parties was individually not significant (spread between various debtors and regions).

3.1.3 Credit Quality of Financial Assets

The following table shows the gross values of financial assets classified as financial assets at amortized costs (see classification in Note 2.5.1.1), which are classified according to credibility.

Solvency class 1 includes receivables and deposits in Volkswagen Group companies that are not individually impaired and receivables that will be subject to factoring without recourse. Additionally, secured and other receivables from third parties that are not individually impaired are included. There is no objective evidence indicating a default of these receivables. Solvency class 2 includes unsecured trade receivables from third parties for which there is no objective evidence indicating a default. Solvency class 3 includes unsecured trade receivables for which there is an objective evidence of a default and for which there are individual valuation allowances.

Credit Quality of Financial Assets Classified As Financial Assets at Amortised Cost

€ million	General approach to impairment		Simplified approach to impairment		Total
	Stage 1 12-month ECL*	Stage 3 lifetime ECL* - individually impaired	Lifetime ECL* based on provision matrix	Lifetime ECL* - individually impaired	
Balance as at 31 December 2024					
Solvency class 1, of which:	**763**	**–**	**1,691**	**–**	**2,454**
Trade receivables	–	–	1,691	–	1,691
Cash and cash equivalents	199	–	–	–	199
Cash pooling	509	–	–	–	509
Other	55	–	–	–	55
Solvency class 2, of which:	**–**	**–**	**24**	**–**	**24**
Trade receivables	–	–	24	–	24
Solvency class 3, of which:	**–**	**1**	**–**	**9**	**9**
Trade receivables	–	–	–	9	9
Other	–	1	–	–	1
Total	**763**	**1**	**1,715**	**9**	**2,487**
Balance as at 31 December 2023					
Solvency class 1, of which:	**128**	**–**	**1,291**	**–**	**1,419**
Trade receivables	–	–	1,291	–	1,291
Cash equivalents	1	–	–	–	1
Cash pooling	72	–	–	–	72
Other	55	–	–	–	55
Solvency class 2, of which:	**–**	**–**	**22**	**–**	**22**
Trade receivables	–	–	22	–	22
Solvency class 3, of which:	**–**	**1**	**–**	**12**	**13**
Trade receivables	–	–	–	12	12
Other	–	1	–	–	1
Total	**128**	**1**	**1,313**	**12**	**1,453**

In stage 2 of ECL model the Company included no financial assets in 2024 (2023). Besides the amounts presented above in the table Credit quality of financial assets classified as financial assets at amortised cost, the Company included in Solvency class 1 also receivables that will be subject to factoring without recourse (portfolio FVPL) in the amount of €6 million (as at 31 December 2023: €170 million).

* ECL – expected credit losses.

3.1.4 Credit Risk Analysis

The following table provides a reconciliation of the gross values of each category of financial assets measured at amortised cost, including their allocation to ECL* grades reflecting their degree of impairment. Information on how the Company applies each method in the impairment of financial assets is provided in Note 2.5.1.2.

Changes in Gross Carrying Amounts of Financial Assets at Amortised Cost

	General approach to impairment		Simplified approach to impairment		
€ million	**Stage 1 12-month ECL***	**Stage 3 lifetime ECL* - individually impaired**	**Lifetime ECL* based on provision matrix**	**Lifetime ECL* - individually impaired**	**Total**
Trade receivables					
Balance as at 1 January 2024	**–**	**–**	**1,313**	**12**	**1,326**
Collected	–	–	(1,310)	(4)	(1,314)
Write-offs	–	–	–	(1)	(1)
Additions	–	–	1,712	2	1,714
Balance as at 31 December 2024	**–**	**–**	**1,715**	**9**	**1,724**
Cash equivalents and cash pooling					
Balance as at 1 January 2024	**73**	**–**	**–**	**–**	**73**
Collected	(73)	–	–	–	(73)
Additions	708	–	–	–	708
Balance as at 31 December 2024	**708**	**–**	**–**	**–**	**708**
Other receivables and financial assets					
Balance as at 1 January 2024	**55**	**1**	**–**	**–**	**55**
Collected	(35)	–	–	–	(35)
Write-offs	–	–	–	–	–
Additions	35	–	–	–	35
Balance as at 31 December 2024	**55**	**1**	**–**	**–**	**55**

	Simplified approach to impairment		Simplified approach to impairment		
€ million	**Stage 1 12-month ECL***	**Stage 3 lifetime ECL* - individually impaired**	**Lifetime ECL* based on provision matrix**	**Lifetime ECL* - individually impaired**	**Total**
Trade receivables					
Balance as at 1 January 2023	**–**	**–**	**942**	**39**	**981**
Collected	–	–	(941)	–	(941)
Write-offs	–	–	–	(35)	(35)
Additions	–	–	1,312	8	1,320
Balance as at 31 December 2023	**–**	**–**	**1,313**	**12**	**1,326**
Cash equivalents and cash pooling					
Balance as at 1 January 2023	**69**	**–**	**–**	**–**	**69**
Collected	(69)	–	–	–	(69)
Additions	73	–	–	–	73
Balance as at 31 December 2023	**73**	**–**	**–**	**–**	**73**
Other receivables and financial assets					
Balance as at 1 January 2023	**33**	**4**	**–**	**–**	**37**
Collected	(15)	–	–	–	(15)
Write-offs	–	(3)	–	–	(3)
Additions	36	–	–	–	36
Balance as at 31 December 2023	**55**	**1**	**–**	**–**	**56**

In stage 2 of ECL model the Company included no financial assets in 2024 (2023).

* ECL – expected credit losses.

3.1.5 Impairment of Financial Assets at Amortised Costs

The following table provides a reconciliation of the allowance for trade receivables:

€ million	Lifetime ECL* based on provision matrix	Lifetime ECL* - individually impaired	Total
Allowances for trade receivables			
Balance as at 1 January 2024	**(16)**	**(12)**	**(28)**
Additions	(19)	(2)	(21)
Reversals	16	5	21
Utilised	–	1	1
Balance as at 31 December 2024	**(19)**	**(9)**	**(27)**
Allowances for trade receivables			
Balance as at 1 January 2023	**(13)**	**(39)**	**(53)**
Additions	(3)	(8)	(11)
Reversals	1	4	4
Utilised	–	31	31
Balance as at 31 December 2023	**(16)**	**(12)**	**(28)**

The Company applies a simplified approach to impairment for trade receivables, therefore the 12-month ECL is not disclosed, see Note 2.5.1.2 for further information. In 2023, the “Lifetime ECL - individually impaired” column includes the utilization of a specific impairment allowance for licenses receivable related to business activities in Russia in the amount of €31 million.

Impairment Matrix for Trade Receivables

€ million	Not due	Past due	Total
Balance as at 31 December 2024			
Expected loss rate (%)	1.0%	1.5 – 3.0%	
Gross carrying amount	1,490	225	1,715
Loss allowance provision	15	4	19
Balance as at 31 December 2023			
Expected loss rate (%)	1.2%	1.5 – 3.0%	
Gross carrying amount	1,239	74	1,313
Loss allowance provision	14	2	16

Allowances for lifetime expected credit loss for other receivables and financial assets were €1 million in stage 3 (as at 31 December 2023: €1 million). During the accounting period 2024 (2023) the Company had valuation allowances only for financial assets included in the category of financial assets at amortised cost.

3.1.6 Transferred Financial Assets Where the Company Has Continuing Involvement

The Company has concluded a factoring contract with the company ŠkoFIN s.r.o., under which the majority of risks and rewards relating to ownership of receivables arising from sale of new or used cars are transferred to ŠkoFIN s.r.o. Under certain conditions, the company ŠkoFIN s.r.o. can claim compensation relating to realised credit loss up to 2% of the total amount of transferred receivables during the year, however, not more than 49% of these losses and not more than €3 million in 2024 (in 2023: €3 million). This amount represents carrying amount and fair value of the recognised continuing involvement in these receivables, and related financial liabilities. At the same time, this amount represents the maximum exposure to credit risk and concerns the obligation to compensate for realised credit loss incurred by ŠkoFIN s.r.o. Loss on assets transferred to ŠkoFIN s.r.o. from standard factoring activities was €12 million in 2024 (in 2023: €14 million).

* ECL – expected credit losses.

3.1.7 Offsetting of Financial Assets and Financial Liabilities

€ million	Gross amount of financial assets/ liabilities recognised in the balance sheet	Gross amount of financial assets/ liabilities set off in the balance sheet	Net amount of financial assets/ liabilities recognised in the balance sheet	Related amount not set off in the balance sheet*	Net amount of financial assets/ liabilities**
Balance as at 31 December 2024					
Receivables from financial derivatives	227	–	227	(227)	–
Liabilities from financial derivatives	359	–	359	(227)	132
Balance as at 31 December 2023					
Receivables from financial derivatives	238	–	238	(236)	2
Liabilities from financial derivatives	344	–	345	(236)	109

As at 31 December 2024 (as at 31 December 2023) the Company did not offset any trade receivables and trade liabilities in balance sheet because none of the trade receivables and trade liabilities fulfilled criteria for offsetting according to amendment to IAS 32.

There was no collateral held or given in respect of derivative financial assets / liabilities as at 31 December 2024 (as at 31 December 2023). The total amount of collateral value of trade receivables was €101 million as at 31 December 2024 (as at 31 December 2023: €209 million). Details related to types of collateral are presented in Note 3.1.

3.2 Liquidity Risk

Liquidity risk is a risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The objective of liquidity risk management is to ensure the balance between the funding of operating activities and financial flexibility in order to ensure that all claims of the Company's suppliers and creditors are settled timely.

Management of the Company monitors the liquidity and its development at regular monthly meetings, so called "Liquidity Meetings" attended by member of the Board for Finance, IT and Legal matters and representatives of the Treasury, Controlling and Accounting departments. The predetermined agenda generally includes the information about development of liquidity and its structure. The Company's management is also presented with the short-term forecasts of the liquidity development.

Cash Management

The Company is integrated into the "Global Treasury Platform" (GTP) of Volkswagen Group which is operated by Volkswagen International Belgium SA (VIB), the Regional Treasury Centre, located in Brussels. Centralisation and optimisation of processes is ensured within the Volkswagen Group in the areas of cash management, payments system and liquidity management.

In the GTP, the outgoing payments are processed on behalf of the Company by VIB, based on payment orders placed by the Company and are transferred from bank accounts held by VIB. The incoming payments are credited to Company's bank accounts and subsequently at the end of each working day they are automatically transferred to VIB's bank accounts (master account) where the difference between debit and credit balances of the collected financial resources are netted off. Terms of such transactions are defined in the cash pooling concept between the Company, the bank and VIB.

Major instruments used to maintain sufficient liquidity resources are represented by short-term and long-term financial plans, coordination of free liquidity management within the GTP and monitoring of the situation at money market and capital market. Resources from other group companies integrated into GTP are used to ensure sufficient liquidity.

As at 31 December 2024 (as at 31 December 2023), the Company had no open credit line within the Volkswagen Group but had a possibility to use overdraft at the IHC account (In-House Cash) of up to €50 million (31 December 2023: €200 million).

The Company has not drawn any credit line from the external banks as at 31 December 2024 (as at 31 December 2023).

Analysis of Contractual Maturity Undiscounted Cash Flows

The maturity analysis of contractual undiscounted cash flows shows the residual maturity of the Company's non-derivative and derivative financial liabilities with an agreed payment date. The contractual maturity is based on the earliest possible dates when the Company may be required to repay financial liabilities and guarantees.

The values in the analysis represent undiscounted cash outflows that result from the settlement of non-derivative and derivative financial liabilities in the future. Derivative financial liabilities that will be settled on a net basis are undiscounted net cash outflows. For derivative financial liabilities that will be settled on a gross basis, only undiscounted gross cash outflows are recognized (existing inflows against these outflows that are not reported in the analysis).

The values presented in the item of the Financial Guarantee Agreement are the maximum amounts that the Company may be forced to settle in the event that the counterparty claims the full amount of the guaranteed value (see Note 3.1.6).

* Comprises the financial assets / liabilities (other than cash collateral) that are the subject of an enforceable master netting agreement or similar agreement, and which were not recognised in the balance sheet as offset because the conditions for their offsetting were not met.

** This is the net value of financial assets / liabilities recognised in the statement of financial position decreased by the value of related financial liabilities / assets that were not recognised on a net basis in the statement of financial position.

Contractual maturity analysis

€ million	Within 1 year	1–5 years	More than 5 years	Total
Balance as at 31 December 2024				
Trade liabilities	(2,912)	–	–	(2,912)
Leasing liabilities	(33)	(81)	(52)	(166)
Derivatives:				
Currency forwards and swaps - gross cash outflows	(4,031)	(6,183)	(170)	(10,384)
Commodity swaps - net cash outflows	(6)	(7)	0	(13)
Financial guarantee contracts	–	(3)	–	(3)
Total	**(6,984)**	**(6,275)**	**(222)**	**(13,478)**
Balance as at 31 December 2023				
Trade liabilities	(2,924)	–	–	(2,924)
Leasing liabilities	(19)	(39)	(15)	(72)
Derivatives:				
Currency forwards and swaps - gross cash outflows	(3,507)	(5,916)	(422)	(9,846)
Commodity swaps - net cash outflows	(11)	(6)	–	(16)
Financial guarantee contracts	–	(3)	–	(3)
Total	**(6,461)**	**(5,963)**	**(437)**	**(12,861)**

3.3 Market Risk

Market risk is a risk that the fair value of future cash flows will fluctuate because of changes in market prices. Market risk includes three types of risks: currency risk, interest rate risk and price risk. Developments on the financial markets are considered to be the most significant risk factor, especially the fluctuation of exchange rates.

3.3.1 Currency Risk

Currency risk is a risk that the fair value of future cash flows will fluctuate because of changes in foreign exchange rates. The fluctuation of exchange rates represents significant risk given that the Company sells its products, and purchases material, parts and services in foreign currencies. The Company actively manages this risk through continually updated market analysis, worldwide procurement of material and equipment and production of its products in some sales regions. Standard derivative hedging instruments are used by the Company to manage the currency risk. The risk exposure, as determined by the analysis of income and expense structures by foreign currency, is hedged on the basis of expected future foreign currency cash flows. These expected cash flows are planned in the form of monthly foreign currency plans (FX plan), which are being updated regularly and they stretch over a time horizon up to 5 years.

The Company's management is regularly being updated about the currency risk status by means of so called "Liquidity Meeting", attended by member of the Board of Management for Finance, IT and Legal matters and representatives of the Treasury, Controlling and Accounting. Inputs to and decisions from the are discussed with Volkswagen Group Treasury, especially such that concerns FX hedging and commodity risks. In addition to the update of foreign currency plans, actual development of foreign currency cash flows and exchange rates fluctuations against CZK and EUR, suggestions for additional hedging are presented and agreed during these meetings. Currency forwards are used as hedging instruments for management of currency risk. The basic parameters of the hedging policy are defined by the directive valid for the entire Volkswagen Group, which includes also the list of permitted financial products (derivatives). With the new functional currency euros, the Company has been hedging currency risk exclusively against the risk arising from changes in exchange rates against euros since 1 January 2023, see Note 1.4. This risk is hedged for a total of 9 currencies, with the most significant hedged currencies being CZK, GBP, PLN and CHF. The Company also applies hedge accounting for currency risk, see Note 2.5.3.

For the analysis of sensitivity to exchange rates please see Note 3.4.1.

3.3.2 Interest Rate Risk

Interest rate risk is a risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The objective of the interest rate risk management is to eliminate the risk arising from fluctuations of interest rates of financial liabilities and receivables with floating interest rates by maintaining an appropriate structure of financial liabilities and receivables. The management of the Company monitors the interest rate risk at regular monthly meetings, so called "Liquidity Meetings" attended by member of the Board of Management for Finance, IT and Legal matters and representatives of the Treasury, Controlling and Accounting departments. The meetings have a predetermined agenda that includes the information about current development of interest rates. The Company's management is also presented with forecasts of the interest rates development. The exposure to interest rate risk arises from cash deposits and drawdown of short-term loans with Volkswagen Group companies and factoring transactions with receivables. For the analysis of sensitivity to interest rates please see Note 3.4.2.

3.3.3 Price Risk

Price risk is a risk of changes in market prices, especially commodity prices.Due to continuous volatility in the prices of raw material commodities and limited accessibility to specific commodities, management has aimed to reduce these risks through target risk management strategies. In this regard, utilisation of alternative production materials and procedures as well as utilisation of recycled material is being examined. In addition, emphasis is placed on extending the international supply chain in co-operation with the Volkswagen Group. High price risk commodities include primarily aluminium, copper, palladium, lead, nickel, platinum, rhodium, lithium and cobalt.

The Company hedges price risks for base metals (copper, lead and aluminium) as a whole (due to changes in selected commodity prices and exchange rates) using a combination of commodity swaps and currency forwards. In 2024, the Company implemented hedge accounting and, in accordance with IFRS, began applying hedge accounting principles to these financial derivatives – hedging future cash flows, see Note 2.5.3. Price risks for precious metals are reduced at the Volkswagen Group level through long-term contracts with suppliers. Price risks of nickel, cobalt, and starting from 2024, lithium associated with battery purchases are reduced at the Volkswagen Group level through commodity swaps and currency forwards, which are agreed upon at regular meetings of the "Battery Hedging Committee," with the Company's participation.

