

## REPORT ON THE SECOND QUARTER 2022



- » In Q2 2022, net sales increased by 31% to SEK 118.9 billion (90.6). Adjusted for currency movements the increase was 20%.
- » Adjusted operating income<sup>2</sup> amounted to SEK 13,745 M (9,730), corresponding to an adjusted operating margin of 11.6% (10.7).
- » Reported operating income amounted to SEK 13,745 M (11,384).
- » Currency movements had a positive impact on operating income of SEK 2,769 M.
- » Earnings per share amounted to SEK 5.14 (4.38).
- » Operating cash flow in Industrial Operations amounted to SEK 7,199 M (5,932).
- » Return on capital employed in Industrial Operations of 26.8% (23.4).

SEK M unless otherwise stated	Second quarter		First six months	
	2022	2021	2022	2021
Net sales	<b>118,943</b>	90,561	<b>224,259</b>	184,579
Net sales excluding UD Trucks <sup>1</sup>	<b>118,943</b>	90,561	<b>224,259</b>	179,142
Adjusted operating income <sup>2</sup>	<b>13,745</b>	9,730	<b>26,426</b>	21,551
Adjusted operating margin, %	<b>11.6</b>	10.7	<b>11.8</b>	11.7
Operating income	<b>13,745</b>	11,384	<b>22,301</b>	23,451
Operating margin, %	<b>11.6</b>	12.6	<b>9.9</b>	12.7
Income after financial items	<b>13,873</b>	11,265	<b>22,899</b>	23,555
Income for the period	<b>10,520</b>	9,064	<b>17,591</b>	18,068
Earnings per share, SEK	<b>5.14</b>	4.38	<b>8.59</b>	8.72
Operating cash flow in Industrial Operations	<b>7,199</b>	5,932	<b>1,799</b>	11,596
Net financial position in Industrial Operations, SEK bn <sup>3</sup>			<b>44.2</b>	67.3
Return on capital employed in Industrial Operations, % <sup>4</sup>			<b>26.8</b>	23.4
Return on equity in Financial Services, % <sup>4</sup>			<b>3.5</b>	14.0
Net order intake, number of trucks	<b>53,388</b>	57,961	<b>98,982</b>	143,422
Net order intake excluding UD Trucks <sup>1</sup>	<b>53,388</b>	57,961	<b>98,982</b>	138,405
Deliveries, number of trucks	<b>60,833</b>	45,670	<b>116,421</b>	98,114
Deliveries excluding UD Trucks <sup>1</sup>	<b>60,833</b>	45,670	<b>116,421</b>	94,120
Net order intake, number of construction equipment	<b>21,089</b>	36,120	<b>41,772</b>	71,736
Deliveries, number of construction equipment	<b>22,398</b>	30,657	<b>43,177</b>	61,614

<sup>1</sup> For more information, please see Appendix UD Trucks in the report on the fourth quarter 2021.

<sup>2</sup> For information on adjusted operating income, please see note 6.

<sup>3</sup> Excluding post-employment benefits and lease liabilities.

<sup>4</sup> 12 months rolling.

## CEO'S COMMENTS

### Strong sales growth and profitability

The Volvo Group continued to perform well in Q2 2022 with strong growth and improved profitability. We increased our net sales by 31% to SEK 118.9 billion with good momentum both in the sales of vehicles and in the service business. The adjusted operating income rose to SEK 13.7 billion (9.7) and we achieved an adjusted operating margin of 11.6% (10.7). Also in this quarter, we have had extra costs related to supply chain disruptions as well as higher costs for material and have continued to work proactively and successfully with price management to mitigate these effects. Our return on capital employed reached 26.8% (23.4).

Our customers in most regions are benefiting from high transport and infrastructure activity, which continues to drive good demand for our products and services. This has resulted in extended order backlogs in many markets and lead times are long. To manage the quality in the order books and the cost inflation, we continue to be restrictive in slotting orders for production. The higher inflation and rising interest rates have also increased uncertainty about the macroeconomic outlook and we have high focus on flexibility to be able to adapt to any changes in demand. In this changing landscape, we are maneuvering from a position of strength. After having distributed SEK 26.4 billion in dividends to our shareholders, we continue to have a solid financial position and ended the quarter with a net cash position of SEK 44.2 billion in the Industrial Operations, excluding pensions and lease liabilities.

Thanks to hard work by our colleagues and supply chain partners, truck deliveries rose by 33% to almost 61,000 vehicles. We have a strong and competitive offer and our truck brands have gained market shares in most markets. The utilization of our customers' fleets continues to be high, which drives demand for spare parts and services. Our truck operation's net sales grew by 51% to SEK 78.6 billion, which is the highest quarterly sales ever. We achieved an adjusted operating margin of 12.2% (10.3).

For Volvo Construction Equipment, net sales were on par with last year. The downturn in China was compensated by growth in the rest of the world, primarily driven by strong sales in North and South America. Construction activity in most markets has remained on good levels, driven by both the commercial sector and the ongoing investments in infrastructure. There is a continued need to renew and expand an aging infrastructure in many countries across the world. In Q2, Volvo CE's net sales amounted to SEK 25.8 billion (25.8). The adjusted operating margin increased to 13.8% (13.1).

After a difficult period with limited travel due to the covid-19 pandemic, utilization of bus fleets is improving. In Q2, net sales in our bus segment increased by 7% from low levels and amounted to SEK 4.1 billion. Even with continued efforts to reduce the cost levels in recent years, profitability is still low with an adjusted operating margin of 0.2% (-0.2).

Volvo Penta continued to perform well with good demand for both marine and industrial engines. Net sales grew by



16% to SEK 4.6 billion, which is the highest ever for a single quarter. All markets contributed to the growth. The adjusted operating margin was 15.2% (15.6).

For our customer financing operations, Volvo Financial Services, new business volume continued to grow and good customer profitability in most regions was reflected in continued low credit losses.

