

Business Report

For the period January 1, 2021 through December 31, 2021

Volvo Financial Services Korea Co.,Ltd. (“the Company”) is incorporated in Republic of Korea. The Company is a wholly-owned subsidiary of VOLVO LASTVAGNAR SVERIGE AB, a company incorporated in Sweden. The ultimate holding company is AKTIEBOLAGET VOLVO, which is incorporated in Sweden. The registered office of the Company is located at Volvo Bldg., 2nd Fl. 130, Hanam-daero, Yongsan-gu, Seoul, Korea.

The objectives of the Company shall be to engage in the following business actives.

1. Leasing, installment financing, equipment loan and other related financial services relating to on-road or off-road commercial vehicles, including but not limited to truck, bus, construction equipment and related services; and
2. Any and all businesses which are, directly or indirectly, incidental or related to those set forth above.

The directors of the Company are as follows:

Representative Director

Choi Jin woo

Director

Paul Marcel Le Houillier

Ying Ying Tang

For the period, January 1, 2021 through December 31, 2021, the Company recognized a net income of KRW 2,268,324,735. Total asset was KRW 355,753,473,643 and the total capital stock was KRW 53,000,000,000 at December 31, 2021.

The detail financials are as bellows;

Statements of Comprehensive Income	Amount (KRW)
Operating revenue	14,956,797,873
Operating expense	12,578,758,759
Non-operating income	27
Income tax	109,714,406
Total comprehensive income	2,268,324,735

Statements of Financial Position	Amount (KRW)
Total Asset	355,753,473,643
Total Liabilities	307,345,557,235
Total Equity	48,407,916,408

Statements of Financial Position

As of December 31, 2021 and 2020

Volvo Financial Services Korea

(Unit: KRW)

Description	2021	2020
Asset		
Cash and cash equivalents	9,643,881,665	5,373,049,124
Installment financial assets	173,151,123,405	128,218,391,168
Loans	170,688,009,789	104,662,709,724
Other Financial Asset	1,080,047,216	768,735,814
Property and equipment, net	147,880,058	239,399,570
Intangible assets	1,042,531,510	1,364,249,324
Total Assets	355,753,473,643	240,626,534,724
Liabilities		
Borrowed liabilities	303,922,222,674	209,805,555,856
Other Financial liabilities	3,243,800,371	2,522,514,056
Other liabilities	177,274,522	158,873,139
Current income tax assets	2,259,668	-
Total liabilities	307,345,557,235	212,486,943,051
Equity		
Share capital	53,000,000,000	35,000,000,000
Retained earnings	4,592,083,592	6,860,408,327
Total equity	48,407,916,408	28,139,591,673
Total liabilities and equity	355,753,473,643	240,626,534,724

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

Volvo Financial Services Korea

(Unit: KRW)

Description	2021	2020
I. Operating Income (Loss)	2,378,039,114	(2,702,520,033)
1. Net Interest income	10,567,306,943	5,664,493,708
(1) Interest income	14,713,289,844	8,144,840,330
(2) Interest expense	(4,145,982,901)	(2,480,346,622)
2. Net Fee loss	(2,200,410,992)	(876,735,257)
(1) Fee income	243,508,029	55,159,225
(2) Fee expense	(2,443,919,021)	(931,894,482)
3. General and administrative expenses	(4,259,436,584)	(3,677,917,711)
4. Provision for doubtful accounts	(1,729,420,253)	(3,812,360,773)
II. Non-operating income	27	542
III. Income (Loss) before income taxes	2,378,039,141	(2,702,519,491)
IV. Income tax income	(109,714,406)	(893,101,796)
V. Net income(loss)	2,268,324,735	(3,595,621,287)
VI. Other comprehensive loss		
VII. Total comprehensive Income (Loss)	2,268,324,735	(3,595,621,287)

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

Volvo Financial Services Korea

(Unit: KRW)

	Common Stock	Retained earnings	Total equity
Balance at January 1, 2020	23,000,000,000	(3,264,787,040)	19,735,212,960
Transactions with shareholders issue of common stock	12,000,000,000	-	12,000,000,000
Loss	-	(3,595,621,287)	(3,595,621,287)
Balance at December 31, 2020	35,000,000,000	(6,860,408,327)	28,139,591,673
Balance at January 1, 2021	35,000,000,000	(6,860,408,327)	28,139,591,673
Transactions with shareholders issue of common stock	18,000,000,000	-	18,000,000,000
Loss	-	2,268,324,735	2,268,324,735
Balance at December 31, 2021	53,000,000,000	(4,592,083,592)	48,407,916,408

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

Volvo Financial Services Korea

(Unit: KRW)

	2021		2020	
I. Cash flows from operating activities		(107,712,998,357)		(165,439,276,273)
1. Loss	2,268,324,735		(3,595,621,287)	
2. Adjustments for profit or loss	(10,457,592,537)		(4,771,391,912)	
Income tax paid	109,714,406		893,101,796	
Interest received	(14,713,289,844)		(8,144,840,330)	
Interest Paid	4,145,982,901		2,480,346,622	
3. Addition of expenses not involving cash outflows	2,209,493,579		4,274,372,689	
4. Changes in assets and liabilities resulting from operations	(114,337,340,170)		(167,683,996,739)	
5. Refund of income taxes	(107,454,738)		2,976,920	
6. interest received	16,790,000,914		8,699,059,452	
7. Interest paid	(4,078,430,140)		(2,364,675,396)	
II. Cash flows from investing activities		(67,236,000)		(96,865,600)
1. Cash out flows for investing activities	(67,236,000)		(96,865,600)	
III. Cash flows from financing activities		112,051,066,898		166,742,762,660
1. Cash inflows from financing activities	169,000,000,228		203,000,000,280	
2. Cash outflows for financing activities	(56,948,933,330)		(36,257,237,620)	
IV. Net increase(decrease) in cash and cash equivalents (I+II+III)		4,270,832,541		1,206,620,787
V. Cash and cash equivalents at beginning of year		5,373,049,124		4,166,428,337
VI. Cash and cash equivalents at end of year		9,643,881,665		5,373,049,124