The sensitivity analysis to changes in other price risks is disclosed in Note 3.4.3.

3.3.4 Derivative Financial Instruments

Nominal and Fair Value of Derivatives

€ million	Nominal value of derivatives		Fair value of derivatives			
	Balance as at 31 December 2024	Balance as at 31 December 2023	Balance as at 31 December 2024		Balance as at 31 December 2023	
	With positive and negative fair value	With positive and negative fair value	Positive	Negative	Positive	Negative
Currency instruments						
Currency forwards and swaps for trading	232	898	8	4	8	18
Currency forwards and swaps – cash flow hedging	10,592	9,434	205	342	216	310
Commodity instruments						
Commodity swaps for trading	23	710	1	–	14	16
Commodity swaps – hedging commodity prices	743	–	13	13	–	–
Total	**11,590**	**11,041**	**227**	**359**	**238**	**344**

Further information on fair value as required by IFRS 13 is disclosed in Note 3.6.

Nominal Amount of Derivatives Contracted in Euros in Detail per Currencies

€ million Balance as at 31 December 2024	Due date Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
Currency instruments							
Currency forwards and swaps – cash flow hedging							
AUD	155	59	17	–	–	–	231
CZK	589	524	500	327	327	76	2,343
GBP	1,298	809	645	217	–	–	2,968
CHF	501	472	402	343	183	91	1,993
JPY	31	9	–	–	–	–	40
NOK	185	77	–	–	–	–	262
PLN	836	380	130	33	–	–	1,379
SEK	188	83	34	39	39	–	383
TWD	118	66	50	17	–	–	251
USD	225	212	142	96	60	8	743
Total	**4,127**	**2,690**	**1,919**	**1,071**	**609**	**175**	**10,592**
Commodity instruments							
Commodity swaps – cash flow hedging							
AL	128	124	79	52	31	–	414
CU	88	88	63	44	30	8	320
PB	9	–	–	–	–	–	9
Total	**225**	**212**	**142**	**96**	**60**	**8**	**743**

€ million Balance as at 31 December 2023	Due date Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
Currency instruments							
Currency forwards and swaps – cash flow hedging							
AUD	153	160	53	–	–	–	366
CZK	288	394	319	319	–	–	1,320
GBP	965	1,035	472	–	–	–	2,473
CHF	522	510	461	389	302	60	2,243
JPY	46	32	9	–	–	–	88
NOK	210	194	80	–	–	–	484
PLN	720	523	316	128	33	–	1,720
SEK	231	130	35	–	–	–	397
TWD	110	101	66	51	17	–	345
Total	**3,245**	**3,079**	**1,812**	**887**	**352**	**60**	**9,434**

As at 31 December 2024 (31 December 2023), the following average forward rates were achieved for major currency pairs as part of the currency risk hedge: EUR/CZK: 26.70 (27.75); EUR/GBP: 0.89 (0.88), EUR/PLN: 4.69 (4.70). For additional information on hedging of currency risk exposure see Note 2.5.3 and for information about movement in reserve for cash flow hedges see Note 12.1. As at 31 December 2024, the following average forward rates were achieved for significant commodities as part of the hedging of combined commodity risk: AL: 2,310 million €/t; CU: 7,890 €/t; PB: 1,930 €/t. Further information on the hedging of currency and price risks is provided in Note 2.5.3, and information on the movement of the revaluation reserve from the revaluation of financial derivatives is provided in Note 12.1.

3.4 Sensitivity Analysis

3.4.1 Sensitivity to Exchange Rates changes

The sensitivity analysis to exchange rate changes includes derivative financial instruments and outstanding financial assets and liabilities denominated in foreign currencies. It measures the impact of translating these items at the balance sheet date using an adjusted rate compared to the rate at which the items are actually translated (the group rate derived from the Refinitiv database rate). The adjusted rate is based on the assumed reasonably possible movements in exchange rates.

As at 31 December 2024 the Company considers as reasonably possible the movements of all exchange rates (the most significant being CZK, GBP, PLN and CHF) against EUR in the following period of +10% (appreciation of EUR) and −10% (depreciation of EUR).

The following tables present impact on profit before tax and on other comprehensive income before tax of expected possible appreciation or depreciation of EUR to foreign currencies:

	EUR appreciation by 10%						
2024 (€ million)	**AUD**	**USD**	**CHF**	**GBP**	**CZK**	**PLN**	**Other currencies**
Profit before tax							
Non-derivative financial instruments	(1)	(1)	(1)	(6)	23	(2)	(6)
Derivative financial instruments	–	(2)	–	–	–	–	–
Other comprehensive income before tax							
Derivative financial instruments	22	(66)	200	280	(216)	131	83

	EUR depreciation by 10%						
2024 (€ million)	**AUD**	**USD**	**CHF**	**GBP**	**CZK**	**PLN**	**Other currencies**
Profit before tax							
Non-derivative financial instruments	1	1	1	6	(23)	2	6
Derivative financial instruments	–	2	–	–	–	–	–
Other comprehensive income before tax							
Derivative financial instruments	(22)	66	(200)	(280)	216	(131)	(83)

The following tables present impact on profit before tax and on other comprehensive income before tax of expected possible appreciation or depreciation of EUR to foreign currencies:

	EUR appreciation by 10%						
2023 (€ million)	**AUD**	**USD**	**CHF**	**GBP**	**CZK**	**PLN**	**Other currencies**
Profit before tax							
Non-derivative financial instruments	(3)	(14)	(2)	(5)	25	–	(3)
Derivative financial instruments	–	(65)	–	–	–	–	–
Other comprehensive income before tax							
Derivative financial instruments	35	–	220	234	(123)	159	110

	EUR depreciation by 10%						
2023 (€ million)	**AUD**	**USD**	**CHF**	**GBP**	**CZK**	**PLN**	**Other currencies**
Profit before tax							
Non-derivative financial instruments	3	14	2	5	(25)	–	3
Derivative financial instruments	–	65	–	–	–	–	–
Other comprehensive income before tax							
Derivative financial instruments	(35)	–	(220)	(234)	123	(159)	(110)

3.4.2 Sensitivity to Interest Rates

The sensitivity analysis to changes in interest rates was determined based on the exposure to non-derivative financial assets and derivative financial assets and liabilities as at the balance sheet date.

For derivative financial instruments, the Company measures the impact of changes in their fair value due to changes in the yield curve. For non-derivative financial instruments, the impact on profit before tax is determined based on a specified change in the interest rate that would occur at the beginning of the following accounting period, assuming no other changes in interest rates throughout the entire accounting period.

For current deposits and loans to Volkswagen Group companies, bank deposits, and derivative financial instruments, the Company assumes reasonably possible increase by 100 basis points in the yield curve and reasonably possible decrease by 100 basis points in the yield curve (2023: +100/ -100 basis points). Profit of the Company in 2024 (2023) is most sensitive to movements in the euro yield curve.

The following tables present impact on profit before tax of expected increase or decrease of interest rates:

2024 (€ million)	**Interest rate increased by 100 basis points**	**Interest rate decreased by 100 basis points**
Profit before tax		
Non-derivative financial instruments	0	0
Derivative financial instruments	–	1
Total	**0**	**1**
Other comprehensive income before tax		
Derivative financial instruments	3	(3)

2023 (€ million)	**Interest rate increased by 100 basis points**	**Interest rate decreased by 100 basis points**
Profit before tax		
Non-derivative financial instruments	1	(1)
Derivative financial instruments	–	–
Total	**1**	**(1)**
Other comprehensive income before tax		
Derivative financial instruments	2	(2)

3.4.3 Sensitivity to Changes in Other Price Risks

The Company is exposed to a combination of commodity and currency risks due to volatility in prices of particular commodities traded in foreign currencies. This risk is hedged by a combination of commodity swaps and currency forwards. The sensitivity analysis to changes in commodity prices was determined based on the exposure to derivative financial assets and liabilities as at the balance sheet date.

For derivative financial instruments, the Company measures the impact of changes in their fair value due to changes in the spot price of commodities. Other non-derivative financial assets and liabilities are not considered sensitive to changes in commodity prices because they are already fixed at the date of the financial liability or asset's inception.

In 2024 the Company assumes reasonably possible movements in prices of particular commodities in the following period of +/-10% (2023: +/-10%).

The following tables present the impact on profit before tax and other comprehensive income before tax of expected increase or decrease in the price of copper, aluminium and lead:

	Increase of copper prices +10%	**Decrease of copper prices (10%)**	**Increase of aluminium prices +10%**	**Decrease of aluminium prices (10%)**	**Increase of lead prices +10%**	**Decrease of lead prices (10%)**
2024 (€ million)						
Profit before tax						
Derivative financial instruments	–	–	3	(3)	–	–
Other comprehensive income before tax						
Derivative financial instruments	32	(32)	40	(40)	1	(1)
2023 (€ million)						
Profit before tax						
Derivative financial instruments	26	(26)	40	(40)	–	–

The values above also include the impact on the change in fair value of commodity swaps classified as Class 3 due to changes in the spot price of commodities.

The following tables present the impact on profit before tax and other comprehensive income before tax resulting solely from the revaluation of commodity swaps classified as Class 3, in the event of an expected increase or decrease in the price of copper, aluminium, and lead:

	Increase of copper prices +10%	**Decrease of copper prices (10%)**	**Increase of aluminium prices +10%**	**Decrease of aluminium prices (10%)**
2024 (€ million)				
Profit before tax				
Derivative financial instruments	–	–	–	–
Other comprehensive income before tax				
Derivative financial instruments	11	(11)	13	(13)
2023 (€ million)				
Profit before tax				
Derivative financial instruments	5	(5)	12	(12)

3.5 Capital Management

The objective of the capital management is to maintain the continuous Company's value growth for the shareholders. Management of the Company defines the capital as the equity and non-equity capital presented in these financial statements. The Company's capital is controlled at the Volkswagen Group level - see the consolidated financial statements of Volkswagen AG, which will be published in the Czech language in the Collection of Documents of the Commercial Register.

3.6 Fair Value Hierarchy for Financial Assets and Liabilities

3.6.1 Structure of Financial Instruments by Method of Determining Fair Value

The Company uses and discloses financial instruments in the following structure according to the method of determining fair value:

Class 1: fair value measurement using market prices for identical assets and liabilities quoted in active markets.

Class 2: fair value measurements using methods for which significant inputs are derived directly or indirectly from information observable in active markets.

Class 3: fair value measurements using methods for which significant inputs are not derived from observable information in active markets.

Financial Assets Measured at Fair Value by Class

Balance as at 31 December 2024 (€ million)	**Class 1**	**Class 2**	**Class 3**
Financial assets at fair value through other comprehensive income			
Equity instruments at fair value through other comprehensive income	–	–	132
Financial assets at fair value through profit or loss			
Debt instruments through profit and loss	–	6	–
Currency forwards and swaps for trading	–	8	–
Commodity swaps for trading	–	1	–
Financial instruments designated as hedging instruments			
Currency forwards and swaps – cash flow hedging	–	205	–
Commodity swaps – cash flow hedging	–	9	4
Total	**–**	**230**	**136**

Balance as at 31 December 2023 (€ million)	**Class 1**	**Class 2**	**Class 3**
Financial assets at fair value through other comprehensive income			
Equity instruments at fair value through other comprehensive income	–	–	165
Financial assets at fair value through profit or loss			
Debt instruments through profit and loss	–	170	–
Currency forwards and swaps for trading	–	8	–
Commodity swaps for trading	–	9	5
Financial instruments designated as hedging instruments			
Currency forwards and swaps – cash flow hedging	–	216	–
Total	**–**	**403**	**170**

The item "Equity Instruments at Fair Value through Other Comprehensive Income (FVOCI)" includes the shareholding in VOLKSWAGEN AUTOMOTIVE COMPANY LIMITED (hereinafter referred as SAIC), see Note 2.5.1. The fair value of this investment is determined as the sum of the present values of future cash flows from dividends, using a discount rate derived from SAIC's cost of equity. In determining the fair value, the Company considered the following significant unobservable inputs: assumptions related to corporate planning (e.g., cash flows from operating activities); the growth rate used to estimate free cash flows beyond the planning period; and the discount rate derived from the cost of equity. In 2024 (2023), a growth rate of 1.0% (1.0%) was used for extrapolating future cash flows from dividends.
A discount rate of 8.5% (9.3%) was used for discounting in 2024 (2023).

Within the item "Debt Instruments at Fair Value through Profit or Loss" are recognized only trade receivables held for sale through factoring, see Note 8.2. The fair value of these receivables was determined as the present value of future cash flows based on market interest rates as of the balance sheet date.

The item "Financial Assets at Fair Value through Profit or Loss" also includes derivative financial instruments held for trading. The item "Financial Derivatives for Hedging" includes only derivative instruments that meet the conditions for hedge accounting. Further information on derivative financial instruments and their valuation methods is provided in Note 2.5.3.

Financial liabilities measured at fair value by class

Balance as at 31 December 2024 (€ million)	Class 1	Class 2	Class 3
Financial liabilities at fair value through profit or loss			
Currency forwards and swaps for trading	–	4	–
Commodity swaps for trading	–	–	–
Financial instruments designated as hedging instruments			
Currency forwards and swaps – cash flow hedging	–	342	–
Commodity swaps – cash flow hedging		8	5
Total	**–**	**354**	**5**

Balance as at 31 December 2023 (€ million)			
Financial liabilities at fair value through profit or loss			
Currency forwards and swaps for trading	–	18	–
Commodity swaps for trading	–	17	(1)
Financial instruments designated as hedging instruments			
Currency forwards and swaps – cash flow hedging	–	310	–
Total	**–**	**345**	**(1)**

The item "Financial Liabilities at Fair Value through Profit or Loss" includes only derivative financial instruments held for trading. The item "Financial Derivatives for Hedging" includes only derivative instruments that meet the conditions for hedge accounting. Further information on derivative financial instruments and their valuation methods is provided in Note 2.5.3.

The classification of financial derivatives into classes of the fair value hierarchy is based on the availability of observable market prices. The fair values of financial derivatives that meet the criteria for Class 2 under IFRS 13 are derived from market quotations, commodity prices, and yield curves, but are not directly tradable on active financial markets. Derived inputs primarily include forward currency rates, yield curves, and commodity prices, which are observable in individual markets and can be obtained from price-monitoring agencies. Fair values in Class 3 are calculated using valuation techniques that involve inputs not observable in an active market. Within the Company, Class 3 includes commodity forward transactions, for which market rate extrapolation is necessary for valuation. Extrapolation is performed based on observable inputs for various commodities, which can be obtained through the mentioned agencies.

Fair value of financial assets and liabilities measured at amortised cost by class

Balance as at 31 December 2024 (€ million)	Class 1	Class 2	Class 3
Financial assets at amortised cost			
Loans to employees	–	–	19
Financial liabilities at amortised cost			
Lease liabilities	–	142	–
Total	**–**	**142**	**19**

Balance as at 31 December 2023 (€ million)			
Financial assets at amortised cost			
Loans to employees	–	–	19
Financial liabilities at amortised cost			
Lease liabilities	–	69	–
Total	**–**	**69**	**19**

The table above discloses the fair value of financial assets and liabilities measured at amortised cost for which fair value is determined using valuation methods. The fair value of employee loans was determined as the present value of future cash inflows based on market interest rates as at the balance sheet date. The fair value of lease liabilities was determined as the present value of future cash outflows based on market interest rates as at the balance sheet date.

For other financial assets and liabilities, including trade receivables and payables measured at amortized cost, their fair value is not separately disclosed. (Given the short-term nature of these assets, or liabilities their fair value approximates their amortized cost.)

The amortized values of financial assets and liabilities measured at amortized cost are disclosed in Notes 8 and 13.

3.6.2 Summary of Changes in Financial Assets and Liabilities Measured at Fair Value at Class 3

€ million	Equity instruments at fair value through other comprehensive income	Receivables from commodity swaps – for trading	Commodity swap liabilities – for trading	Receivables from commodity swaps – cash flow hedging	Commodity swap liabilities – cash flow hedging
Balance as at 1 January 2023	**281**	**3**	**4**	**–**	**–**
Additions	–	3	–	–	–
Losses	–	–	(4)	–	–
Revaluation	(116)	(1)	(1)	–	–
Balance as at 31 December 2023	**165**	**5**	**(1)**	**–**	**–**
Additions	–	–	–	8	(8)
Losses	–	(7)	5	(10)	0
Revaluation	(33)	2	(4)	6	4
Balance as at 31 December 2024	**132**	**–**	**–**	**4**	**(5)**

3.6.3 Sensitivity of the Fair Value of Financial Assets and Liabilities Measured at Fair Value at Class 3 to Changes in the Parameter Values in the Valuation Model

Reclassifications between Classes of the fair value hierarchy are accounted for at the balance sheet date. Reclassifications from Class 3 to Class 2 include commodity transactions for which, given the remaining time to maturity, observable market prices are available for valuation so that extrapolations do not need to be made. In commodity swap receivables – for trading, €0 million has been reclassified from Class 3 to Class 2 in 2024 (2023: €0 million). In commodity swap liabilities – for trading, €4 million was transferred from Class 3 to Class 2 in 2024 (2023: €4 million). In commodity swap receivables – cash flow hedging, €10 million has been reclassified from Class 3 to Class 2 in 2024 (2023: €0 million). In commodity swap liabilities – cash flow hedging, €0 million was transferred from Class 3 to Class 2 in 2024 (2023: €0 million).