Colleagues across the Volvo Group are doing an impressive job supplying our customers with vehicles and machines and supporting them with services. As in recent quarters, however, the situation in the global supply chain for semiconductors and other components continues to be unstable, characterized by disruptions, unpredictability and lack of freight capacity. We will therefore continue to have disruptions and stoppages both in the production of trucks and in other parts of the Group. The continuation of the covid-19 pandemic is putting an additional pressure on the already strained supply chain and production system.

Amidst these short-term challenges, we continue to invest for the future. We aim to lead the transition to a decarbonized transport system. Activity levels in this area are high. In Q2, Volvo Trucks started to test vehicles using fuel cells powered by hydrogen. To meet the growing demand for battery-electric vehicles and machines we are opening our very first assembly plant for battery packs in Ghent, Belgium. It will supply ready-to-install batteries for our fully electric products.

As spelled out on our Capital Markets Day in June, I am convinced that there are major business opportunities in the ongoing technology shift and that they will accelerate our sales growth. Over the last decade, we have established an industry-leading profitability and are now taking the next step on our strategic journey. Growth is expected to accelerate with the main driver being the higher value of the electric vehicles and machines. With electric vehicles there is a potential to increase the total vehicle and service revenues per unit by more than 50% over the lifecycle. Leveraging the Group's first-mover advantage to gain market shares and broadening the services offering are also expected to drive growth. We aim to lead the transformation and provide increased value for our customers and embark the Volvo Group on a growth journey driven by electrification, autonomous solutions and new productivity services. We are geared for growth.

Martin Lundstedt  
President and CEO

## FINANCIAL SUMMARY OF THE SECOND QUARTER 2022

### Net sales

In Q2 2022, the Volvo Group's net sales amounted to SEK 118,943 M compared with SEK 90,561 M in the same quarter the preceding year.

Adjusted for currency movements net sales increased by 20%, of which vehicle sales increased by 23% and service sales by 11%.

### Operating income

In Q2 2022, adjusted operating income amounted to SEK 13,745 M (9,730), corresponding to an adjusted operating margin of 11.6% (10.7).

There were no adjustments to operating income in Q2 2022. Adjusted operating income in Q2 2021 excluded a capital gain of SEK 1,653 M from the sale of UD Trucks. For more information on adjusted operating income, please see Note 6.

Compared with Q2 2021, the higher adjusted operating income is mainly an effect of price realization and improved vehicle and service volumes. This was partly offset by higher material costs, increased selling and R&D expenses as well as higher freight costs.

Currency movements, compared with Q2 2021, had a positive impact of SEK 2,769 M.

Reported operating income in Q2 2022 amounted to SEK 13,745 M (11,384).

### Financial items

In Q2 2022, interest income was SEK 182 M (88), whereas interest expenses amounted to SEK 277 M (264).

Other financial income and expenses amounted to SEK 222 M (57). The change is primarily due to revaluation effects of financial assets and liabilities.

Net sales SEK M	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
<b>Net sales per geographical region excluding UD Trucks</b>						
Europe	47,621	39,347	21	94,186	76,565	23
North America	34,851	22,693	54	64,712	47,087	37
South America	13,153	6,881	91	21,989	12,438	77
Asia	16,141	16,600	-3	30,255	33,283	-9
Africa and Oceania	7,177	5,040	42	13,117	9,770	34
<b>Total net sales excluding UD Trucks</b>	<b>118,943</b>	<b>90,561</b>	<b>31</b>	<b>224,259</b>	<b>179,142</b>	<b>25</b>
<b>Net sales per product group excluding UD Trucks</b>						
Vehicles <sup>1</sup>	93,076	69,122	35	173,871	136,731	27
Services, Industrial Operations	22,644	18,688	21	44,194	36,850	20
Financial Services revenue	4,067	3,233	26	7,801	6,490	20
Eliminations	-844	-482	-75	-1,606	-929	-73
<b>Total net sales excluding UD Trucks</b>	<b>118,943</b>	<b>90,561</b>	<b>31</b>	<b>224,259</b>	<b>179,142</b>	<b>25</b>
<b>Timing of revenue recognition excluding UD Trucks</b>						
Revenue of vehicles and services recognized at the point of delivery	109,532	82,404	33	205,871	162,771	26
Revenue of vehicles and services recognized over contract period	9,411	8,157	15	18,389	16,370	12
<b>Total net sales excluding UD Trucks</b>	<b>118,943</b>	<b>90,561</b>	<b>31</b>	<b>224,259</b>	<b>179,142</b>	<b>25</b>
UD Trucks <sup>2</sup>	-	-	N/A	-	5,438	N/A
<b>Total net sales</b>	<b>118,943</b>	<b>90,561</b>	<b>31</b>	<b>224,259</b>	<b>184,579</b>	<b>21</b>

<sup>1</sup> Including construction equipment and Volvo Penta engines.

<sup>2</sup> For more information, please see Appendix UD Trucks in the report on the fourth quarter 2021.

Consolidated Income Statement, Volvo Group SEK M	Second quarter		First six months	
	2022	2021	2022	2021
<b>Net sales</b>	<b>118,943</b>	90,561	<b>224,259</b>	184,579
Cost of sales	-90,221	-68,843	-170,921	-139,165
<b>Gross income</b>	<b>28,721</b>	<b>21,718</b>	<b>53,338</b>	<b>45,415</b>
Research and development expenses	-5,454	-4,780	-10,037	-9,150
Selling expenses	-6,977	-5,965	-13,760	-12,214
Administrative expenses	-1,432	-1,274	-2,753	-2,430
Other operating income and expenses	-809	1,393	-4,187	890
Income/loss from investments in joint ventures and associated companies	-323	290	-446	936
Income/loss from other investments	19	2	146	5
<b>Operating income</b>	<b>13,745</b>	<b>11,384</b>	<b>22,301</b>	<b>23,451</b>
Interest income and similar credits	182	88	308	165
Interest expenses and similar charges	-277	-264	-606	-561
Other financial income and expenses	222	57	896	500
<b>Income after financial items</b>	<b>13,873</b>	<b>11,265</b>	<b>22,899</b>	<b>23,555</b>
Income taxes	-3,352	-2,202	-5,308	-5,487
<b>Income for the period *</b>	<b>10,520</b>	<b>9,064</b>	<b>17,591</b>	<b>18,068</b>
* Attributable to:				
Owners of AB Volvo	10,443	8,900	17,476	17,740
Non-controlling interest	78	164	116	327
	<b>10,520</b>	<b>9,064</b>	<b>17,591</b>	<b>18,068</b>
Basic earnings per share, SEK	5.14	4.38	8.59	8.72
Diluted earnings per share, SEK	5.14	4.38	8.59	8.72