Sensitivity of the Fair Value of Equity Instruments to Changes in the Long-Term Growth Rate

In 2024, the Company expects a realistic long-term growth rate movement of +/- 0.5 percentage points in the following period (2023: +/- 0.5 percentage points).

The following tables present the impact on the amount of balance sheet items when the long-term growth rate is expected to increase or decrease:

2024 (€ million)	Increase by 0.5%	Decrease by 0.5%
Increase / (decrease) of the fair value of the investment	5	(5)
Increase / (decrease) of the other comprehensive income before tax	5	(5)

2023 (€ million)		
Increase / (decrease) of the fair value of the investment	7	(6)
Increase / (decrease) of the other comprehensive income before tax	7	(6)

Sensitivity of the Fair Value of Equity Instruments to a Change in Discount Rate

In 2024, the Company expects a realistic movement in discount rate of +/− 0.5 percentage points in the following period (2023: +/− 0.5 percentage points).

The following tables present the impact on the amount of balance sheet items when discount rate is expected to increase or decrease:

2024 (€ million)	Increase by 0.5%	Decrease by 0.5%
Increase / (decrease) of the fair value of the investment	(8)	9
Increase / (decrease) of the other comprehensive income before tax	(8)	9

2023 (€ million)		
Increase / (decrease) of the fair value of the investment	(11)	13
Increase / (decrease) of the other comprehensive income before tax	(11)	13

There are no significant correlations between significant unobservable inputs.

An analysis of the sensitivity to changes in commodity prices, including the effects of these changes on the fair value of Class 3 commodity swaps included in profit before tax, is disclosed in Note 3.4.3.

4 Intangible Assets

€ million	Capitalised development costs for products currently in use	Capitalised development costs for products under development	Other intangible assets*	Total
Costs				
Balance as at 1 January 2024	**2,461**	**1,380**	**975**	**4,817**
Additions	115	432	76	622
Disposals	(146)	(49)	(100)	(295)
Transfers	821	(821)	0	0
Balance as at 31 December 2024	**3,252**	**943**	**950**	**5,144**
Cumulative amortisation and impairment losses				
Balance as at 1 January 2024	**(1,434)**	**0**	**(484)**	**(1,918)**
Amortisation	(329)	–	(57)	(385)
Impairment losses	–	(49)	–	(49)
Disposals	146	49	99	294
Balance as at 31 December 2024	**(1,617)**	**0**	**(441)**	**(2,058)**
Carrying amount as at 31 December 2024	**1,635**	**943**	**509**	**3,086**

Costs				
Balance as at 1 January 2023	**2,160**	**1,015**	**913**	**4,087**
Additions	85	582	64	731
Disposals	–	–	(2)	(2)
Transfers	217	(217)	–	–
Balance as at 31 December 2023	**2,461**	**1,380**	**975**	**4,817**
Cumulative amortisation and impairment losses				
Balance as at 1 January 2023	**(1,174)**	**–**	**(432)**	**(1,606)**
Amortisation	(262)	–	(54)	(316)
Impairment losses	–	–	–	–
Reversal of impairment losses	2	–	1	3
Disposals	–	–	1	1
Balance as at 31 December 2023	**(1,434)**	**0**	**(484)**	**(1,918)**
Carrying amount as at 31 December 2023	**1,028**	**1,380**	**491**	**2,899**

In intangible assets, development costs for developed projects in progress are reported under Capitalised development costs of products under development. These are intangible assets that were not ready for use at the balance sheet date. Further information on these intangible assets is disclosed in Note 2.2. In the item Impairment losses, the year 2024 primarily reflects the loss from the write-off of the development of a new powertrain, which resulted from uncertainty regarding the future wording of the EU7 standard.

Purchased development costs capitalized as part of the additions to capitalized development costs of products manufactured and under development in 2024 amounted to €344 million (2023: €437 million).

Amortisation and impairment losses of intangible assets of €423 million (2023: €305 million) are included in the cost of sales, €6 million (2023: €5 million) in distribution expenses, and €5 million (2023: €5 million) in administrative expenses.

Impairment Reviews

The Company tested the assets of a defined cash generating unit** (the Company's automotive business) for impairment. A comparison of the carrying amount and recoverable amount of the defined cash-generating unit did not result in 2024 (2023) in the identification of any impairment loss for intangible assets. The recoverable amount was determined based on a cash-based calculation budgets approved by the Company's management, which cover a period of 5 years and an estimate of cash flows after the end of the planning period using a growth rate 1.0% (2023: 1.0%). The WACC rate 8.4% (2023: 8.4%) was used to discount cash flows in 2024. This rate reflects the specific risks associated with the industry in which the Company operates.

The Following Amounts Were Recognised in the Income Statement as Research and Development Expenses

€ million	2024	2023
Research and development costs expensed	428	367
Amortisation and impairment losses of development costs	377	260
Research and development costs recognised in profit or loss	**805**	**627**

* Category Other intangible assets includes both finished and unfinished intangible assets, mainly trademarks, valuation rights to production equipment, software and licences. The value of other intangible assets in progress at 31 December 2024 was €91 million (31 December 2023: €96 million).

** An intangible asset that were not ready for use at the balance sheet date and intangible assets with indefinite useful lives were also included in the test at the level of the defined cash-generating unit.

5 Property, Plant and Equipment

€ million	Land and buildings	Technical equipment and machinery	Tooling, office and other equipment	Right-of-use assets	Advances paid and assets under construction**	Total
Costs						
Balance as at 1 January 2024	**2,599**	**4,541**	**4,780**	**134**	**663**	**12,717**
Additions	143	178	322	114	7	763
Disposals	(6)	(205)	(177)	(13)	–	(400)
Transfers	133	108	12	–	(252)	1
Balance as at 31 December 2024	**2,869**	**4,622**	**4,937**	**235**	**417**	**13,080**
Accumulated depreciation and impairment losses						
Balance as at 1 January 2024	**(1,338)**	**(3,757)**	**(4,062)**	**(71)**	**–**	**(9,227)**
Depreciation	(103)	(294)	(257)	(34)	–	(688)
Reversal of impairment losses	–	–	–	–	–	–
Disposals	4	203	176	12	–	394
Transfers	–	–	–	–	–	–
Balance as at 31 December 2024	**(1,437)**	**(3,848)**	**(4,143)**	**(93)**	**–**	**(9,520)**
Carrying amount as at 31 December 2024	**1,432**	**774**	**794**	**142**	**417**	**3,560**

€ million						
Costs						
Balance as at 1 January 2023	**2,479**	**4,389**	**4,497**	**132**	**649**	**12,146**
Additions	45	178	230	23	270	746
Disposals	(7)	(86)	(56)	(20)	(3)	(173)
Transfers	82	60	110	–	(252)	–
Balance as at 31 December 2023	**2,599**	**4,541**	**4,780**	**134**	**663**	**12,718**
Accumulated depreciation and impairment losses						
Balance as at 1 January 2023	**(1,245)**	**(3,572)**	**(3,888)**	**(66)**	**–**	**(8,771)**
Depreciation	(98)	(269)	(231)	(23)	–	(622)
Reversal of impairment losses	–	–	2	–	–	2
Disposals	4	85	56	19	–	164
Transfers	1	(1)	–	–	–	–
Balance as at 31 December 2023	**(1,338)**	**(3,757)**	**(4,062)**	**(71)**	**–**	**(9,227)**
Carrying amount as at 31 December 2023	**1,261**	**784**	**718**	**64**	**663**	**3,491**

* Out of the total value recognised under Advances paid and assets under construction, the value of advances paid as at 31 December 2024 amounted to €167 million (31 December 2023: €135 million).

Right-of-Use Assets (by Class of Assets)

€ million	Land and buildings	Tooling, office and other equipment	Total
Costs			
Balance as at 1 January 2024	**96**	**38**	**134**
Additions	97	17	114
Disposals	(9)	(5)	(13)
Balance as at 31 December 2024	**185**	**50**	**235**
Accumulated depreciation and impairment losses			
Balance as at 1 January 2024	**(43)**	**(27)**	**(71)**
Depreciation	(21)	(13)	(34)
Disposals	7	5	12
Balance as at 31 December 2024	**(57)**	**(36)**	**(93)**
Carrying amount as at 31 December 2024	**128**	**14**	**142**
Costs			
Balance as at 1 January 2023	**92**	**40**	**132**
Additions	16	6	23
Disposals	(12)	(8)	(20)
Balance as at 31 December 2023	**96**	**38**	**134**
Accumulated depreciation and impairment losses			
Balance as at 1 January 2023	**(40)**	**(26)**	**(66)**
Depreciation	(14)	(9)	(23)
Disposals	11	8	19
Balance as at 31 December 2023	**(43)**	**(27)**	**(71)**
Carrying amount as at 31 December 2023	**53**	**11**	**64**

Impairment Reviews

The Company tested the assets of a defined cash-generating unit (the Company's automotive business) for impairment. A comparison of the carrying amount and the recoverable amount of the defined cash-generating unit did not result in the identification of any impairment loss for property, plant and equipment in 2024 (2023). The recoverable amount was determined based on a calculation of the value in use of this cash-generating unit using cash flow projections based on financial budgets approved by the Company's management covering a period of 5 years and an estimate of cash flows after the end of the planning period using growth rate 1.0% (2023: 1.0%). The WACC rate 8.4% (2023: 8.4%) was used to discount cash flows in 2024. This rate reflects the specific risks associated with the industry in which the Company operates.

6 Investments in Subsidiaries

€ thousand		Costs		Impairments		Carrying amount	
	Country of incorporation	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Škoda Auto Slovensko s.r.o.	Slovakia	2,026	2,026	–	–	2,026	2,026
Škoda Auto Volkswagen India Pvt. Ltd.	India	232,633	232,633	(89,000)	(89,000)	143,633	143,633
Škoda X s.r.o.	Czech Republic	7,284	7,284	–	–	7,284	7,284
UMI Urban Mobility International Česká republika s.r.o.	Czech Republic	2,779	2,779	(2,779)	(2,779)	–	–
Celkem		**244,722**	**244,722**	**(91,779)**	**(91,779)**	**152,943**	**152,943**

The subsidiaries in which the Company holds an equity interest paid dividends to the Company in the total amount of €4 million in2024 (2023: €3 million).

As at 31 December 2024, the Company's share in the registered capital of Škoda Auto Slovensko s.r.o was 100% (100% as at 31 December 2023).

The Company's share in the registered capital of Škoda Auto Volkswagen India Pvt. Ltd. amounted to a total of 12.07% as at 31 December 2024 (as at 31 December 2023: 12.07%), while excluding preference shares, it amounted to a total of 28.28% as at 31 December 2024 (as at 31 December 2023: 28.28%). The Company's share of the voting rights in Škoda Auto Volkswagen India Pvt. Ltd. amounted to a total of 92.05% as at 31 December 2024 (as at 31 December 2023: 92.05%). The Company directly controls the subsidiary Škoda Auto Volkswagen India Pvt. Ltd. based on its share of voting rights.

The Company's interest in the registered capital of Škoda X s.r.o. was 100% as at 31 December 2024 (31 December 2023: 100%).

The Company's interest in the registered capital of UMI Urban Mobility International Česká republika s.r.o. was 100% as at 31 December 2024 (31 December 2023: 100%). Due to indication of possible impairment, the subsidiary UMI Urban Mobility International Česká republika s.r.o. was tested for possible impairment loss in 2021 and its carrying amount was impaired to €0 million. In 2024 and 2023, the impairment loss was confirmed by retesting, see Impairment reviews below.

Impairment Reviews

In 2024 and 2023, the Company tested the cash-generating unit Škoda Auto Volkswagen India Pvt. Ltd. to determine the amount of the impairment loss. The carrying amount of the financial investment was compared against its recoverable amount. The recoverable amount was determined based on a value in use calculation using cash flow projections over a 5-year period based on financial budgets approved by the Company's management. Cash flows beyond the 5-year period were extrapolated using growth rate estimates that are no higher than the expected long-term average growth rate for the automotive industry. In determining the value in use of the financial investment in 2024, a growth rate of 1.0% (2023: 1.0%) was estimated. The discount rate used is pre-tax and reflects the specific risks relating to the industry segment and region in which the company operates. For 2024, a discount rate of 8.0% (2023: 6.7%) was used. A comparison of the carrying amount of Škoda Auto Volkswagen India Pvt. Ltd. and its recoverable amount as at 31 December 2024, did not lead to an adjustment of the financial investment value. (A comparison of the carrying amount of Škoda Auto Volkswagen India Pvt. Ltd. and its recoverable amount as at 31 December 2023 resulted in an impairment loss of €13 million being recognized to financial expenses).

In 2024 (2023), the Company did not observe any significant indicators that would indicate a possible change in the recoverable amount of the cash-generating unit UMI Urban Mobility International Czech Republic s.r.o., which could result in the reversal of the impairment loss of €3 million created in previous years.

7 Investments in Associates

€ thousand		Costs		Impairments		Carrying amount	
	Country of incorporation	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
ŠKO-ENERGO, s.r.o.	Czech Republic	174	174	–	–	174	174
Digiteq Automotive s.r.o.	Czech Republic	4	4	–	–	4	4
Green:Code s.r.o.	Czech Republic	15	15	–	–	15	15
Celkem		**193**	**193**	**–**	**–**	**193**	**193**

The Company's share in the registered capital of the company ŠKO-ENERGO s.r.o. as at 31 December 2024 was 44.50% (as at 31 December 2023: 44.50%). ŠKO-ENERGO s.r.o. paid dividends to the Company in the amount of €26 thousand (2023: €27 thousand).

The Company's share in the registered capital of the company Digiteq Automotive s.r.o. as at 31 December 2024 was 49.00% (as at 31 December 2023: 49.00%). Digiteq Automotive s.r.o. paid dividends to the Company in the amount of €2.89 million (2023: €2.17 million).

The Company's share in the registered capital of Green:Code s.r.o. as at 31 December 2024 was 49% (as at 31 December 2023: 49%). In 2023, the Company received a return of a capital contribution amounting to €207 thousand, which the Company had made in 2021 as a contribution outside of the registered capital.

8 Other Receivables, Financial Assets, Trade Receivables and Available-for-Sale Financial Assets

8.1 Other Receivables and Financial Assets

Balance as at 31 December 2024 (€ million)	**Financial assets at fair value through profit or loss**	**Financial assets at amortised cost**	**Financial assets at fair value through other comprehensive income**	**Financial instruments designated as hedging instruments**	**Total**
Other non-current receivables and financial assets					
Loans to employees	–	20	–	–	20
Positive fair value of financial derivatives	5	–	–	111	117
Investments in equity instruments	–	–	132	–	132
Other non-current receivables and financial assets in total	**5**	**20**	**132**	**111**	**268**
Other current receivables and financial assets					
Loans to employees	–	3	–	–	3
Positive fair value of financial derivatives	4	–	–	107	111
Other	–	32	–	–	32
Other current receivables and financial assets in total	**4**	**35**	**–**	**107**	**146**
Total	**9**	**55**	**132**	**218**	**414**

Balance as at 31 December 2023 (€ million)					
Other non-current receivables and financial assets					
Loans to employees	–	18	–	–	18
Positive fair value of financial derivatives	10	–	–	149	159
Investments in equity instruments	–	–	165	–	165
Other non-current receivables and financial assets in total	**10**	**18**	**165**	**149**	**342**
Other current receivables and financial assets					
Loans to employees	–	3	–	–	3
Positive fair value of financial derivatives	12	–	–	67	79
Other	–	33	–	–	33
Other current receivables and financial assets in total	**12**	**36**	**–**	**67**	**115**
Total	**22**	**54**	**165**	**216**	**457**

There are not any significant restrictions regarding the rights of use imposed on financial assets. Potential risks of delay or default are taken into account through accumulated impairment losses except for those financial assets that are carried at fair value.

Within the portfolio „Financial assets at fair value through profit or loss," the fair value of derivatives held for trading is reported in 2024 (2023), as referenced in Note 3.3.4. Additional information regarding the fair value of derivatives held for trading, in accordance with the requirements of IFRS 13, is provided in Notes 3.4.3, 3.6.1, and 3.6.2.

Loans to employees and other financial assets are disclosed in the portfolio "Financial assets at amortised cost". Information on the fair value of loans to employees as required by IFRS 13 is disclosed in Note 3.6.1.

In the column "Financial derivatives designated as hedging instruments" the fair value related to derivatives used for hedging currency risk, and from 2024, also price risk is reported, as referenced in Note 3.3.4. Additional information regarding the fair value of hedging derivatives, in accordance with the requirements of IFRS 13, is provided in Notes 3.4.3, 3.6.1, and 3.6.2.