### Income taxes

In Q2 2022, income taxes amounted to SEK 3,352 M (2,202). The tax rate was 24% (20). The tax rate in Q2 2021 was impacted by the non-taxable income from the divestment of UD Trucks, lowering the effective tax rate by approximately 3 percentage points.

### Income for the period and earnings per share

In Q2 2022, income for the period amounted to SEK 10,520 M (9,064). Earnings per share amounted to SEK 5.14 (4.38).

### Operating cash flow in the Industrial Operations

During Q2 2022, operating cash flow in the Industrial Operations amounted to SEK 7,199 M (5,932). Compared with Q2 2021, the higher operating cash flow is primarily related to the improved operating income, which was partly offset by an increase in working capital.

### Volvo Group financial position

During Q2 2022, net financial assets in the Industrial Operations, excluding provisions for post-employment benefits and lease liabilities, decreased by SEK 15.3 billion resulting in a net financial asset position of SEK 44.2 billion on June 30, 2022. The change is mainly explained by the dividend paid to AB Volvo shareholders of SEK 26.4 billion and the positive operating cash flow of SEK 7.2 billion. Currency movements increased net financial assets by SEK 2.1 billion.

Including provisions for post-employment benefits and lease liabilities, the Industrial Operations net financial assets amounted to SEK 38.0 billion on June 30, 2022. During Q2 2022, remeasurements of defined benefit pension plans had a positive impact of SEK 6.9 billion, resulting in net value of pension assets of SEK 0.2 billion. The positive remeasurements were primarily an effect of significantly higher discount rates in all countries partly offset by higher inflation assumptions increasing the pension liabilities and lower return on assets.

Total assets in the Volvo Group increased by SEK 57.8 billion compared to year-end 2021, whereof SEK 38.9 billion is related to currency movements.

On June 30, 2022, total equity for the Volvo Group amounted to SEK 155.5 billion compared with SEK 144.1 billion at year-end 2021. The equity ratio was 27.1% (27.9). On the same date the equity ratio in the Industrial Operations amounted to 35.4% (34.9).

### Number of employees

On June 30, 2022, the Volvo Group had 101,484 employees, including temporary employees and consultants, compared with 93,072 employees on June 30, 2021. The number of blue-collar employees increased by 3,824 and the number of white-collar employees by 4,588. The increase in blue-collar employees is related to higher production levels and the increase in white-collar employees is related to higher development and transformational activities.

Number of employees	Jun 30 2022	Mar 31 2022	Dec 31 2021	Jun 30 2021
Blue-collar	52,826	52,114	50,121	49,002
Whereof temporary employees and consultants	9,008	8,732	7,536	7,741
White-collar	48,658	47,232	45,729	44,070
Whereof temporary employees and consultants	7,147	6,555	5,774	4,547
<b>Total number of employees</b>	<b>101,484</b>	<b>99,346</b>	<b>95,850</b>	<b>93,072</b>
Whereof temporary employees and consultants	16,155	15,287	13,310	12,288

## BUSINESS SEGMENT OVERVIEW

Net sales SEK M	Second quarter		Change %	Change % <sup>1</sup>	First six months		Change %	Change % <sup>1</sup>	12 months rolling	Jan-Dec 2021
	2022	2021			2022	2021				
Trucks	<b>78,603</b>	51,945	51	39	<b>148,155</b>	110,316	34	24	268,720	230,881
Trucks excluding UD Trucks <sup>2</sup>	<b>78,603</b>	51,945	51	39	<b>148,155</b>	104,879	41	31	268,720	225,444
Construction Equipment	<b>25,814</b>	25,839	-	-9	<b>48,427</b>	50,581	-4	-12	89,877	92,031
Buses <sup>3</sup>	<b>4,062</b>	3,811	7	-2	<b>7,112</b>	6,188	15	6	14,576	13,652
Volvo Penta	<b>4,597</b>	3,967	16	9	<b>8,802</b>	7,375	19	13	15,863	14,437
Group Functions & Other <sup>3</sup>	<b>3,750</b>	3,001	25	16	<b>7,598</b>	6,216	22	15	14,842	13,459
Eliminations	<b>-1,106</b>	-752	-	-	<b>-2,030</b>	-1,658	-	-	-3,771	-3,398
<b>Industrial Operations</b>	<b>115,719</b>	<b>87,810</b>	<b>32</b>	<b>21</b>	<b>218,065</b>	<b>179,019</b>	<b>22</b>	<b>16</b>	<b>400,108</b>	<b>361,062</b>
Financial Services	<b>4,067</b>	3,233	26	12	<b>7,801</b>	6,490	20	9	14,748	13,437
Reclassifications and eliminations	<b>-844</b>	-482	-	-	<b>-1,606</b>	-929	-	-	-2,960	-2,283
<b>Volvo Group</b>	<b>118,943</b>	<b>90,561</b>	<b>31</b>	<b>20</b>	<b>224,259</b>	<b>184,579</b>	<b>21</b>	<b>12</b>	<b>411,895</b>	<b>372,216</b>
<b>Volvo Group excluding UD Trucks</b>	<b>118,943</b>	<b>90,561</b>	<b>31</b>	<b>20</b>	<b>224,259</b>	<b>179,142</b>	<b>25</b>	<b>15</b>	<b>411,895</b>	<b>366,778</b>

<sup>1</sup> Adjusted for exchange rate fluctuations.