Under the "Financial assets at fair value through other comprehensive income", an investment in equity instruments of another entity is recognised. This represents a 1% stake in the company VOLKSWAGEN AUTOMOTIVE COMPANY LIMITED (SAIC), which is a related party (a joint venture between the Volkswagen Group and a third party). Detailed information about the equity investment, concerning its fair value in accordance with the requirements of IFRS 13, is provided in Note 3.6.

8.2 Trade Receivables

Balance as at 31 December 2024 (€ million)	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
Non-current trade receivables:			
Other related parties	–	–	–
Non-current trade receivables in total	**–**	**–**	**–**
Current trade receivables:			
Third parties	136	6	142
Subsidiaries	117	–	117
Other related parties	1,444	–	1,444
Current trade receivables in total	**1,697**	**6**	**1,703**
Total	**1,697**	**6**	**1,703**
Balance as at 31 December 2023 (€ million)			
Non-current trade receivables:			
Other related parties	83		83
Non-current trade receivables in total	**83**		**83**
Current trade receivables:			
Third parties	78	170	249
Subsidiaries	169	–	169
Other related parties	968	–	968
Current trade receivables in total	**1,214**	**170**	**1,385**
Total	**1,297**	**170**	**1,468**

Only trade receivable held to sell through factoring are disclosed in the portfolio Financial assets at fair value through profit or loss. Information on the fair value of these receivables, as required by IFRS 13, is disclosed in Note 3.6.

Other trade receivables held in order to collect contractual cash flows are disclosed in the portfolio Financial assets at amortised cost. The carrying amount of long-term and short-term trade receivables, where appropriate, is reduced by the established allowances, approximates their fair value, see Note 3.6.1. Allowances for trade receivables in amount of €27 million (31 December 2023: €28 million) are already included in these amounts. For detailed information on allowances for these receivables see Note 3.1.5.

8.3 Non-Financial Assets

€ million	31 December 2024	31 December 2023
Current non-financial assets		
Tax receivables (excl. income tax)	215	196
Other	68	47
Total	**283**	**244**

The line "Other" includes in particular advances paid.

9 Inventories

€ million	Carrying value as at 31 December 2024	Carrying value as at 31 December 2023
Structure of the inventories		
Raw materials, consumables and supplies	539	729
Work in progress	263	250
Finished products and goods	467	454
Prepayments on inventories	42	–
Hedges on inventories	1	1
Total	**1,313**	**1,434**

€ million	2024	2023
Loss allowance inventories		
Balance as at 1 January	**(79)**	**(67)**
Additions/reversals allowance provisions for inventories:		
Raw materials, consumables and supplies	(2)	(7)
Work in progress	0	1
Finished products and goods	(5)	(6)
Balance as at 31 December	**(86)**	**(79)**

The amount of inventories (including production related personnel costs and overheads capitalised into inventories) recognised as an expense during 2024 was €22,214 million (2023: €20,724 million).

10 Cash and Cash Equivalents

€ million	31 December 2024	31 December 2023
Cash in hand	–	0
Cash pooling	509	72
Bank accounts	1	1
Cash equivalents	199	–
Total	**708**	**73**

The line Cash pooling includes overnight deposits from the use of cash pooling (see Notes 3.1 and 3.2). The line Cash equivalents include other current deposits with Volkswagen Group companies with an original maturity of three months or less. Deposits including cash pooling are included in portfolio Financial assets at amortized cost under IFRS 9.

The weighted average effective interest rate on cash equivalents including cash pooling, weighted by the carrying amount at 31 December 2024 was 3.14% p.a. (31 December 2023: 4.88% p.a.). The carrying value of the cash equivalents including cash pooling approximates their fair value. Of the total value of cash equivalents including cash pooling, €199 million was denominated in CZK (31 December 2023: €27 million) and in €: €509 million (31 December 2023: €45 million).

11 Share Capital

The issued share capital consists of 1,670,885 ordinary shares at a par value of CZK 10,000 per share, i.e., translated as at 31 December 2024: €398.

The sole shareholder of the Company is VOLKSWAGEN FINANCE LUXEMBURG S.A. based in Strassen, Grand Duchy of Luxembourg. VOLKSWAGEN FINANCE LUXEMBURG S.A. is directly a 100% subsidiary of Volkswagen AG. The ordinary shares provide rights to vote on the Company's general meetings and rights to receive dividends.

The shareholder has the right for a share on liquidation balance upon a cancellation of the Company with liquidation. The liquidation balance is distributed among shareholders based on the ratio of the nominal value of their shares.
The shareholder has the right for a share on profit (a dividend) which has been approved for distribution at the general meeting based on results of operations and in line with the respective stipulations of the Business Corporations Act.

The shareholders do not have any right to claim their contribution back during the Company's existence even in case of its cancellation.

There was no movement in the Company's share capital during the accounting period 2024 (2023).

In 2024, the Company paid dividend in the amount of €1,250 million from profit for the year 2023 (2023: €520 million).

The dividend per share was €748 in 2024 (2023: €311).

12 Other Reserves and Retained Earnings

12.1 Other Reserves

€ million	31 December 2024	31 December 2023
Revaluation reserve from equity instruments	(182)	(149)
Reserves for cash flow hedges*	(131)	(73)
Statutory reserve fund	139	139
Total	**(173)**	**(82)**

The Company has adopted the Business Corporations Act as a whole and has retained the rules for creation of statutory reserve fund. The statutory reserve fund may be used only to offset losses.

Movement in equity instruments revaluation reserve (€ million):

Balance as at 1 January 2024	**(149)**
Total change in fair value in the period	(33)
Deferred tax on change in fair value	–
Balance as at 31 December 2024	**(182)**

Balance as at 1 January 2023	**(27)**
Total change in fair value in the period	(116)
Deferred tax on change in fair value	(6)
Balance as at 31 December 2023	**(149)**

Movement in reserve for cash flow hedges – currency risk exposure in accordance:

€ million	Spot component designated for hedging	Term component designated for hedging	Total
Balance as at 1 January 2024	**(64)**	**(9)**	**(73)**
Total change in fair value in the period	(68)	(76)	(144)
Deferred tax on change in fair value	14	16	30
Total transfers to net profit in the period – effective hedging	2	71	73
Total transfers to net profit in the period – hedge ineffectiveness	(3)	2	(1)
Deferred tax on transfers to profit or loss – effective hedging	(1)	(15)	(16)
Deferred tax on transfers to profit or loss – hedge ineffectiveness	1	–	1
Basis adjustments to inventories carrying value – effective hedge	–	1	1
Deferred tax on transfers to inventories	–	–	–
Balance as at 31 December 2024	**(119)**	**(10)**	**(129)**

€ million			
Balance as at 1 January 2023	**129**	**(25)**	**104**
Total change in fair value in the period	(199)	(16)	(215)
Deferred tax on change in fair value	42	3	45
Total transfers to net profit in the period – effective hedging	(45)	36	(9)
Total transfers to net profit in the period – hedge ineffectiveness	2	–	2
Deferred tax on transfers to profit or loss – effective hedging	9	(8)	1
Deferred tax on transfers to profit or loss – hedge ineffectiveness	–	–	–
Basis adjustments to inventories carrying value – effective hedge	1	–	1
Deferred tax on transfers to inventories	–	–	–
Effect from a change in the tax rate	(3)	1	(2)
Balance as at 31 December 2023	**(64)**	**(9)**	**(73)**

* Net of deferred tax of 21% at 31 December 2024 and 21% at 31 December 2023.

Transfers to profit or loss for the period – effective hedging (€ million)

€ million	2024	2023
Sales	83	2
Cost of sales	(10)	(19)
Other operating income	(20)	(18)
Other operating expense	20	26
Total transfers to profit or loss in the period – effective hedging	**73**	**(9)**

Movement in the revaluation reserve from the revaluation of financial derivatives – combined risk (price and currency risk)

	Currency risk exposure		Price risk	Total
€ million	Spot component designated for hedging	Term component designated for hedging	Value of the commodity swap designated for hedging	
Balance as at 1 January 2024	**–**	**–**	**–**	**0**
Total change in fair value in the period	31	(1)	(34)	(4)
Deferred tax on change in fair value	(6)	–	7	1
Total transfers to net profit in the period – effective hedging	–	–	1	1
Total transfers to net profit in the period – hedge ineffectiveness	–	–	–	0
Deferred tax on transfers to profit or loss – effective hedging	–	–	–	0
Deferred tax on transfers to profit or loss – hedge ineffectiveness	–	–	–	0
Basis adjustments to inventories carrying value – effective hedge	–	–	–	0
Deferred tax on transfers to inventories	–	–	–	0
Balance as at 31 December 2024	**25**	**(1)**	**(26)**	**(2)**

An amount of €1 million was transferred from the effective portion of the hedge in the reserve to the net profit under the item Cost of sales in the year 2024.

12.2 Retained Earnings

From the total amount of retained earnings of €4,063 million (as at 31 December 2023: €3,658 million) the profit after tax for the current accounting period was €1,655 million (2023: €1,322 million).

In compliance with the relevant regulation of the Business Corporations Act, the profit of the Company for the year 2024 (determined in accordance with IFRS) is going to be allocated based on the decision of the Company's annual general meeting. At the date of preparation of these financial statements, no dividend payments have been proposed, and the distribution of the Company's result for the year ended 31 December 2024 has not been approved.

13 Financial, Other and Trade Liabilities

13.1 Financial Liabilities

Balance as at 31 December 2024 (€ million)	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Financial instruments designated as hedging instruments	Total
Financial non-current liabilities				
Negative fair value of financial derivatives	1	–	185	186
Leasing liabilities	–	117	–	117
Financial non-current liabilities in total	**1**	**117**	**185**	**303**
Financial current liabilities				
Negative fair value of financial derivatives	3	–	170	173
Leasing liabilities	–	28	–	28
Financial current liabilities in total	**3**	**28**	**170**	**201**
Total	**4**	**145**	**355**	**504**

Balance as at 31 December 2023 (€ million)				
Financial non-current liabilities				
Negative fair value of financial derivatives	17	–	191	208
Leasing liabilities	–	47	–	47
Financial non-current liabilities in total	**17**	**47**	**191**	**255**
Financial current liabilities				
Negative fair value of financial derivatives	18	–	119	136
Leasing liabilities	–	16	–	16
Financial current liabilities in total	**18**	**16**	**119**	**153**
Total	**35**	**63**	**310**	**407**

In the "Financial liabilities at fair value through profit or loss" portfolio is recognized the fair value of trading derivatives in 2024 (2023), see Note 3.3.4. Further information on the fair value of derivatives held for trading as required by IFRS 13 is disclosed in Notes 3.4.3, 3.6.1 and 3.6.2.

In the column Financial liabilities carried at amortised cost are reported lease liabilities. Further information on the fair value of financial liabilities at amortized cost as required by IFRS 13 is disclosed in Note 3.6.

In the column „ Financial instruments designated as hedging instruments", the fair value related to derivatives used for hedging currency risk, and from 2024, also price risk, is reported, as referenced in Note 3.3.4. Additional information regarding the fair value of hedging derivatives, in accordance with the requirements of IFRS 13, is provided in Notes 3.4.3, 3.6.1, and 3.6.2.

13.2 Trade Liabilities

All trade liabilities are current in nature.

Balance as at 31 December 2024 (€ million)	Financial liabilities at amortised cost
Trade liabilities	
Third parties	1,556
Subsidiaries	6
Other related parties	1,354
Total	**2,916**

Balance as at 31 December 2023 (€ million)	
Trade liabilities	
Third parties	1,664
Subsidiaries	8
Other related parties	1,252
Total	**2,924**

Due to the short-term nature of trade liabilities, their fair value approximates their carrying amount , see Note 3.6.1. None of the trade liabilities are secured by a lien.

As part of trade liabilities, liabilities from contracts with customers amounting to €754 million are recognised as at 31 December 2024 (as at 31 December 2023: €544 million), which represent expected future payments to customers for sale bonuses.

Supply Chain Finance Arrangements

In 2024, the Company had supply chain finance (SCF) arrangements in place, as referenced in Note 2.18. Of the total trade payables reported under „Total," the payables to suppliers included within SCF amounted to €291 million as at 31 December 2024. Of the total payables to suppliers included within SCF, €274 million was paid by the financing provider (external bank) as at 31 December 2024.

13.3 Non-Financial Liabilities

€ million	31 December 2024	31 December 2023
Dlouhodobé nefinanční závazky		
Contract liabilities from considerations received	400	314
Non-current non-financial liabilities from customer contracts in total	**400**	**314**
Current non-financial liabilities		
Contract liabilities from considerations received	176	182
Advances received	140	106
Other	6	6
Current non-financial liabilities from customer contracts in total	**322**	**293**
Liabilities to employees	423	366
Social security and health insurance	44	46
Current non-financial liabilities in total	**790**	**706**
Total	**1,190**	**1,020**

In 2024 (2023), contract liabilities from considerations received include mainly consideration received from extended warranty and Škoda Connect services which will be rendered in future periods.

14 Deferred Tax Liabilities and Assets

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against current tax liabilities, and when the deferred income taxes relate to income taxes charged by the same fiscal authority.

Based on the application of the mandatory exception under IAS 12, see Note 2.7.2, the Company did not recognize deferred tax assets and liabilities arising from the implementation of the global minimum level of taxation as at 31 December 2024.

The movements in deferred tax liabilities and assets during the year, without taking into consideration the offsetting, are as follows:

€ million	Amortisation and impairment losses	Right-of-use assets	Financial derivatives*	Provisions and refundable considerations	Equity instruments	Other**	Total
Deferred tax liabilities							
Balance as at 1 January 2023	**(315)**	**(13)**	**(37)**	**–**	**–**	**(3)**	**(367)**
Credited / (debited) to the income statement	(68)	(1)	31	–	–	(3)	(41)
of which effect from a change in the tax rate	(36)	(1)	4	–	–	(1)	(34)
Charged to other comprehensive income	–	–	5	–	–	–	5
of which effect from a change in the tax rate	–	–	(4)	–	–	–	(4)
Balance as at 31 December 2023	**(383)**	**(14)**	**(1)**	**–**	**–**	**(6)**	**(403)**
Credited / (debited) to the income statement	23	(16)	(1)	–	–	(3)	4
of which effect from a change in the tax rate	–	–	–	–	–	–	–
Charged to other comprehensive income	–	–	1	–	–	–	1
of which effect from a change in the tax rate	–	–	–	–	–	–	–
Balance as at 31 December 2024	**(360)**	**(30)**	**0**	**–**	**–**	**(9)**	**(398)**

€ million	Amortisation and impairment losses	Lease liabilities	Financial derivatives*	Provisions and refundable considerations	Equity instruments	Other**	Total
Deferred tax assets							
Balance as at 1 January 2023	**7**	**12**	**36**	**302**	**6**	**68**	**432**
Credited / (debited) to the income statement	(4)	1	(75)	43	–	2	(33)
of which effect from a change in the tax rate	–	1	(6)	33	–	6	34
Charged to other comprehensive income	–	–	39	–	(6)	–	33
of which effect from a change in the tax rate	–	–	5	–	–	–	5
Balance as at 31 December 2023	**3**	**13**	**0**	**345**	**0**	**70**	**432**
Credited / (debited) to the income statement	–	17	(14)	94	–	5	103
of which effect from a change in the tax rate	–	–	–	–	–	–	–
Charged to other comprehensive income	–	–	14	–	–	–	14
of which effect from a change in the tax rate	–	–	–	–	–	–	–
Balance as at 31 December 2024	**3**	**30**	**0**	**439**	**0**	**75**	**548**

€ million	Amortisation and impairment losses	Leases under IFRS 16	Financial derivatives*	Provisions and refundable considerations	Equity instruments	Other**	Total
Deferred tax liabilities and assets net							
Balance as at 31 December 2023	(380)	–	(1)	345	0	64	28
Balance as at 31 December 2024	**(357)**	**1**	**0**	**439**	**0**	**67**	**150**

* Further information on financial derivatives is disclosed in Note 2.5.3.

** As at 31 December 2024, the Other category mainly included deferred tax assets from temporary differences on valuation allowances from receivables and inventories in the amount of €19 million (31 December 2023: €19 million), from accruals of costs and income in the amount of €38 million (31 December 2023: 29 million), from social security for employees in the amount of €14 million (31 December 2023: €10 million) and a deferred tax asset from incentives in the amount of €0 million (31 December 2023: €15 million)

15 Non-Current and Current Provisions

€ million	Warranty claims and recycling	Emission risks	Employee benefits	Litigation risks	Purchase risks	Other business risks	Total
Balance as at 1 January 2023	**809**	**302**	**172**	**41**	**205**	**274**	**1,804**
Utilised	(183)	(284)	(37)	(2)	(157)	(79)	(743)
Additions	234	3	53	1	102	40	432
Interest expense	0	–	–	–	–	–	0
Reversals	(24)	–	–	(1)	–	(12)	(37)
Balance as at 1 January 2024	**836**	**20**	**187**	**39**	**150**	**223**	**1,456**
Utilised	(190)	–	(27)	–	(115)	(19)	(351)
Additions	279	6	62	4	265	56	670
Interest expense	4	–	–	–	–	–	4
Reversals	(13)	–	(9)	(4)	(4)	(1)	(30)
Balance as at 31 December 2024	**916**	**26**	**214**	**39**	**296**	**259**	**1,750**

Non-current and current provisions according to the time of expected use of resources:

€ million	< 1 year	1–5 years	> 5 years	Total
Balance as at 31 December 2024				
Provisions for warranty claims and recycling	319	530	67	916
Provisions for emission risks	26	–	–	26
Provisions for employee benefits	40	16	158	214
Provisions for litigation risks	39	–	–	39
Provisions for purchase risks	296	–	–	296
Provisions for other business risks	259	–	–	259
Total	**979**	**546**	**225**	**1,750**
Balance as at 31 December 2023				
Provisions for warranty claims and recycling	302	480	55	836
Provisions for emission risks	20	–	–	20
Provisions for employee benefits	35	18	135	187
Provisions for litigation risks	39	–	–	39
Provisions for purchase risks	150	–	–	150
Provisions for other business risks	223	–	–	223
Total	**770**	**497**	**190**	**1,456**

The provision for warranty claims and recycling includes mainly provision for basic guarantees , provision for corrosion guarantees and other guarantees beyond the scope of basic warranty (except for extended warranty), especially good-will repairs. Furthermore, this provision includes expenses related to the ecological disposal of cars and batteries. For electric vehicles, this provision also includes a warranty provision for the functionality of the high-voltage battery. This provision also includes expenses related to the ecological disposal of cars and batteries. More detailed information regarding the warranty provision is provided in section 2.19.