<sup>2</sup> For more information, please see Appendix UD Trucks in the report on the fourth quarter 2021.

<sup>3</sup> The operations of Nova Bus were reclassified from the "Buses" segment into the segment "Group Functions & Other" as of October 1, 2021. To facilitate the comparability, the financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

Adjusted operating income <sup>1</sup> SEK M	Second quarter		Change %	Change % <sup>1</sup>	First six months		Change %	Change % <sup>1</sup>	12 months rolling	Jan-Dec 2021
	2022	2021			2022	2021				
Trucks	<b>9,551</b>	5,350	79		<b>18,240</b>	12,829	42		30,978	25,567
Construction Equipment	<b>3,568</b>	3,374	6		<b>6,378</b>	7,196	-11		11,410	12,228
Buses <sup>3</sup>	<b>7</b>	-9	178		<b>27</b>	-24	213		110	59
Volvo Penta	<b>699</b>	617	13		<b>1,468</b>	1,261	16		2,299	2,092
Group Functions & Other <sup>3</sup>	<b>-890</b>	-514	-73		<b>-1,379</b>	-1,290	-7		-2,354	-2,265
Eliminations	<b>19</b>	-2	-		<b>16</b>	-17	-		87	53
<b>Industrial Operations</b>	<b>12,953</b>	<b>8,817</b>	<b>47</b>		<b>24,751</b>	<b>19,955</b>	<b>24</b>		<b>42,529</b>	<b>37,733</b>
Financial Services	<b>792</b>	913	-13		<b>1,674</b>	1,595	5		3,358	3,279
Reclassifications and eliminations	<b>0</b>	0	-		<b>1</b>	1	-		2	2
<b>Volvo Group adjusted operating income <sup>2</sup></b>	<b>13,745</b>	<b>9,730</b>	<b>41</b>		<b>26,426</b>	<b>21,551</b>	<b>23</b>		<b>45,889</b>	<b>41,015</b>
Adjustments <sup>1</sup>	-	1,653	-100		<b>-4,125</b>	1,900	-317		-3,966	2,059
<b>Volvo Group operating income</b>	<b>13,745</b>	<b>11,384</b>	<b>21</b>		<b>22,301</b>	<b>23,451</b>	<b>-5</b>		<b>41,924</b>	<b>43,074</b>

<sup>1</sup> For more information on adjusted operating income, please see note 6.

<sup>2</sup> UD Trucks had a marginally positive impact on adjusted operating income.

<sup>3</sup> The operations of Nova Bus were reclassified from the "Buses" segment into the segment "Group Functions & Other" as of October 1, 2021. To facilitate the comparability, the financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

Adjusted operating margin %	Second quarter		Change %	Change % <sup>1</sup>	First six months		Change %	Change % <sup>1</sup>	12 months rolling	Jan-Dec 2021
	2022	2021			2022	2021				
Trucks	<b>12.2</b>	10.3			<b>12.3</b>	11.6			11.5	11.1
Construction Equipment	<b>13.8</b>	13.1			<b>13.2</b>	14.2			12.7	13.3
Buses <sup>1</sup>	<b>0.2</b>	-0.2			<b>0.4</b>	-0.4			0.8	0.4
Volvo Penta	<b>15.2</b>	15.6			<b>16.7</b>	17.1			14.5	14.5
<b>Industrial Operations</b>	<b>11.2</b>	<b>10.0</b>			<b>11.4</b>	<b>11.1</b>			<b>10.6</b>	<b>10.5</b>
<b>Volvo Group adjusted operating margin</b>	<b>11.6</b>	<b>10.7</b>			<b>11.8</b>	<b>11.7</b>			<b>11.1</b>	<b>11.0</b>
<b>Volvo Group operating margin</b>	<b>11.6</b>	<b>12.6</b>			<b>9.9</b>	<b>12.7</b>			<b>10.2</b>	<b>11.6</b>

<sup>1</sup> The operations of Nova Bus were reclassified from the "Buses" segment into the segment "Group Functions & Other" as of October 1, 2021. To facilitate the comparability, the financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

## TRUCKS

### Strong execution in challenging times

- » Net sales in Q2 increased by 51% to SEK 78,603 M
- » Adjusted operating income increased to 9,551 (5,350) with a margin of 12.2% (10.3)
- » Total order intake decreased by 8% while deliveries increased by 33% in Q2
- » Order intake for fully-electric trucks increased to 1,097 (194) vehicles while deliveries increased to 216 (98) vehicles



#### Market development

In Q2 2022, demand for both new and used vehicles continued to be strong in Europe and North America on the back of high freight volumes and freight rates. The truck fleet utilization rate remained on a high level which drove demand for service.

In Brazil, high transport volumes were primarily driven by commodities, mainly related to mining and agriculture.

Demand for trucks in India continued to grow in Q2 supported by the need to modernize the fleet.

The Chinese truck market continued to decline because of lower economic activity and effects from recent lockdowns in several provinces.

#### Orders and deliveries

In Q2, demand continued to be stronger than supply due to constrained global supply chains. Furthermore, the Volvo Group continued to be restrictive in order placement due to large order books, long delivery times and high cost inflation.

In Q2, net order intake decreased by 8% to 53,388 trucks while deliveries increased by 33% to 60,833 trucks.

In Europe, order intake declined by 25% to 26,595 vehicles due to restrictive order-slotting for 2023. However, deliveries increased by 27% to 29,809 vehicles. Volvo Trucks' total heavy-duty market share through May increased to 19.3% (15.1) while the electric heavy-duty

market share declined to 36.9% (43.5). Renault Trucks' heavy-duty total market share increased to 9.6% (8.4) while the electric heavy-duty market share decreased to 18.8% (22.2).

Order intake in North America increased by 26% to 9,731 trucks while deliveries increased by 53% to 15,073 vehicles. Volvo Trucks' heavy-duty truck market share through May increased to 10.5% (9.7) while Mack Trucks' market share decreased to 5.8% (7.1).