The provision to cover emission expenses includes a provision created based on the Company's liability to Volkswagen Group companies from the sale of cars on the Indian market and a provision towards the Swiss importer created based on membership in the emission pool in Switzerland. (The provision to cover emission expenses based on the Company's contractual obligation to the Volkswagen Group emission pool in the EU was fully utilized in 2023.) The Company recognizes a provision in the amount of the best possible estimate of future expenses due to exceeding the permitted emission limits monitored at the emission pool level, which are allocated to the Company. Detailed information on this provision is disclosed in Note 2.19.

Provisions for employee benefits consist mainly of provision for other long-term employee benefits and provision for termination benefits. Additional information about this provision is provided in section 2.10.

Provisions for litigation risks relate mainly to provision for risks arising from legal disputes, legal fees, penalty interest and other litigation risks. The Company provides for the probable cash outflows for existing legal, arbitration or other proceedings by means of a relevant provision. The Company is not involved in any legal cases, arbitration or other proceedings for which no provision has been created and which could have a material impact on the financial position and the financial results (financial statements) of the Company and there are no such proceedings expected in the near future.

.The provision for purchase risks is made for future probable expenses from open business negotiations with suppliers, triggered by the volatility of the production program caused mainly by the transition to electromobility and price adjustments due to the increase in prices of input materials and energy. Additional information on this provision is provided in section 2.19.

Other provisions include mainly provision for customs and tax risks (other than income taxes) in the countries where the Company operates, as well as other business risks related to the feasibility of the projects. This includes provisions for onerous contracts, which considered the risks of ceasing operations in the Russian market and risks arising from changes in the production program. In 2024 (2023), a provision for the termination of operations in the Russian market amounting to €2 million (2023: €22 million) was created, and at the same time, a portion of this provision created in previous years was utilized in the amount of €12 million (2023: €53 million). This provision was created mainly for future expenses arising from contracts with suppliers based in the EU for the supply of parts for the Russian region, which will no longer be executed due to the cessation of operations. Additionally, in 2024, due to changes in the production program in the area of battery module manufacturing, a provision for an onerous contract amounting to €43 million was created.

16 Sales

€ million	**2024**	**2023**
Cars	20,585	19,396
Spare parts and accessories	1,269	1,167
Supplies of components for cars	1,285	1,226
Income from licence fees within Volkswagen Group	47	81
Revenues from batteries (MEB, PHEV)	1,800	1,605
Revenues from services	296	326
Other	270	212
Revenue from contracts with customers in total	**25,552**	**24,014**
Gains / (losses) from derivative transactions - hedging of future sales	(83)	(3)
Total	**25,469**	**24,012**

In 2024 (2023) line Other relates mainly to sales of used cars, scrap and tooling.

The item Gains from derivative transactions - hedges of receivables includes effect from settlement of currency-risk hedging financial instruments upon selling of foreign currencies.

Revenue From Contracts with Customers by Geographical Regions:

2024 (€ million)	Cars	Spare parts and accessories	Supplies of components for cars	Revenues from batteries (MEB, PHEV)	Income from licence fees within Volkswagen Group	Revenues from services	Other	Total
Main geographical regions								
Central and Eastern Europe	4,941	537	95	30	–	72	183	5,858
Western Europe	13,898	696	765	1,770	45	192	75	17,440
Overseas /Asia	1,746	37	425	–	2	31	12	2,253
Total	**20,585**	**1,269**	**1,285**	**1,800**	**47**	**296**	**270**	**25,552**
Timing of revenue recognition								
At a point in time	20,585	1,269	1,285	1,800	47	95	270	25,352
Over time	–	–	–	–	–	200	–	200
Total	**20,585**	**1,269**	**1,285**	**1,800**	**47**	**296**	**270**	**25,552**

2023 (€ million)	Cars	Spare parts and accessories	Supplies of components for cars	Revenues from batteries (MEB, PHEV)	Income from licence fees within Volkswagen Group	Revenues from services	Other	Total
Main geographical regions								
Central and Eastern Europe	4,756	503	66	93	–	89	104	5,611
Western Europe	12,920	623	715	1,513	79	195	105	16,150
Overseas /Asia	1,720	41	446	–	2	41	4	2,253
Total	**19,396**	**1,167**	**1,226**	**1,605**	**81**	**326**	**212**	**24,014**
Timing of revenue recognition								
At a point in time	19,396	1,167	1,226	1,605	81	126	212	23,814
Over time	–	–	–	–	–	200	–	200
Total	**19,396**	**1,167**	**1,226**	**1,605**	**81**	**326**	**212**	**24,014**

The following table shows how much revenue recognised in current accounting period relates to transferred contract liabilities and how much relates to the performance obligations satisfied in prior periods:

€ million	**2024**	**2023**
Revenue arising from contract liability expected to be satisfied settled in the following periods and are included in the balance of non-financial liabilities at the end of the financial year	**151**	**139**
of which:		
Extended warranty	93	94
Services	58	45
Revenue recognised from the performance obligations satisfied in prior periods - release of provisions and accruals relating to change in transaction price	**60**	**41**

In the following table there are the amounts of the transaction price which have not yet been recognised as revenue at 31 December 2024 (31 December 2023) in relation to extended warranty, licences and services for which the realisation timing is in the following years:

€ million	**2025**	**2026 – 2029**
Revenue arising from contract liability expected to be settled in the following periods and are included in the balance of non-financial liabilities at the end of the financial year		
Extended warranty	77	285
Services	99	115
Total revenue	**176**	**400**

€ million	**2024**	**2025 – 2028**
Revenue arising from contract liability expected to be settled in the following periods and are included in the balance of non-financial liabilities at the end of the financial year		
Extended warranty	101	250
Services	81	64
Total revenue	**182**	**314**

In addition to Revenue arising from contract liability expected to be settled in the following periods the Company had in 2024 (2023) contractual obligations from open orders for cars. The Company did not use any practical expedient for revenue disclosures and did not incur any costs to obtain contracts with customers.

17 Other Operating Income

€ million	**2024**	**2023**
Income from licence fees not relating to the ordinary activities	11	10
Foreign exchange gains	131	173
Gains from derivative transactions	101	66
Reversal of provisions	4	1
Reversal of loss allowance provision for receivables	21	7
Other	95	101
Total	**362**	**359**

Other in 2024 (2023) includes mostly re-invoicing of expenses and compensation costs.

Foreign exchange gains include mainly gains from differences in exchange rates between the dates of recognition and payment of receivables and payables denominated in foreign currencies, as well as exchange rate gains resulting from translation as at the balance sheet date of these receivables and payables. Foreign exchange losses from these items are included in other operating expenses.

18 Other Operating Expenses

€ million	**2024**	**2023**
Foreign exchange losses	132	162
Losses from derivative transactions	44	104
Receivables write-offs and impairments*	22	16
Additions to other provisions	17	18
Other	11	6
Total	**225**	**306**

* The line Receivables write-offs and impairments also includes in 2023 the utilization of the specific allowance for impairment of receivables from licenses related to business activities in Russia in the amount of €31 million, see Note 3.1.5. for the reduction of the total value of the above-mentioned expenses.

19 Financial Result

€ million	**2024**	**2023**
Interest income	36	16
Foreign exchange gains from cash and cash equivalents	9	6
Foreign exchange gains from spot operations	6	8
Dividend income	11	17
Income from the sale of Financial investments	–	21
Other financial income	2	–
Total financial income	**64**	**68**
Interest expense of lease liabilities	6	3
Interest expense of loans liabilities	–	2
Other interest expense	6	1
Foreign exchange losses from cash and cash equivalents	9	11
Foreign exchange losses from spot operations	7	8
Factoring fees	21	33
Impairment losses on Financial investments	–	13
Derecognition of sold Financial investments*	–	68
Other financial expenses	1	2
Total financial expenses	**49**	**141**
Net financial result	**15**	**(73)**

Dividend income in 2024 includes mainly dividend income of €4 million from the investment in SAIC (2023: €11 million).

20 Net Gains and Losses From Financial Instruments

€ million	**2024**	**2023**
Financial instruments at fair value through profit or loss	58	(30)
Financial assets at amortised cost	13	(38)
Financial assets at fair value through other comprehensive income	4	11
Financial liabilities at amortised cost	(3)	18
Financial instruments designated as hedging instruments	(74)	8
Net gains / (losses) in profit or loss	**(2)**	**(32)**
Financial instruments designated as hedging instruments	(71)	(221)
Financial assets at fair value through other comprehensive income	(33)	(115)
Net gains / (losses) in profit or loss through other comprehensive income	**(104)**	**(336)**
Total net gains / (losses)	**(106)**	**(367)**

Gains resp. losses from financial derivatives held for trading are recognized in Financial instruments at fair value through profit or loss in 2024 (2023).

Foreign exchange gains / losses on deposits, interest income on deposits, impairment losses on financial assets and losses on derecognition of financial assets at amortized cost are recognized in Financial assets at amortized cost in 2024 (2023). In 2024, the gain/loss on derecognized financial assets at amortized cost amounted to €21 million (2023: €73 million).

The item Financial liabilities at fair value mainly includes unrealised and realised foreign exchange gains/losses on liabilities in 2024 (2023).

In 2024 (2023), Financial assets at fair value through other comprehensive income include income from dividends from investments in equity instruments recognized in the income statement and gains / losses from revaluation of equity investments carried at fair value in other comprehensive income.

Financial instruments designated as hedging instruments include in 2024 (2023) gains and losses from financial instruments designated as hedging instruments recognized in the income statement and revaluation gains and losses on Financial instruments designated as hedging instruments recognized in other comprehensive income.

Further information on net gains and losses on financial instruments recognized in other comprehensive income is disclosed in Note 12.

* The line Derecognition of sold Financial investments includes, in addition to their derecognition value in 2023, the utilisation of the impairment provision for the impairment of these investments amounting to €74 million, which reduces the total derecognition cost.

21 Income Tax

€ million	2024	2023
Current tax expense	**554**	**264**
of which: adjustment in respect of prior years	(5)	(10)
Deferred tax	**(106)**	**74**
Income tax total	**448**	**338**

Statutory income tax rate in the Czech Republic for the 2024 tax year was 21% (2023: 19%).

As at 31 December 2024 (as at 31 December 2023), deferred income taxes attributable to the Czech tax jurisdiction were measured at a tax rate of 21% that corresponds to the statutory tax rates enacted for the future periods when realisation of deferred tax asset and liabilities is expected.

Reconciliation between Expected and Effective Income Tax Expense

€ million	2024	2023
Profit before tax	2,103	1,659
Expected income tax expense	**442**	**315**
Proportion of taxation relating to:		
Permanent differences resulting from:		
Tax exempt income	(4)	(8)
Expenses not deductible for tax purposes	19	28
Exchange differences*	13	16
Tax allowances and other tax credits**	(24)	(18)
Adjustments of tax expenses for previous periods in current tax	(5)	(10)
Adjustments of tax expenses for previous periods in deferred tax	6	10
Value adjustment of deferred tax assets from unused tax credits from investment incentives	–	2
Profit share	1	2
Effect from a change in the tax rate	–	0
Income tax expense	**448**	**338**
Effective income tax rate	21.3%	20%

The Company is subject to the Equalization Tax Act concerning the global minimum level of taxation, see Note 2.7.1. Based on the Company's financial performance data for 2024 , the effective income tax rate was simplified in the amount of 22% . This rate does not differ significantly from the national effective rate of member entities in the Czech Republic.

In the 2024 accounting period, the Company assessed its potential exposure to income equalization taxes under the Pillar 2, concluding that it does not anticipate any impact from equalization taxes due to the application of transitional safe harbour rules (effective tax rate above 15%), see Note 2.7.1.

Based on an estimate derived from available data, the Company concluded in the 2023 accounting period that it would not be exposed to the impacts of equalization taxes under the Pillar 2.

22 Subsidies, Government Grants and Investment Incentives

In 2024, the Company recognised income from subsidies for non-investment projects in research and development, increased qualifications of employees and mobility of students and teachers from high schools (Škoda Auto a.s., Střední odborné učiliště strojírenské, odštěpný závod) in the total amount of €3 million (2023: €3 million).

Investment incentives

To be granted the investment incentives, the Company has to meet the General conditions of paragraph 2 art. 2 of the Act No. 72/2000 Coll., on Investment Incentives, as amended and conditions of paragraph 6a art. 2 and 5 of the same Act and Special conditions paragraph 35b of the Act No. 586/1992 Coll., on Income Tax as amended. For the investment incentives granted to the Company, the total amount of the incentive is always dependent on the amount invested.

The following table summarises granted investment incentives and their use in 2024 (€ million):

Investment incentive	Maximum amount of the investment incentive	Recognised deferred tax asset from investment incentives	Utilisation of tax credits from investment incentives
Enlargement of the production assortment for the production of electric vehicles	15	–	15
Total	**15**	**–**	**15**

The following table summarises granted investment incentives and their use in 2023 (€ million):

Investment incentive	Maximum amount of the investment incentive	Recognised deferred tax asset from investment incentives	Utilisation of tax credits from investment incentives
Enlargement of the production assortment for the production of electric vehicles	15	15	–
Total	**15**	**15**	**–**

* The item Permanent differences resulting from exchange rate differences includes exchange rate differences from the conversion of the tax base of items entering into the calculation of deferred and current tax denominated in CZK using the group reporting exchange rate EUR/CZK.

** Tax allowances and other tax credits represent mainly tax credits from double deduction of research and development costs.

23 Commitments and Contingencies

At the balance sheet date, the Company had following commitments and contingencies:

€ million	< 1 year	1–5 years	> 5 years	31 December 2024
Capital commitments – land, property, plant and equipment	322	116	–	438
Capital commitments – intangible assets	572	537	7	1,116
Future lease payments for short-term and low-value leases	17	31	20	68
Future environmental protection obligations	–	–	8	8

€ million	< 1 year	1–5 years	> 5 years	31 December 2023
Capital commitments – land, property, plant and equipment	452	93	–	544
Capital commitments – intangible assets	653	433	6	1,092
Future lease payments for short-term and low-value leases	13	24	20	56
Future environmental protection obligations	–	8	5	13

In 2024 (2023), the Company leased especially office equipment and pallets for transport based on the short-term and low-value lease agreements. Cash outflows from the options to extend leases were €0 million in 2024 (2023: €5 million).

Under Future environmental protection obligations, future liabilities from contracts entered into for the acquisition of EACs* certificates are recognised.

The Company is committed to ensure the availability of spare parts for Škoda vehicles for a period of at least 10 years after the end of production of individual models or their import to specific markets. Given the nature and substance of this commitment, it cannot be reliably measured.

24 Expenses by Nature

€ million	2024	2023
Material costs**	18,273	17,372
Personnel costs	2,082	2,067
Depreciation and asset impairment	1,121	935
Services	744	789
Low-value leases expense	10	6
Short-term lease expense	7	7
Transportation and distribution	323	299
Warranty claims	332	286
Advertising and sales promotion	159	158
Power	175	129
Licence fees	133	106
Other***	159	179
Total cost of sales, distribution and administrative and selling expenses	**23,518**	**22,333**
Number of employees		
Number of employees****	37,551	38,014

* EACs certificates are certificates that are generated by renewable energy production.

** Material costs include the costs of materials and ancillary costs associated with the acquisition of materials (particularly transportation and packaging).

*** The item "Others" mainly includes costs for launchong of new products and other services from non-manufacturing activities.

**** Average number of employees including temporary employees and without apprentices.

25 Related Party Transactions

The sole shareholder of the Company was VOLKSWAGEN FINANCE LUXEMBURG S.A. during the whole accounting period ended 31 December 2024 (31 December 2023).

Volkswagen AG was the ultimate parent company and the ultimate controlling party during the whole accounting period ended 31 December 2024 (31 December 2023).

Items in category Other related parties are companies under joint control of Volkswagen AG, however, for the purposes of compiling the Report on relations they do not meet the definition of an entity controlled by the same controlling entity pursuant to paragraph 74 of the Act No. 90/2012 Coll., Business Corporations Act, as amended.

At the beginning of 2023, Škoda Auto a.s. acquired stakes amounting to €67 million from SCANIA CV AKTIEBOLAG in Scania Leasing, a limited liability company under Russian law based in Moscow, Russian Federation; in Scania Finance, a limited liability company under Russian law based in Moscow, Russian Federation; and in Scania Insurance, a limited liability company under Russian law based in Moscow, Russian Federation, thereby becoming a partner in these companies. The Company's share in each of these companies was 16.8%. The stakes acquired by Škoda Auto a.s. in the aforementioned companies were contributed to OOO Volkswagen Group Rus on 22 February 2023.

Furthermore, on 18 May 2023, the Company, together with other Volkswagen Group partners, completed the sale of its stake in OOO Volkswagen Group Rus to the Russian company OOO ART-FINANCE, which is supported by the Russian dealer AO Avilon Automotive Group. The Company's share in OOO Volkswagen Group Rus remained at 16.80% even after the increase in the value of the financial investment following the transaction with Scania as of the sale date. The transfer of the stake in OOO Volkswagen Group Rus from the Company to the buyer occurred on the transaction registration date of 22 May 2023. The sale price attributable to the Company's stake was €21 million. Considering the utilization of an impairment loss allowance of €75 million on the financial investment created in the previous year, the Company realized a total loss of €47 million from the sale in 2023. In 2023, OOO Volkswagen Group Rus did not pay any dividends to the Company.

Other capital transactions with subsidiaries and associates are disclosed in Notes 6 and 7.

The Company Participated in the Following Transactions With Related Parties

Sales to Related Parties (€ million)	**2024**	**2023**
Parent company		
VOLKSWAGEN FINANCE LUXEMBURG S.A.	–	–
Ultimate parent company		
Volkswagen AG	1,162	544
Subsidiaries		
Škoda Auto Slovensko s.r.o.	446	454
Škoda Auto Volkswagen India Pvt. Ltd.	258	308
Škoda X s.r.o.	–	–
UMI Urban Mobility International Česká republika s.r.o.	–	–
Associates		
OOO Volkswagen Group Rus	–	2
ŠKO-ENERGO, s.r.o.	–	–
Digiteq Automotive s.r.o.	–	–
Green:Code s.r.o.	–	–
Companies controlled by ultimate parent company	**16,727**	**15,532**
Other related parties	**23**	**30**
Total	**18,615**	**16,870**

The values disclosed in the Sales to related parties table are further detailed by individual contracts below:

€ million	2024	2023
Cars	14,598	13,158
Spare parts and accessories	843	758
Supplies of components for cars	1,278	1,226
Revenues from batteries (MEB, PHEV)	1,800	1,605
Services	52	64
Other	43	59
Total	**18,615**	**16,870**

In addition to revenue specified in the table Sales to related parties, the Company also earned income from licence fees:

€ million	2024	2023
Income from licence fees within Volkswagen Group		
Ultimate parent company	–	–
Subsidiaries	–	–
Associates	–	–
Other related parties	47	81
Total	**47**	**81**

In addition to the revenue specified in the table Sales to related parties, the Company also earned income from related parties transactions relating to interest from intercompany loans and deposits:

€ million	2024	2023
Interest income from loans and deposits		
Ultimate parent company	–	–
Subsidiaries	–	–
Associates	–	–
Companies controlled by ultimate parent company	4	3
Other related parties	–	–
Total	**4**	**3**

Dividends received from subsidiaries are disclosed in Note 6. Dividends received from associates are disclosed in Note 7.

Dividends paid from other equity instruments are disclosed in Note 19.

Purchases From Related Parties

€ million	2024	2023
Parent company		
VOLKSWAGEN FINANCE LUXEMBURG S.A.	–	–
Ultimate parent company		
Volkswagen AG	5,092	5,753
Subsidiaries		
Škoda Auto Slovensko s.r.o.	7	7
Škoda Auto Volkswagen India Pvt. Ltd.	107	107
Škoda X s.r.o.	9	10
UMI Urban Mobility International Česká republika s.r.o.	–	–
Associates		
OOO Volkswagen Group Rus	–	–
ŠKO-ENERGO, s.r.o.	183	151
Digiteq Automotive s.r.o.	38	37
Green:Code s.r.o.	12	8
Companies controlled by ultimate parent company	**2,746**	**1,749**
Other related parties	14	–
Total	**8,208**	**7,822**

The values presented in the table Purchases from Related Parties are further detailed by individual items.

€ million	2024	2023
Purchases related to:		
Production	5,156	5,212
Services and overhead costs	2,483	2,145
Transport	269	183
Spare parts and accessories	231	208
Investments	68	74
Total	**8,208**	**7,822**

In addition to the costs shown in the Purchases from related parties table, the Company also incurred interest expense on its short-term loan from related party transactions:

€ million	2024	2023
Interest expenses on short-term loans		
Ultimate parent company	–	–
Companies controlled by ultimate parent company	–	2
Total	**–**	**2**

In addition to the aforementioned purchases and interest expenses, in the year 2024 (2023), the Company also reported expenses related to gifts and contributions in the amount of €14 million(€8 million), which were realized through transactions with non-profit and public benefit organizations.

The amount of dividends paid and approved by the parent company is disclosed in Note 11.

Receivables From Related Parties

The receivables listed in the following table include only trade receivables and, where applicable, receivables from licenses for all listed categories of related parties.

€ million	31 December 2024	31 December 2023
Parent company		
VOLKSWAGEN FINANCE LUXEMBURG S.A.	–	–
Ultimate parent company		
Volkswagen AG	261	194
Subsidiaries		
Škoda Auto Slovensko s.r.o.	5	41
Škoda Auto Volkswagen India Pvt. Ltd.	111	127
Škoda X s.r.o.	0	1
UMI Urban Mobility International Česká republika s.r.o.	–	–
Associates		
OOO Volkswagen Group Rus	–	–
ŠKO-ENERGO, s.r.o.	1	–
Digiteq Automotive s.r.o.	1	1
Green:Code s.r.o.	–	–
Companies controlled by ultimate parent company	1,158	848
Other related parties	**24**	**8**
Total	**1,561**	**1,219**

Receivables from licence fees are specified below.

€ million	31 December 2024	31 December 2023
Receivables licence fees		
Ultimate parent company	–	–
Subsidiaries	–	–
Associates	–	–
Other related parties	7	3
Total	**7**	**3**

In addition to trade receivables and receivables from licence fees, the Company as at 31 December 2024 also had deposits including cash pooling in companies controlled by ultimate parent company in the nominal amount of €708 million (as at 31 December 2023: €72 million). The weighted average effective interest rate on current deposits with original maturity less than three months (including cash pooling) is disclosed in Note 10. In addition to that, the Company also had receivable from its ultimate parent company Volkswagen AG amounting to €8 million as at 31 December 2024 relating mainly to the claim refund necessary for settlement of the provision for service action and other expenditures related to technical measures for cars equipped with EA189 engines (as at 31 December 2023: €11 million).

Receivables from related parties are considered by the Company to be the least risky (see Note 3.1.). Amount of allowances for receivables due as stated in credit terms is determined according to simplified approach using provision matrix described in Note 3.1.5. The value of receivables from related parties that will be subject to factoring is stated in Note 8.2. Further information on these receivables classified in the FVPL portfolio is provided in Notes 2.5.1 and 3.1.3. As at 31 December 2024, the Company had open receivables from the factoring companies of the Volkswagen Group in the amount of €11 million (as at 31 December 2023: €62 million). Furthermore, in 2024, the Company assigned its trade receivables from third parties to these group factoring companies in the amount of €4,860 million (2023: €9,270 million). As of 1 January 2024, the assignment of receivables from group companies within the framework of factoring was terminated, see Note 2.18.

As at 31 December 2024 (2023), the Company reported a receivable of €19 million (as at 31 December 2023: €20 million) as a member of the EU emissions pool for the claim on internal settlement of realized emission savings. As a member of the emissions pool in the United Kingdom, the Company reported a receivable for the claim on internal settlement of realized emission savings within the pool totalling €0 million (as at31 December 2023: €2.22 million). Additionally , as at December 31, 2024, the Company, as a member of the Volkswagen Group, reported a receivable of €2 million for the internal settlement claim for cars sold in India in the recalculated Indian fiscal year 2024 (as at 31 December 2023: €0 million).

Further information on the receivables for the claim on internal settlement of realized emission savings is provided in section 2.19.

Liabilities to Related Parties

The liabilities listed in the following table include only trade payables for all listed categories of related parties.

€ million	31 December 2024	31 December 2023
Parent company		
VOLKSWAGEN FINANCE LUXEMBURG S.A.	–	–
Ultimate parent company		
Volkswagen AG	426	580
Subsidiaries		
Škoda Auto Slovensko s.r.o.	4	–
Škoda Auto Volkswagen India Pvt. Ltd.	0	7
Škoda X s.r.o.	2	2
UMI Urban Mobility International Česká republika s.r.o.	–	–
Associates		
OOO Volkswagen Group Rus	–	–
ŠKO-ENERGO, s.r.o.	15	10
Digiteq Automotive s.r.o.	4	6
Green:Code s.r.o.	2	1
Companies controlled by ultimate parent company	**906**	**652**
Other related parties	**1**	**1**
Total	**1,360**	**1,260**

The Company has a factoring agreement with ŠkoFIN s.r.o., according to which ŠkoFIN s.r.o. can claim compensation for realized credit losses under certain conditions. Detailed information on this financial guarantee is disclosed in Note 3.1.6.

Other Related Party Transactions

In 2024 and 2023, the Company entered into internal derivative contracts directly with the ultimate parent company Volkswagen AG to hedge currency and price risk. As at 31 December 2024, the fair value of receivables from internal derivative contracts was €227 million (31 December 2023: €238 million). The fair value of liabilities from internal derivative contracts amounted to €359 million as at 31 December 2024 (31 December 2023: €344 million). Further information on internal derivatives used for hedging currency and price risk is disclosed in Note 3.3.4. Information on Investments in subsidiaries is disclosed in Note 6, information on Investments in associates is disclosed in Note 7 and information on Investments in equity instruments issued by related parties is disclosed in Note 8.1.

In 2020, based on the contractual obligation arising from its membership of the EU Emissions Pool, the Company recognized a provision to cover emissions expenditures. This provision was fully utilised in 2023 based on the final settlement of emission obligations

Outside of the European region, the Company is part of a "consortium" of Volkswagen companies that must comply with stricter emissions legislation due to joint responsibility for the Indian manufacturer and dealer. As at 31 December 2024, the total provision for future expenses arising from internal settlements for vehicles sold in India in the recalculated Indian fiscal year 2023 amounted to was €21 million (31 December 2023: €21 million).

Further information on provisions for emission risks is disclosed in Notes 2.19 and 15.

€ million	**31 December 2024**	**31 December 2023**
Contractual obligations and other future commitments		
Ultimate parent company	1,088	1,086
Subsidiaries	0	–
Associates	0	–
Companies controlled by ultimate parent company	86	68
Total	**1,175**	**1,154**

Contractual obligations to related parties include mainly commitments in respect of research and development costs and tooling rights.

As at 31 December 2024, the Company reported a liability related to a donation to the Škoda Auto Endowment Found in the amount of €0 million (31 December 2023 €4 million).

Information on Key Management Personnel Remuneration

€ million	**2024**	**2023**
Salaries and other short-term employee benefits*	29	25
Pension benefit costs (defined contribution plans)	1	1
Share-based payment	2	4
Total	**32**	**30**

The group of key management personnel includes the Board of Directors, the Supervisory Board, and Company's senior managers of the Company (TMK** and OMK***), who have the authority and responsibility for planning, directing, and controlling the activities of the Company.

Of the total amount reported under Salaries and other short-term employee benefits, amount of 12€ million was not paid as at 31 December 2024 (31 December 2023: €12 million).

The remuneration system for key management personnel TMK, and the Board of Directors consists of a fixed and a variable component. The variable component of remuneration further consists of an annual bonus and a long-term bonus. The basis for determining the annual bonus for members of the Board of Directors for the year 2024 is the results of NCF (Net Cash Flow) and ROS (Return on Sales) for Škoda Auto including its subsidiaries and for the Brand Group Core**** group within a one-year evaluation period. The basis for determining the annual bonus for members of TMK for the year 2024 is the results of ROI (Return on Investment) and ROS (Return on Sales) for Škoda Auto including its subsidiaries and for the Brand Group Core**** group within a one-year evaluation period. The basis for determining the annual bonus for members of TMK and the Board of Directors for the year 2023 was the results of ROI (Return on Investment) and ROS (Return on Sales) for Škoda Auto including its subsidiaries and for the Volkswagen Group within a one-year evaluation period. The long-term bonus is based on long-term incentives in the form of a performance share plan with a three-year period linked to the future performance of Volkswagen AG's preferred shares (share-based payments), see Note 2.17. In 2024, a total of 40,287 performance shares were allocated to these management members (2023: 35,003 performance shares). The total target amounts for selected key members of TMK and the Board of Directors for the performance period 2024–2025 amounted to €4 million as of the grant date, 1 January 2024 (for the performance period 2023–2024, they amounted to €5 million as of the grant date, 1 January 2023). Related expenses of €3 million were reported in personnel costs in 2024 (2023: €6 million), see Note 24. If the recipients of the performance share plan were to leave the Company as at 31 December 2024, the intrinsic value of their vested share-based payment rights would total €3 million (2023: €5 million).

The remuneration system for key management personnel OMK also consists of a fixed and a variable component. The variable remuneration includes an annual bonus dependent on the ROI (Return on Investment) and ROS (Return on Sales) results for Škoda Auto, including its subsidiaries, and for the Brand Group Core**** group (for the year 2023, the Volkswagen Group) within a one-year evaluation period. Additionally, it includes a long-term bonus dependent on the performance of Volkswagen AG's preferred share price (including dividends and Earnings per share) over the past three years. In 2024 (2023), these management members were paid a long-term bonus of €11 million (€7 million).

* Salaries and other short-term employee benefits include besides wages, salaries, bonuses and non-monetary remuneration also health and social insurance paid by employer for employees.

** TMK (Koncerntopmanagementkreis): Group Top Management

*** OMK (Obermanagementkreis): Senior Management

**** Brand Group Core: Volume Brand Group (includes the following brands: Volkswagen Passenger Cars, Škoda, SEAT, CUPRA, and Volkswagen Commercial Vehicles)

26 Other Information

The compensation paid to the Company's auditors for the accounting period 2024 was €3 million (2023: €3 million) and covered the following services:

€ million	2024	2023
Audit of Annual Financial Statements	1	1
Other Assurance Services	0	–
Tax and related services	–	–
Other advisory services	2	2
Total	**3**	**3**

27 Contingent Liabilities

The Company has noted contingent liabilities in connection with the diesel engines issue representing claims made through lawsuits against the Company. These claims meet the criteria of a contingent liability, but their value could not be disclosed, because it is not possible to reliably quantify the potential settlement conditions of such claims. Currently, these proceedings are at various stages and in number of them the claimants still have not specified the value of their claims. Chances of success of such claims may be currently assessed as less than 50%. The courts give the prosecutors and defendants room to find a settlement of disputes by dead of arrangement.

In some countries (especially in Belgium, the Netherlands and the United Kingdom), there are in connection with the aforementioned topic judicial proceedings conducted or prepared on the basis of collective actions or legal instruments of similar nature against the Company and other companies of the Volkswagen Group or also against other persons, which assert, inter alia, claims for monetary compensation. Given that in many cases the proceedings are not yet at a later stage, or the actions filed are seeking declaratory decisions, the amount of the claims asserted cannot yet be quantified with certainty.

In addition to the above, individual actions were filed in some countries against the Company, in which the claimants mostly seek alleged compensation for alleged damage or replacement of allegedly defective vehicles with defect-free vehicles.

It can be stated that other car manufacturers are also in a similar situation.

Currently, it is impossible to reliably estimate the number of customers who will use the possibility to bring their alleged claims against the Company by filing a lawsuit in the future, nor what the chances of success of such claims will be. Likewise, it is not possible to reliably estimate how many customers bring their alleged claims against dealers, service partners and importers of Škoda brand, what actions they will seek and what will be the extent of their success. It can be also expected that dealers, service partners and importers of Škoda brand who would not be successful in disputes started by customers, could then exercise alleged recourse claims against the Company.

The Indian customs authorities have initiated investigations regarding the application of local customs rates at Škoda Auto Volkswagen India Pvt. Ltd. and have issued a Show Cause Notice. A final decision by the Indian authorities has not yet been made. Due to the early stage of the investigations , it is not yet possible to reliably quantify the associated risks.

28 Significant Events After the Balance Sheet Date

After the balance sheet date, there were no events that could have a significant impact on the separate financial statements of the Company for the year ended 31 December 2024.

29 Information About Volkswagen Group

Škoda Auto a.s. is a subsidiary included in the consolidation group of its ultimate parent company, Volkswagen AG, with a registered office in Wolfsburg, the Federal Republic of Germany.