South American order intake increased by 14% to 9,336 trucks and deliveries increased by 24% to 8,380 vehicles. In Brazil, Volvo Trucks' heavy-duty trucks market share through June increased to 25.8% (20.9).

In Asia, order intake increased by 50% to 4,883 vehicles driven by the Middle East and Southeast Asia. Deliveries increased by 38% to 4,718 vehicles.

In Q2, order intake for fully-electric trucks amounted to 1,097 (194) vehicles while deliveries amounted to 216 (98) vehicles.

The Indian joint venture, VE Commercial Vehicles, increased order intake by 162% to 13,726 vehicles and deliveries by 148% to 13,279 vehicles. On the other hand, deliveries from the Chinese joint venture, Dongfeng Commercial Vehicles, declined by 71% to 23,262 vehicles.

**Market forecasts are based on current visibility, which is low. Uncertainty is significant due to inability to predict supply chain capacity, the ongoing covid-19 pandemic and the war in Ukraine.**

Total market development	First six months		Change %	Full year 2021	Forecast 2022	Change vs. previous forecast
	2022	2021				
Registrations, number of trucks						
Europe 29 <sup>1</sup> heavy-duty (as of May)	108,929	110,215	-1	247,565	-	-
Europe 30 <sup>1</sup> heavy-duty (as of May)	122,116	123,273	-1	277,015	300,000	unchanged
North America heavy-duty (retail, as of May)	111,255	112,038	-1	270,022	300,000	unchanged
Brazil heavy-duty	43,641	45,047	-3	98,331	100,000	unchanged
China heavy-duty	380,084	1,044,510	-64	1,395,290	700,000	-180,000
China medium-duty	57,037	108,279	-47	178,755	100,000	-20,000
India heavy-duty	114,806	76,406	50	153,833	215,000	unchanged
India medium-duty	64,060	44,402	44	99,714	110,000	unchanged

<sup>1</sup> EU29 includes Norway and Switzerland but excludes UK. EU30 includes UK.

Net order intake	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
Number of trucks						
<b>Net order intake excluding UD Trucks</b>						
Europe	26,595	35,513	-25	51,579	82,077	-37
Heavy- and medium-duty	22,335	28,887	-23	41,966	67,968	-38
Light-duty	4,260	6,626	-36	9,613	14,109	-32
North America	9,731	7,740	26	15,748	29,922	-47
South America	9,336	8,179	14	16,690	11,952	40
Asia	4,883	3,245	50	9,649	8,491	14
Africa and Oceania	2,843	3,284	-13	5,316	5,963	-11
<b>Total order intake excluding UD Trucks</b>	<b>53,388</b>	<b>57,961</b>	<b>-8</b>	<b>98,982</b>	<b>138,405</b>	<b>-28</b>
UD Trucks <sup>1</sup>	-	-	N/A	-	5,017	N/A
<b>Total order intake</b>	<b>53,388</b>	<b>57,961</b>	<b>-8</b>	<b>98,982</b>	<b>143,422</b>	<b>-31</b>
<b>Net order intake excluding UD Trucks</b>						
Heavy-duty (>16 tons)	45,993	46,845	-2	82,854	114,648	-28
Medium-duty (7-16 tons)	3,054	4,422	-31	6,326	9,480	-33
Light-duty (<7 tons)	4,341	6,694	-35	9,802	14,277	-31
<b>Total order intake excluding UD Trucks</b>	<b>53,388</b>	<b>57,961</b>	<b>-8</b>	<b>98,982</b>	<b>138,405</b>	<b>-28</b>
UD Trucks <sup>1</sup>	-	-	N/A	-	5,017	N/A
<b>Total order intake</b>	<b>53,388</b>	<b>57,961</b>	<b>-8</b>	<b>98,982</b>	<b>143,422</b>	<b>-31</b>
Volvo	33,334	33,371	-	60,491	77,524	-22
UD Trucks <sup>1</sup>	-	-	N/A	-	5,017	N/A
Renault Trucks	15,576	20,101	-23	31,717	42,804	-26
Heavy- and medium-duty	11,235	13,407	-16	21,915	28,527	-23
Light-duty	4,341	6,694	-35	9,802	14,277	-31
Mack	4,093	3,630	13	6,124	17,218	-64
Other brands	385	859	-55	650	859	-24
<b>Total order intake</b>	<b>53,388</b>	<b>57,961</b>	<b>-8</b>	<b>98,982</b>	<b>143,422</b>	<b>-31</b>
<b>Non-consolidated operations</b>						
VE Commercial Vehicles (Eicher)	13,726	5,247	162	31,612	22,078	43

<sup>1</sup> For more information, please see Appendix UD Trucks in the report on the fourth quarter 2021.