The Volkswagen Group consists of two divisions – Automotive and Financial Services. The activities related to the Automotive Division include the development of vehicles, engines, software and vehicle batteries, production and sale of passenger and commercial cars, trucks, buses and motorcycles as well as the business with spare parts, large-bore diesel engines, turbomachinery and propulsion components. The following brands belong to Volkswagen Group: Audi, Bentley, CARIAD, CUPRA, Ducati, Lamborghini, MOIA, Porsche, SEAT, Škoda, TRATON SE, Volkswagen Passenger Cars and Volkswagen Commercial Vehicles.

The Financial Services Division includes activities related to the dealer and customer financing, vehicle leasing, banking and insurance activities, the fleet management and mobility services.

Škoda Auto and its subsidiaries (see Note 6) and its investments in associates (see Note 7) are included in the consolidation of Volkswagen Group's financial statements. These consolidated financial statements, and other information relating to the Volkswagen Group, are available in the annual report of Volkswagen AG and on its internet site **www.volkswagen-group.com**.

Mladá Boleslav, 3 March 2025

The Board of Management:

Klaus Zellmer

Andreas Dick

Maren Gräf

Martin Jahn

Johannes Neft

Holger Peters

Karsten Schnake

Persons Responsible for Accounting:

Dana Němečková

Zbyněk Halíř

Financial Section

Report on Relations

Report on Relations of the company Škoda Auto a.s.

Pursuant to the provisions of Section 82 of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (hereinafter referred to as the "Business Corporations Act")
1 January – 31 December 2024

The Board of Management of Škoda Auto a.s., having its registered office tř. Václava Klementa 869, Mladá Boleslav II, 293 01 Mladá Boleslav, identification number 00177041, registered in the Commercial Register kept by Municipal Court in Prague, with File No. B 332 (hereinafter referred to as "the Company" or "Škoda Auto" or "Controlled entity"), prepared the following Report on Relations pursuant to the provision of § 82 of Business Corporations Act, in the accounting period 1 January – 31 December 2024 (hereinafter referred to as "the Period").

1 Structure of Relations

The Company has been a part of VOLKSWAGEN Group (hereinafter referred to as "the Group") for the whole Period, where the controlling entity is VOLKSWAGEN AKTIENGESELLCHAFT (hereinafter referred to as "Volkswagen AG" or "the Controlling Entity").

Škoda Auto company was in the Period indirectly controlled by Volkswagen AG based at Berliner Ring 2, 384 40 Wolfsburg, Federal Republic of Germany through VOLKSWAGEN FINANCE LUXEMBURG S.A. seated in 19/21 route d'Arlon, L-8009, Luxembourg, Grand Duchy of Luxembourg, which is the sole shareholder of the Company.

The Controlling Entity is the ultimate parent company of the Group, the activities of which comprise especially the development of vehicles and aggregates, automotive software, the production and sale of passenger and commercial cars, trucks, buses, and motorcycles, as well as business with spare parts, large-bore diesel engines and turbo machinery (via brands Audi, Bentley, CARIAD, CUPRA, Ducati, Lamborghini, MAN, MOIA, Navistar, Porsche, Scania, SEAT, Škoda, TRATON, Volkswagen Passenger Cars and Volkswagen Commercial Vehicles). In addition, the Group engages in financial services segment in activities related to the dealer and customer financing, leasing, banking and insurance services, and the fleet management.

Information about the structure of relations is stated as at 31 December 2024, based on the information available to the statutory body of the Company acting with due managerial care. The ownership structure of Škoda Auto is graphically illustrated in the Appendix. The ownership structure between the Controlling Entity and the Controlled Entity and between the Controlled Entity and persons controlled by the same Controlling Entity is available on the website www.volkswagen-group.com.

2 Function of the Company within the Group

The Company operates in the Automotive Division of the Group and focuses particularly on the development, production and sale of vehicles of the Škoda brand, its spare parts and accessories, and the development and production of components for other Group companies. The Company holds interests in subsidiaries within Škoda Auto Group and in other companies. The overview of the interests is illustrated in the Appendix.

3 Means of Control

During the Period, the Company was indirectly controlled by the Controlling Entity through the sole shareholder VOLKSWAGEN FINANCE LUXEMBURG S.A. The Company is controlled mainly through decision of the sole shareholder during the general meetings. Important decisions influencing the Company's operations are approved within the Group's respective boards.

4 Overview of Transactions Realised at the Instigation or in the Interest of the Controlling Entity or Entities Controlled by the Controlling Entity, Involving Assets Exceeding 10% of the Company's Equity as Determined by the Most Recent Separate Financial Statements Prepared as at 31 December 2023

Based on the Decision of the sole shareholder VOLKSWAGEN FINANCE LUXEMBURG S.A. from 21 August 2024, Škoda Auto paid a dividend of €1,241.3 million along with an additional €9 million from retained earnings on 4 September 2024 to the sole shareholder VOLKSWAGEN FINANCE LUXEMBURG S.A.

The Company has not carried out any other transactions during the Period at the instigation of or in the interests of the Controlling Person or persons controlled by it concerning assets exceeding 10% of the Company's equity per the last individual financial statements as at 31 December 2023.

5 Overview of the Contracts within the Group

During the Period, the following contractual relationships were in force or newly concluded between Škoda Auto and Volkswagen AG and between Škoda Auto and companies controlled by Volkswagen AG in the following areas:

5.1 Sale of own products, goods and services

a) vehicles
In the context of car sales, Škoda Auto had contractual relationships in force in the Period (concluded in the Period or in previous years) with the following companies:

- Audi Volkswagen Middle East FZE
- Porsche Albania Sh.p.k.
- Porsche Austria GmbH & Co. OG
- Porsche BH d.o.o.
- Porsche Croatia d.o.o.
- Porsche Hungaria Kereskedelmi Kft.
- Porsche Chile S.p.A.
- Porsche Inter Auto CZ spol. s r.o.
- Porsche Macedonia d.o.o.e.l. Skopje
- Porsche Romania S.R.L.
- Porsche Slovenija d.o.o.
- SEAT, S.A.
- SIVA – Sociedade de Importação de Veículos Automóveis, S.A.
- Škoda Auto Deutschland GmbH
- Škoda Auto Slovensko s.r.o.
- Škoda Auto Volkswagen India Pvt. Ltd.
- ŠkoFIN s.r.o.
- Volkswagen Group Australia Pty. Ltd.
- Volkswagen Group España Distribución, S.A.
- Volkswagen Group France S.A.S.
- Volkswagen Group Ireland Ltd.
- Volkswagen Group Italia S.p.A.
- Volkswagen Group Polska Sp. z o.o.
- Volkswagen Group Sales Middle East FZCO
- Volkswagen Group Singapore Pte. Ltd.
- Volkswagen Group Sverige AB
- Volkswagen Group Taiwan Co., Ltd.
- Volkswagen Group United Kingdom Ltd.

b) genuine parts
In the context of genuine parts sales, Škoda Auto had contractual relationships in force in the Period (concluded in the Period or in previous years) with the following companies:

- Audi Volkswagen Middle East FZE
- Digiteq Automotive s.r.o.
- Porsche Albania Sh.p.k.
- Porsche Austria GmbH & Co. OG
- Porsche BH d.o.o.
- Porsche Ceská republika s.r.o.
- Porsche Colombia S.A.S.
- Porsche Croatia d.o.o.
- Porsche Hungaria Kereskedelmi Kft.
- Porsche Chile S.p.A.
- Porsche Inter Auto CZ spol. s r.o.
- Porsche Konstruktionen GmbH & Co. KG
- Porsche Macedonia d.o.o.e.l. Skopje
- Porsche Romania S.R.L.
- Porsche Slovakia, spol. s r.o.
- Porsche Slovenija d.o.o.
- SEAT, S.A.
- SIVA – Sociedade de Importação de Veículos Automóveis, S.A.
- Škoda Auto Deutschland GmbH
- Škoda Auto Slovensko s.r.o.
- Škoda Auto Volkswagen India Pvt. Ltd.
- ŠkoFIN s.r.o.
- Volkswagen Group Australia Pty. Ltd.
- Volkswagen Group España Distribución, S.A.
- Volkswagen Group France S.A.S.
- Volkswagen Group Charging GmbH
- Volkswagen Group Ireland Ltd.
- Volkswagen Group Italia S.p.A.
- Volkswagen Group of America, Inc.
- Volkswagen Group Polska Sp. z o.o.
- Volkswagen Group Singapore Pte. Ltd.
- Volkswagen Group Sverige AB
- Volkswagen Group Taiwan Co., Ltd.
- Volkswagen Group United Kingdom Ltd.
- Volkswagen of South Africa (Pty) Ltd.
- Volkswagen Original Teile Logistik GmbH & Co. KG

c) others
In the context of sale of services, licenses, aggregates, bodyworks and other products, Škoda Auto had contractual relationships in force in the Period (concluded in the Period or in previous years) with the following companies:

- AUDI AG
- Audi Formula Racing GmbH
- Audi Hungaria Zrt.
- Audi Singapore Pte. Ltd.
- Audi Volkswagen Middle East FZE
- Automobili Lamborghini S.p.A.
- Bentley Motors Ltd.
- CARIAD SE
- Digiteq Automotive s.r.o.
- Dr. Ing. h.c. F. Porsche AG
- dx.one GmbH
- HoppyGo s.r.o.
- INIS International Insurance Service s.r.o.
- MAN Truck & Bus SE
- Porsche Albania Sh.p.k.
- Porsche Austria GmbH & Co. OG
- Porsche BH d.o.o.
- Porsche Ceská republika s.r.o.
- Porsche Croatia d.o.o.
- Porsche Hungaria Kereskedelmi Kft.
- Porsche Chile S.p.A.
- Porsche Inter Auto CZ spol. s r.o.
- Porsche Macedonia d.o.o.e.l. Skopje
- Porsche Romania S.R.L.
- Porsche Slovenija d.o.o.
- Scout Motors Inc.
- SEAT CUPRA S.A.
- SEAT, S.A.
- Shanghai Volkswagen Powertrain Co., Ltd.
- SIVA – Sociedade de Importação de Veículos Automóveis, S.A.
- Škoda Auto Deutschland GmbH
- Škoda Auto Slovensko s.r.o.
- Škoda Auto Volkswagen India Pvt. Ltd.
- ŠKO-ENERGO s.r.o.
- ŠkoFIN s.r.o.
- TRATON SE
- Volkswagen (Anhui) Automotive Co., Ltd.
- Volkswagen (Anhui) Digital Sales and Services Co., Ltd.
- Volkswagen (China) Investment Co., Ltd.
- VOLKSWAGEN AG
- Volkswagen Argentina S.A.
- Volkswagen Autoeuropa, Lda.
- Volkswagen de México, S.A. de C.V.
- Volkswagen Deutschland GmbH & Co. KG
- Volkswagen do Brasil Indústria de Veículos Automotores Ltda.
- Volkswagen Financial Services Digital Solutions GmbH
- Volkswagen Group Australia Pty. Ltd.
- Volkswagen Group España Distribución, S.A.
- Volkswagen Group France S.A.S.
- Volkswagen Group Info Services AG
- Volkswagen Group Ireland Ltd.
- Volkswagen Group Italia S.p.A.
- Volkswagen Group Malaysia Sdn. Bhd.
- Volkswagen Group Middle East QFZ LLC
- Volkswagen Group Polska Sp. z o.o.
- Volkswagen Group Sales Middle East FZCO
- Volkswagen Group Sverige AB
- Volkswagen Group Taiwan Co., Ltd.
- Volkswagen Group Technology Solutions India Pvt. Ltd.
- Volkswagen Group United Kingdom Ltd.
- Volkswagen Immobilien GmbH
- Volkswagen Motor Polska Sp. z o.o.
- Volkswagen Navarra, S.A.
- Volkswagen of South Africa (Pty) Ltd.
- Volkswagen Osnabrück GmbH
- Volkswagen Poznan Sp. z o.o.
- Volkswagen Sachsen GmbH
- Volkswagen Slovakia, a.s.
- Volkswagen Zubehör GmbH
- Weser-Ems Vertriebsgesellschaft mbH

5.2 Purchase of goods, services and non-current assets

a) production material and genuine parts
In the context of purchases of production material and genuine parts, Škoda Auto had contractual relationships in force in the Period (concluded in the Period or in previous years) with the following companies:

- AUDI AG
- Audi Brussels S.A./N.V.
- Audi Hungaria Zrt.
- Dr. Ing. h.c. F. Porsche AG
- Porsche Česká republika s.r.o.
- Porsche Inter Auto CZ spol. s r.o.
- SEAT, S.A.
- Škoda Auto Deutschland GmbH
- Škoda Auto Volkswagen India Pvt. Ltd.
- ŠKO-ENERGO s.r.o.
- Volkswagen (Anhui) Component Co., Ltd.
- VOLKSWAGEN AG
- Volkswagen Argentina S.A.
- Volkswagen Autoeuropa, Lda.
- Volkswagen de México, S.A. de C.V.
- Volkswagen Deutschland GmbH & Co. KG
- Volkswagen do Brasil Indústria de Veículos Automotores Ltda.
- Volkswagen Gebrauchtfahrzeughandels und Service GmbH
- Volkswagen Group Charging GmbH
- Volkswagen Group Sales Middle East FZCO
- Volkswagen Group Technology Solutions India Pvt. Ltd.
- Volkswagen Motor Polska Sp. z o.o.
- Volkswagen Navarra, S.A.
- Volkswagen of South Africa (Pty) Ltd.
- Volkswagen Original Teile Logistik GmbH & Co. KG
- Volkswagen Osnabrück GmbH
- Volkswagen Poznan Sp. z o.o.
- Volkswagen Sachsen GmbH
- Volkswagen Sarajevo d.o.o.
- Volkswagen Slovakia, a.s.
- Volkswagen Software Asset Management GmbH
- Volkswagen Zubehör GmbH

b) overheads
In the context of purchases of indirect material and services (including research and development cooperation, IT services, software and hardware supplies, customer services consultancy), Škoda Auto had contractual relationships in force in the Period (concluded in the Period or in previous years) with the following companies:

- Audi (China) Enterprise Management Co., Ltd.
- AUDI AG
- Audi Hungaria Zrt.
- Audi Interaction GmbH
- Autostadt GmbH
- BERTRANDT Ingenieurbüro GmbH
- CARIAD SE
- Digiteq Automotive s.r.o.
- Dr. Ing. h.c. F. Porsche AG
- EURO-Leasing GmbH
- HoppyGo s.r.o.
- Italdesign Giugiaro S.p.A.
- MHP Management- und IT-Beratung GmbH
- MMI Marketing Management Institut GmbH
- Nardò Technical Center S.r.l.
- Porsche Austria GmbH & Co. OG
- Porsche BH d.o.o.
- Porsche Croatia d.o.o.
- Porsche Česká republika s.r.o.
- Porsche Engineering Group GmbH
- Porsche Hungaria Kereskedelmi Kft.
- Porsche Chile S.p.A.
- Porsche Inter Auto CZ spol. s r.o.
- Porsche Romania S.R.L.
- Porsche Slovenija d.o.o.
- Porsche Werkzeugbau GmbH
- Scania Czech Republic s.r.o.
- SEAT, S.A.
- SIVA – Sociedade de Importação de Veículos Automóveis, S.A.
- Škoda Auto Deutschland GmbH
- Škoda Auto Slovensko s.r.o.
- Škoda Auto Volkswagen India Pvt. Ltd.
- Škoda X s.r.o.
- ŠkoFIN s.r.o.
- VAIVA GmbH
- VDF Servis ve Ticaret A.S.
- Volkswagen (China) Investment Co., Ltd.
- VOLKSWAGEN AG
- Volkswagen AirService GmbH
- Volkswagen Argentina S.A.
- Volkswagen de México, S.A. de C.V.
- Volkswagen Deutschland GmbH & Co. KG
- Volkswagen do Brasil Indústria de Veículos Automotores Ltda.
- Volkswagen Financial Services AG
- Volkswagen Gebrauchtfahrzeughandels und Service GmbH
- Volkswagen Group Australia Pty. Ltd.
- Volkswagen Group España Distribución, S.A.
- Volkswagen Group France S.A.S.
- Volkswagen Group Charging CZ s.r.o.
- Volkswagen Group Charging GmbH
- Volkswagen Group Info Services AG
- Volkswagen Group Italia S.p.A.
- Volkswagen Group of America, Inc.
- Volkswagen Group Services GmbH
- Volkswagen Group Services Kft.
- Volkswagen Group Singapore Pte. Ltd.
- Volkswagen Group Sverige AB
- Volkswagen Group Technology Solutions India Pvt. Ltd.
- Volkswagen Group United Kingdom Ltd.
- Volkswagen Immobilien GmbH
- Volkswagen Konzernlogistik GmbH & Co. OHG
- Volkswagen Motor Polska Sp. z o.o.
- Volkswagen Navarra, S.A.
- Volkswagen of South Africa (Pty) Ltd.
- Volkswagen Osnabrück GmbH
- Volkswagen Sachsen GmbH
- Volkswagen Slovakia, a.s.
- Volkswagen Software Asset Management GmbH
- VW Kraftwerk GmbH

c) non-current assets
In the context of purchases of non-current assets, Škoda Auto had contractual relationships in force in the Period (concluded in the Period or in previous years) with the following companies:

- AUDI AG
- Digiteq Automotive s.r.o.
- Dr. Ing. h.c. F. Porsche AG
- Porsche Ceská republika s.r.o.
- Scania Czech Republic s.r.o.
- Škoda Auto Volkswagen India Pvt. Ltd.
- ŠKO-ENERGO s.r.o.
- VOLKSWAGEN AG
- Volkswagen Autoeuropa, Lda.
- Volkswagen Group Real Estate Czech Republic s.r.o.
- Volkswagen Group Services GmbH
- Volkswagen Group Technology Solutions India Pvt. Ltd.
- Volkswagen Navarra, S.A.
- Volkswagen Osnabrück GmbH
- Volkswagen Slovakia, a.s.

5.3 Other contractual relationships

In the context of other contractual relationships (relating to purchases and/or sales, in particular for marketing services, training, sales support, financial services, consultancy, purchase of capital interests, system and other support), Škoda Auto had contractual relationships in force in the Period (concluded in the Period or in previous years) with the following companies:

— 42 Prague z. ú.
— Audi (China) Enterprise Management Co., Ltd.
— AUDI AG
— BERTRANDT Ingenieurbüro GmbH
— CARIAD SE
— Cubic Telecom GmbH
— Digiteq Automotive s.r.o.
— Dr. Ing. h.c. F. Porsche AG
— EMobG Services Germany GmbH
— Eurocar Italia S.r.l.
— Euromobil GmbH
— Europcar International S.A.S.U.
— HoppyGo s.r.o.
— INIS International Insurance Service s.r.o.
— MAN Truck & Bus Czech Republic s.r.o.
— MAN Truck & Bus SE
— MHP Management- und IT-Beratung GmbH
— MMI Marketing Management Institut GmbH
— Mobility Lab s.r.o.
— Nadační fond Škoda Auto
— Porsche Albania Sh.p.k.
— Porsche Austria GmbH & Co. OG
— Porsche BH d.o.o.
— Porsche Colombia S.A.S.
— Porsche Croatia d.o.o.
— Porsche Česká republika s.r.o.
— Porsche Hungaria Kereskedelmi Kft.
— Porsche Chile S.p.A.
— Porsche Inter Auto CZ spol. s r.o.
— Porsche Inter Auto GmbH & Co. KG
— Porsche Konstruktionen GmbH & Co. KG
— Porsche Macedonia d.o.o.e.l. Skopje
— Porsche Romania S.R.L.
— Porsche Slovenija d.o.o.
— Porsche Versicherungs AG
— Porsche Werkzeugbau GmbH
— PowerCo SE
— Scania Czech Republic s.r.o.
— Scout Motors Inc.
— SEAT CUPRA S.A.
— SEAT, S.A.
— SIVA – Sociedade de Importação de Veículos Automóveis, S.A.
— Škoda Auto Deutschland GmbH
— Škoda Auto Slovensko s.r.o.
— Škoda Auto Volkswagen India Pvt. Ltd.
— Škoda Auto Vysoká škola o.p.s.
— Škoda X s.r.o.
— ŠKO-ENERGO s.r.o.
— ŠkoFIN s.r.o.
— Volkswagen (Anhui) Component Co., Ltd.
— Volkswagen (China) Investment Co., Ltd.
— VOLKSWAGEN AG
— Volkswagen Autoeuropa, Lda.
— Volkswagen de México, S.A. de C.V.
— Volkswagen Deutschland GmbH & Co. KG
— Volkswagen do Brasil Indústria de Veículos Automotores Ltda.
— Volkswagen Financial Services AG
— Volkswagen Group (China) Technology Company Limited
— Volkswagen Group Australia Pty. Ltd.
— Volkswagen Group España Distribución, S.A.
— Volkswagen Group France S.A.S.
— Volkswagen Group Charging GmbH
— Volkswagen Group Info Services AG
— Volkswagen Group Ireland Ltd.
— Volkswagen Group Italia S.p.A.
— Volkswagen Group of America, Inc.
— Volkswagen Group Polska Sp. z o.o.
— Volkswagen Group Real Estate Czech Republic s.r.o.
— Volkswagen Group Sales Middle East FZCO
— Volkswagen Group Services, s.r.o.
— Volkswagen Group Singapore Pte. Ltd.
— Volkswagen Group Sverige AB
— Volkswagen Group Taiwan Co., Ltd.
— Volkswagen Group Technology Solutions India Pvt. Ltd.
— Volkswagen Group United Kingdom Ltd.
— Volkswagen Insurance Brokers GmbH
— Volkswagen International Belgium S.A.
— Volkswagen Konzernlogistik GmbH & Co. OHG
— Volkswagen Motor Polska Sp. z o.o.
— Volkswagen Osnabrück GmbH
— Volkswagen Poznan Sp. z o.o.
— Volkswagen Sarajevo d.o.o.
— Volkswagen Slovakia, a.s.
— Volkswagen Software Asset Management GmbH
— VW Kraftwerk GmbH

6 Assessment of a Detriment and its Settlement

Contracts concluded in the Period and in previous years were concluded under conditions in the ordinary course of business.

The Company did not suffer from any damage or detriment as a result of the contracts concluded in the Period and in previous periods between the Company and other Group companies, or as a result of other transactions or measures realised during the Period by the Company at the instigation or in the interest of these entities.

7 Evaluation of the Relations and Risks within the Group

7.1 Evaluation of advantages and disadvantages of the relations within the Group

Involvement in the Group leads mainly to advantages for the Company. The Group is a world-leading automotive manufacturer. Involvement in the Group brings economies of scale to the Company, realised through shared platforms and modern technologies. At the same time, it provides shared know-how and distribution channels.

Currently, there is no apparent disadvantage for the Company emerging from involvement in the Group.

7.2 There are no risks for the Company arising from the relations within the Group.

Mladá Boleslav, 3 March 2025

The Board of Management:

Klaus Zellmer

Andreas Dick

Maren Gräf

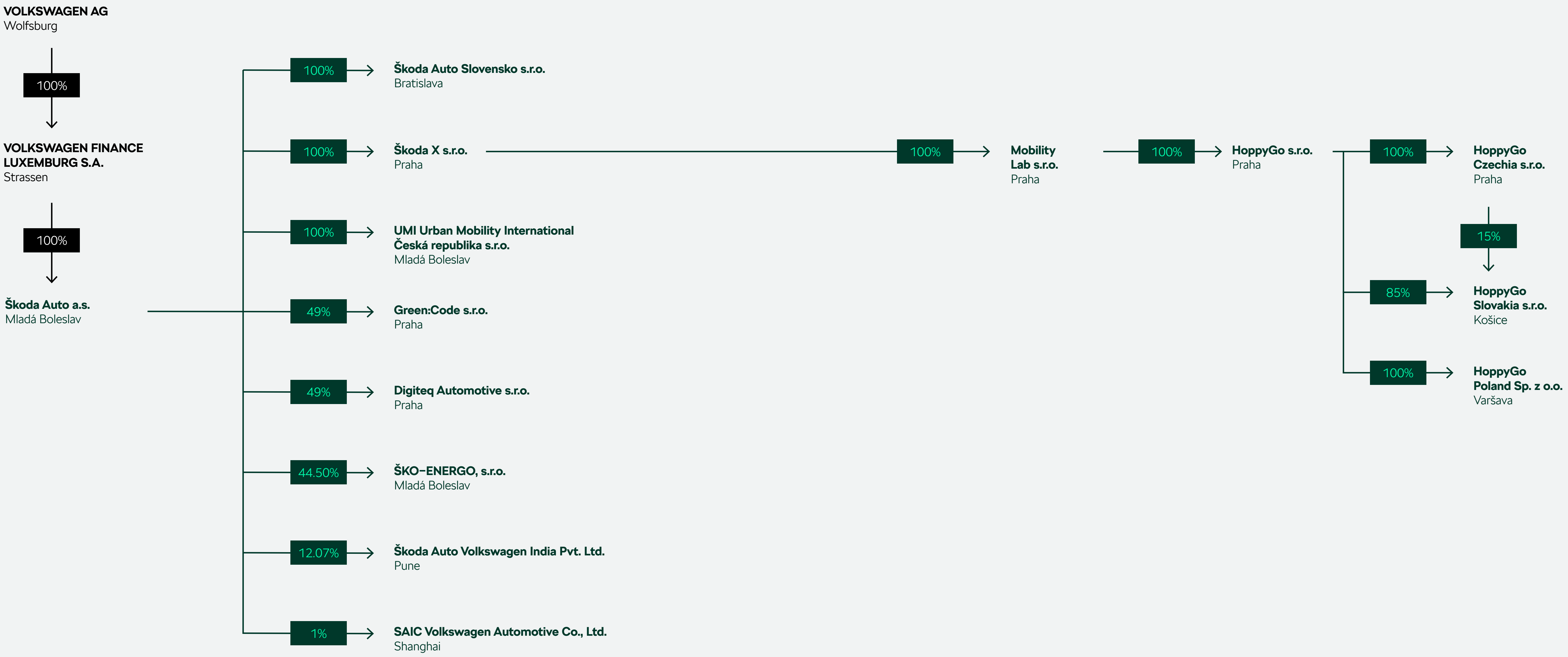
Martin Jahn

Johannes Neft

Holger Peters

Karsten Schnake

Structure of Companies With Škoda Auto Participation as at 31 December 2024



Škoda Auto a.s. has also established the following non-profit organisations: 42 Prague z. ú., Nadační fond Škoda Auto (Škoda Auto Endowment Fund) and Škoda Auto Vysoká škola o.p.s. (Škoda Auto University).

Financial Section

Glossary of Terms and Abbreviations

Glossary of Terms and Abbreviations

ASEAN
The Association of Southeast Asian Nations is a political and economic union comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam

BEV
Battery Electric Vehicle

Brand Group Core (BGC)
Volume brands within the Volkswagen Group joined forces to bundle competencies and synergies. It includes the following brands: SEAT/CUPRA, Škoda, Volkswagen Passenger Cars, and Volkswagen Commercial Vehicles.

Company
In the Annual Report, the term “the Company” is used as a synonym for the company Škoda Auto a.s.

Deliveries to customers
Number of Škoda brand vehicles delivered to end customers that were produced in Škoda Auto Group and/or partner plants

EGAP
Exportní garanční a pojišťovací společnost, a.s.; Export Guarantee and Insurance Corporation

Euro NCAP
European New Car Assessment Program; European consumer organisation that conducts safety tests

GDPR
General Data Protection Regulation; general regulation on the protection of personal data

Group
In the Annual Report, the term “the Group” is used as synonym for the Volkswagen Group

HR
Human Resource

IAS/IFRS Accounting Standards
International Accounting Standards / International Financial Reporting Standards as adopted by the European Union

IASB
International Accounting Standards Board; independent international group of accounting experts

Infotainment
Multimedia information system consisting of radio, navigation system and other multimedia devices in a vehicle

Investment ratio
Ratio of capital expenditures (less capitalised development expenses) to total sales revenues

MEB
Modular Electric Drive Matrix; modular platform for electric vehicles

MQB
Modular Transverse Matrix; modular platform

Net liquidity
Gross liquidity (cash and cash equivalents)less liabilities to a factoring company within the Volkswagen Group

OECD
Organization for Economic Cooperation and Development

PHEV
Plug-in Hybrid Electric Vehicle; hybrid electric vehicle that uses batteries that can be recharged by plugging it in to an external source of electric power

Production
Number of vehicles produced; the total production figure also includes production of vehicles for the Volkswagen Group brand Seat manufactured by the company Škoda Auto; for accuracy, vehicle assembly kits are reported in the vehicles segment

RMS/ICS
Risk Management System/Internal Control System

Sales
Number of vehicles sold to importers and dealers; the unit sales figure also includes sales of vehicles of the Volkswagen Group brand Seat manufactured by the company Škoda Auto; for accuracy, vehicle assembly kits are reported in the vehicles segment

SUV
Sport Utility Vehicle in the mid-range category of cars

Temporary employes
Employees of a labour agency who are temporarily seconded to work for a different employer

UNECE
United Nations Economic Commission for Europe

WLTP
Worldwide Harmonised Light Vehicle Test Procedure; new test cycle measuring CO_2 and other pollutant emissions as well as fuel consumption values

Persons Responsible for the Annual Report, Events After the Balance Sheet Date and Other Information

Events after the Balance Sheet Date
No material events have occurred between the balance sheet date and the date of preparation of this Annual Report that have had an impact on an assessment of the Company’s assets, liabilities and equity or the results of its operations.

Other Information
The Company did not acquire any treasury shares during the relevant period. The Company as an accounting entity does not have a branch or part of a business plant abroad. The Company is subject to no further disclosure obligations pursuant to the provision of Section 21(2)(g) of Act No. 563/1991 Coll., on Accounting, as amended, with the exception of the obligations arising from Act No. 542/2020 Coll. on End-of-Life Products described in the Sustainability section.

Affirmation
The persons stated below, responsible for the preparation of this Annual Report, hereby declare that the information contained in this Annual Report is factual and that no substantive matters that could influence an accurate and correct evaluation of the company Škoda Auto a.s. have been knowingly omitted or distorted.

Mladá Boleslav, 3 March 2025

The Board of Management:

Klaus Zellmer

Andreas Dick

Maren Gräf

Martin Jahn

Johannes Neft

Holger Peters

Karsten Schnake

Financial Section

Key Figures at a Glance

Key Figures and Financial Results of Škoda Auto a.s. at a Glance

Sales, Production and Workforce

		2020	2021	2022	2023	2024
Deliveries to customers	**vehicles**	**1,004,816**	**878,202**	**731,262**	**866,820**	**926,567**
Sales*	**vehicles**	**784,871**	**691,889**	**695,935**	**909,656**	**953,043**
Sales of Škoda cars*	vehicles	708,161	633,389	637,781	825,939	878,451
Production*	**vehicles**	**749,610**	**680,397**	**693,370**	**864,889**	**897,160**
Production of Škoda cars*	vehicles	672,900	621,897	635,213	781,175	822,568
Employees	persons	35,437	36,032	35,063	34,884	34,215

Income statement

		2020**	2021**	2022	2023	2024
Sales revenue	**€ million**	**16,036**	**16,476**	**18,086**	**24,012**	**25,469**
Cost of sales	€ million	14,409	14,842	16,470	21,166	22,368
	% of revenues	89.8	90.1	91.1	88.1	87.8
Gross profit	**€ million**	**1,628**	**1,634**	**1,616**	**2,846**	**3,101**
	% of revenues	10.2	9.9	8.9	11.9	12.2
Distribution expenses	€ million	467	401	452	570	679
Administrative expenses	€ million	513	478	503	597	471
Net other operating result	€ million	6	267	56	54	137
Operating profit	**€ million**	**654**	**1,022**	**718**	**1,732**	**2,088**
	% of revenues	4.1	6.2	4.0	7.2	8.2
Net financial result	€ million	21	43	(65)	(73)	15
Profit before tax	**€ million**	**675**	**1,065**	**653**	**1,659**	**2,103**
Return on sales before tax	%	4.2	6.5	3.6	6.9	8.3
Income tax expense	€ million	102	191	133	338	448
Profit for the year	**€ million**	**574**	**874**	**520**	**1,322**	**1,655**
Return on sales after tax	%	3.6	5.3	2.9	5.5	6.5

Balance sheet/Financing

		2020**	2021**	2022	2023	2024
Non-current assets	€ million	5,513	5,829	6,585	6,999	7,217
Current assets	€ million	3,176	3,482	3,201	3,251	4,153
Equity	€ million	3,618	4,084	3,830	4,333	4,646
Non-current and current liabilities	€ million	5,071	5,227	5,956	5,917	6,724
Balance sheet total	**€ million**	**8,689**	**9,311**	**9,786**	**10,250**	**11,370**
Net liquidity	**€ million**	**628**	**821**	**(72)**	**73**	**708**
Cash flows from operating activities	€ million	1,404	2,090	1,517	2,050	3,351
Cash flows from investing activities	€ million	(1,208)	(1,307)	(1,564)	(1,363)	(1,435)
Net cash flows	**€ million**	**195**	**784**	**(48)**	**687**	**1,916**
Investments	**€ million**	**680**	**615**	**1,014**	**810**	**838**
Investment ratio	%	4.2	3.6	5.6	3.4	3.3
Equity ratio	%	41.6	43.9	39.1	42.3	40.9
Non-current asset to equity ratio	%	65.6	70.1	58.2	61.9	64.4

* Sales and production volumes are reported excluding kits shipped to foreign production plants not operated by Škoda Auto. These kits are reported as other intragroup deliveries.

** Due to the change of the functional currency, an informative recalculation of comparatives from Czech crowns to euros was performed in 2019-2021. The EUR/CZK Group exchange rate valid as of December 31 of the respective year was used as the exchange rate for the translation of comparable data for the balance sheet items. For translation of comparable data, which express a year-on-year change in the item or represent cost, expense, income or revenue, the Group annual average EUR/CZK exchange rate for the relevant year was used. Volkswagen Group exchange rates are derived from exchange rates from the Refinitiv database (provider of financial market data).

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Annual Reports are available on the Company's website:

reporting.skoda-auto.com