Deliveries	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
Number of trucks						
<b>Deliveries excluding UD Trucks</b>						
Europe	29,809	23,535	27	58,898	47,517	24
Heavy- and medium-duty	24,944	18,485	35	49,220	37,356	32
Light-duty	4,865	5,050	-4	9,678	10,161	-5
North America	15,073	9,858	53	28,981	22,814	27
South America	8,380	6,775	24	14,625	12,188	20
Asia	4,718	3,429	38	8,415	7,473	13
Africa and Oceania	2,853	2,073	38	5,502	4,128	33
<b>Total deliveries excluding UD Trucks</b>	<b>60,833</b>	<b>45,670</b>	<b>33</b>	<b>116,421</b>	<b>94,120</b>	<b>24</b>
UD Trucks <sup>1</sup>	-	-	N/A	-	3,994	N/A
<b>Total deliveries</b>	<b>60,833</b>	<b>45,670</b>	<b>33</b>	<b>116,421</b>	<b>98,114</b>	<b>19</b>
<b>Deliveries excluding UD Trucks</b>						
Heavy-duty (>16 tons)	52,066	37,148	40	98,955	77,459	28
Medium-duty (7-16 tons)	3,847	3,372	14	7,665	6,337	21
Light-duty (<7 tons)	4,920	5,150	-4	9,801	10,324	-5
<b>Total deliveries excluding UD Trucks</b>	<b>60,833</b>	<b>45,670</b>	<b>33</b>	<b>116,421</b>	<b>94,120</b>	<b>24</b>
UD Trucks <sup>1</sup>	-	-	N/A	-	3,994	N/A
<b>Total deliveries</b>	<b>60,833</b>	<b>45,670</b>	<b>33</b>	<b>116,421</b>	<b>98,114</b>	<b>19</b>
Volvo	38,256	26,989	42	72,117	55,298	30
UD Trucks <sup>1</sup>	-	-	N/A	-	3,994	N/A
Renault Trucks	15,030	12,863	17	29,770	26,548	12
Heavy- and medium-duty	10,110	7,713	31	19,969	16,224	23
Light-duty	4,920	5,150	-4	9,801	10,324	-5
Mack	7,152	5,516	30	13,670	11,972	14
Other brands	395	302	31	864	302	186
<b>Total deliveries</b>	<b>60,833</b>	<b>45,670</b>	<b>33</b>	<b>116,421</b>	<b>98,114</b>	<b>19</b>
<b>Non-consolidated operations</b>						
VE Commercial Vehicles (Eicher)	13,279	5,344	148	31,139	22,447	39
Dongfeng Commercial Vehicle Company (Dongfeng Trucks)	23,262	79,020	-71	43,823	115,667	-62

<sup>1</sup> For more information, please see Appendix UD Trucks in the report on the fourth quarter 2021.

Net sales and operating income SEK M	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
<b>Net sales per geographical region excluding UD Trucks</b>						
Europe	34,492	25,810	34	67,991	50,989	33
North America	23,951	14,123	70	44,531	30,848	44
South America	9,962	5,368	86	16,743	9,656	73
Asia	5,794	3,802	52	10,590	7,810	36
Africa and Oceania	4,405	2,843	55	8,300	5,576	49
<b>Total net sales excluding UD Trucks</b>	<b>78,603</b>	<b>51,945</b>	<b>51</b>	<b>148,155</b>	<b>104,879</b>	<b>41</b>
<b>Net sales per product group excluding UD Trucks</b>						
Vehicles	63,018	39,030	61	117,485	79,174	48
Services	15,585	12,915	21	30,671	25,705	19
<b>Total net sales excluding UD Trucks</b>	<b>78,603</b>	<b>51,945</b>	<b>51</b>	<b>148,155</b>	<b>104,879</b>	<b>41</b>
<b>Timing of revenue recognition excluding UD Trucks</b>						
Revenue of vehicles and services recognized at the point of delivery	74,017	47,924	54	139,034	96,845	44
Revenue of vehicles and services recognized over contract period	4,586	4,020	14	9,121	8,033	14
<b>Total net sales excluding UD Trucks</b>	<b>78,603</b>	<b>51,945</b>	<b>51</b>	<b>148,155</b>	<b>104,879</b>	<b>41</b>
UD Trucks <sup>2</sup>	-	-	N/A	-	5,438	N/A
<b>Total net sales</b>	<b>78,603</b>	<b>51,945</b>	<b>51</b>	<b>148,155</b>	<b>110,316</b>	<b>34</b>
<b>Adjusted operating income <sup>1</sup></b>	<b>9,551</b>	<b>5,350</b>	<b>79</b>	<b>18,241</b>	<b>12,829</b>	<b>42</b>
Adjustments	-	1,653	-100	-1,447	1,653	-188
<b>Operating income</b>	<b>9,551</b>	<b>7,004</b>	<b>36</b>	<b>16,794</b>	<b>14,483</b>	<b>16</b>
Adjusted operating margin, %	12.2	10.3		12.3	11.6	
Operating margin, %	12.2	13.5		11.3	13.1	

<sup>1</sup> For more information on adjusted operating income, please see note 6.

<sup>2</sup> For more information, please see Appendix UD Trucks in the report on the fourth quarter 2021.

### Net sales and operating income

In Q2 2022, the truck operation's net sales amounted to SEK 78,603 M, which was 51% higher than in Q2 2021. Deliveries and net sales in Q2 2021 were impacted by halts in truck production of almost a month. Excluding currency effects, net sales increased by 39% with sales of vehicles increasing by 48% and sales of services by 10%.

Adjusted operating income increased to SEK 9,551 M (5,350), corresponding to an adjusted operating margin of 12.2% (10.3). There were no adjustments in Q2 2022. In Q2 2021, adjusted operating income excluded a capital gain of SEK 1,653 M from the sale of UD Trucks. For more information on adjusted operating income, see note 6.

Compared with Q2 2021, the adjusted operating income was positively impacted by price realization as well as increased vehicle and service volumes. Higher material costs, lower earnings in joint ventures and increased selling and R&D expenses had a negative impact. Compared with Q2 2021, currency movements had a positive impact of SEK 1,143 M.

Reported operating income amounted to SEK 9,551 M (7,004).

### Important events

In May, Volvo Group opened its very first assembly plant for battery packs. Located in Ghent, Belgium, the plant will supply ready-to-install batteries for fully electric heavy-duty trucks and other Group products.

As the world's first truck manufacturer to do so, Volvo Trucks will introduce fossil-free steel in frame rails in its battery-electric trucks. The steel is produced by the Swedish company SSAB.

In June, Volvo Trucks showcased a new zero-emission fuel-cell truck powered by hydrogen. The fuel cells were supplied by cellcentric, the joint venture between the Volvo Group and Daimler Truck AG, which intends to build one of Europe's largest series-production facilities for fuel cells specially developed for heavy vehicles.

Net order intake of fully electric trucks Number of trucks	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
Volvo	612	84	629	814	161	406
Renault Trucks	476	103	362	768	226	240
Heavy- and medium-duty	173	27	541	311	56	455
Light-duty	303	76	299	457	170	169
Mack	9	7	29	9	7	29
<b>Total order intake</b>	<b>1,097</b>	<b>194</b>	<b>465</b>	<b>1,591</b>	<b>394</b>	<b>304</b>

Deliveries of fully electric trucks Number of trucks	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
Volvo	83	28	196	144	38	279
Renault Trucks	127	70	81	257	86	199
Heavy- and medium-duty	93	27	244	175	31	465
Light-duty	34	43	-21	82	55	49
Mack	6	-	-	8	-	-
<b>Total deliveries</b>	<b>216</b>	<b>98</b>	<b>120</b>	<b>409</b>	<b>124</b>	<b>230</b>

## CONSTRUCTION EQUIPMENT

### Solid performance despite lower deliveries

- » Deliveries down by 27% in Q2, primarily due to the market decline in China
- » Both adjusted and reported operating income amounted to SEK 3,568 M (3,374), with a margin of 13.8% (13.1)
- » Service sales increased by 5%, adjusted for currency

#### Market development

Overall, the total market growth outside China moderated in Q2. However, demand in the commodity segments and in infrastructure construction continued to be good.

Construction activity in both Europe and North America remained high in Q2. However, total market deliveries were impacted by limited machine availability because of supply chain constraints.

The South American market remained on a favorable trend, with demand for commodities on a high level.

The Chinese market declined further compared with the high levels of the prior year due to lower economic activity combined with restrictions and lockdowns related to covid-19. The pricing pressure, primarily on excavators, remains.

Asia outside of China was on the same level as the prior year, with solid growth in key markets supported by government stimulus and high commodity prices, while India declined mainly due to price increases on models complying with the new emission standard.

**Market forecasts are based on current visibility, which is low. Uncertainty is significant due to inability to predict supply chain capacity, the ongoing covid-19 pandemic and the war in Ukraine.**

Total market development	Year-to-date May		Forecast 2022	Previous forecast 2022
	2022	2021		
Change in % measured in units				
Europe	-2		0% to +10%	0% to +10%
North America	5		+5% to +15%	+5% to +15%
South America	27		+5% to +15%	+5% to +15%
Asia excl. China	1		0% to +10%	0% to +10%
China	-51		-40% to -30%	-40% to -30%

Net order intake	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
Number of construction equipment						
Europe	3,768	6,664	-43	8,917	14,472	-38
North America	2,045	4,757	-57	3,299	8,321	-60
South America	825	1,541	-46	1,510	2,865	-47
Asia	13,471	22,175	-39	26,325	44,213	-40
Africa and Oceania	980	983	-	1,721	1,865	-8
<b>Total orders</b>	<b>21,089</b>	<b>36,120</b>	<b>-42</b>	<b>41,772</b>	<b>71,736</b>	<b>-42</b>
Large and medium construction equipment	16,039	26,417	-39	31,114	52,249	-40
Compact construction equipment	5,050	9,703	-48	10,658	19,487	-45
Of which fully electric	171	99	73	312	177	76
<b>Total orders</b>	<b>21,089</b>	<b>36,120</b>	<b>-42</b>	<b>41,772</b>	<b>71,736</b>	<b>-42</b>
<b>Of which:</b>						
Volvo	9,237	15,751	-41	18,613	31,917	-42
SDLG	11,777	20,311	-42	23,038	39,714	-42
Of which in China	9,839	18,507	-47	19,022	35,698	-47



#### Orders and deliveries

In Q2 2022, net order intake declined by 42% as a consequence of the continued decline in China and high order intake during Q2 2021. Order intake was also negatively impacted by restrictive order-slotting due to large order books and long lead times. In Europe, order intake was also impacted by the halted sales in Russia.

In Q2 2022, deliveries decreased by 27% with a negative impact from lower volumes in China, halted deliveries to Russia and effects from a strained supply chain. Deliveries of Volvo branded machines were on the same level as in the prior year, whereas deliveries of SDLG branded machines declined by 41%.

Deliveries	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
Number of construction equipment						
Europe	4,400	4,960	-11	9,215	10,887	-15
North America	1,967	1,825	8	3,702	3,509	6
South America	1,516	937	62	2,467	1,730	43
Asia	13,471	22,064	-39	26,169	43,913	-40
Africa and Oceania	1,044	871	20	1,624	1,575	3
<b>Total deliveries</b>	<b>22,398</b>	<b>30,657</b>	<b>-27</b>	<b>43,177</b>	<b>61,614</b>	<b>-30</b>
Large and medium construction equipment	17,067	22,510	-24	32,282	44,381	-27
Compact construction equipment	5,331	8,147	-35	10,895	17,233	-37
Of which fully electric	169	98	72	282	209	35
<b>Total deliveries</b>	<b>22,398</b>	<b>30,657</b>	<b>-27</b>	<b>43,177</b>	<b>61,614</b>	<b>-30</b>
<b>Of which:</b>						
Volvo	10,546	10,520	0	20,018	21,795	-8
SDLG	11,777	20,079	-41	23,038	39,714	-42
Of which in China	9,839	18,302	-46	19,022	35,698	-47

Net sales and operating income	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
SEK M						
<b>Net sales per geographical region</b>						
Europe	7,607	7,734	-2	14,996	14,997	-
North America	5,669	4,418	28	10,431	8,715	20
South America	1,890	857	121	2,980	1,531	95
Asia	8,716	11,421	-24	16,844	22,740	-26
Africa and Oceania	1,931	1,408	37	3,175	2,597	22
<b>Total net sales</b>	<b>25,814</b>	<b>25,839</b>	<b>0</b>	<b>48,427</b>	<b>50,581</b>	<b>-4</b>
<b>Net sales per product group</b>						
Construction equipment	22,154	22,667	-2	41,137	44,511	-8
Services	3,660	3,172	15	7,290	6,070	20
<b>Total net sales</b>	<b>25,814</b>	<b>25,839</b>	<b>0</b>	<b>48,427</b>	<b>50,581</b>	<b>-4</b>
<b>Timing of revenue recognition</b>						
Revenue of vehicles and services recognized at the point of delivery	25,187	25,336	-1	47,205	49,619	-5
Revenue of vehicles and services recognized over contract period	626	503	24	1,222	962	27
<b>Total net sales</b>	<b>25,814</b>	<b>25,839</b>	<b>0</b>	<b>48,427</b>	<b>50,581</b>	<b>-4</b>
<b>Adjusted operating income <sup>1</sup></b>	<b>3,568</b>	<b>3,374</b>	<b>6</b>	<b>6,378</b>	<b>7,196</b>	<b>-11</b>
Adjustments	-	-	-	-106	-	-
<b>Operating income</b>	<b>3,568</b>	<b>3,374</b>	<b>6</b>	<b>6,272</b>	<b>7,196</b>	<b>-13</b>
Adjusted operating margin, %	13.8	13.1		13.2	14.2	
Operating margin, %	13.8	13.1		13.0	14.2	

<sup>1</sup> For more information on adjusted operating income, please see note 6.

### Net sales and operating income

In Q2 2022, net sales were flat at SEK 25,814 M (25,839). Adjusted for currency movements net sales decreased by 9%, of which net sales of machines declined by 11% while service sales increased by 5%.

Both adjusted and reported operating income amounted to SEK 3,568 M (3,374), corresponding to an operating margin of 13.8% (13.1). Operating income was positively impacted by mix effects and price realization, which were partially offset by increased material costs as well as both lower volumes and capacity utilization in the industrial system in China. Compared with Q2 2021, currency movements had a positive impact of SEK 1,319 M.

### Important events

In early June, Volvo Construction Equipment (Volvo CE) became the first manufacturer to deliver a construction machine built using fossil-free steel to a customer. The handover took place at the United Nations Stockholm 50+ event.

In the quarter, the Volvo Days returned to Eskilstuna, Sweden for the first time in four years. Over 7,000 customers visited Eskilstuna where both today's and tomorrow's products and services were showcased.

Volvo CE also announced an investment in Dutch firm Limach, a manufacturer of electric excavators for the domestic market. The majority investment complements Volvo CE's long-term electrification roadmap and provides the opportunity to swiftly broaden the electromobility portfolio.

## BUSES

### Improved order intake and deliveries

- » Order intake increased by 44% and deliveries by 22% in Q2
- » Both adjusted and reported operating income amounted to SEK 7 M (-9) with a margin of 0.2% (-0.2)
- » Currency-adjusted service sales increased 24%



In Q2, demand continued to improve, especially for services and coaches. Activity in the city and transit bus markets also continued to improve, primarily in South America.

Compared with Q2 2021, net order intake increased by 44% to 1,422 units. Volvo Buses received significant orders of 100 articulated buses for Rio de Janeiro, Brazil and 50 coaches for Prevost in Canada. Good order intake was also noticed in UK, Chile and Spain. Deliveries amounted to 1,295 units, 22% more than in Q2 2021.

Net sales in Q2 increased by 7% to SEK 4,062 M (3,811). Adjusted for currency movements, net sales decreased by 2%, with vehicle sales decreasing by 8% and service sales increasing by 24%. The decreased sales

of vehicles is related to product mix, with a lower volume of high-value vehicles.

Both adjusted and reported operating income amounted to SEK 7 M (-9), corresponding to an operating margin of 0.2% (-0.2). Earnings were favorably impacted by increased service and vehicle volumes as well as price realization, which were offset by an unfavorable product mix, higher material costs and increased selling and R&D expenses. Compared with Q2 2021, currency movements had a positive impact on operating income of SEK 39 M.

In June, Volvo Buses launched a new, powerful and fuel-saving platform for the premium coach range and chassis. The new platform will reduce fuel consumption by up to 9%, thereby reducing customers' operational costs significantly as well as reducing emissions.

Net order intake and deliveries <sup>1</sup>		Second quarter		Change	First six months		Change
Number of buses		2022	2021	%	2022	2021	%
Total orders		1,422	987	44	3,186	1,705	87
Of which fully electric		78	37	111	130	63	106
Of which hybrids		40	41	-2	52	108	-52
Total deliveries		1,295	1,065	22	2,242	2,030	10
Of which fully electric		39	161	-76	70	189	-63
Of which hybrids		46	68	-32	49	95	-48

  

Net sales and operating income <sup>1</sup>		Second quarter		Change	First six months		Change
SEK M		2022	2021	%	2022	2021	%
<b>Net sales per geographical region</b>							
Europe		1,455	1,889	-23	2,452	2,861	-14
North America		1,534	902	70	2,777	1,317	111
South America		361	201	80	608	370	64
Asia		315	411	-23	563	862	-35
Africa and Oceania		397	408	-3	713	779	-8
<b>Total net sales</b>		<b>4,062</b>	<b>3,811</b>	<b>7</b>	<b>7,112</b>	<b>6,188</b>	<b>15</b>
<b>Net sales per product group</b>							
Vehicles		3,023	3,051	-1	5,105	4,695	9
Services		1,038	760	37	2,007	1,493	34
<b>Total net sales</b>		<b>4,062</b>	<b>3,811</b>	<b>7</b>	<b>7,112</b>	<b>6,188</b>	<b>15</b>
<b>Timing of revenue recognition</b>							
Revenue of vehicles and services recognized at the point of delivery		3,877	3,673	6	6,771	5,911	15
Revenue of vehicles and services recognized over contract period		184	138	33	342	277	23
<b>Total net sales</b>		<b>4,062</b>	<b>3,811</b>	<b>7</b>	<b>7,112</b>	<b>6,188</b>	<b>15</b>
<b>Adjusted operating income <sup>2</sup></b>							
Adjusted operating income		7	-9	178	27	-24	213
Adjustments		-	-	-	-	-	-
<b>Operating income</b>		<b>7</b>	<b>-9</b>	<b>178</b>	<b>27</b>	<b>-24</b>	<b>213</b>
Adjusted operating margin, %		0.2	-0.2		0.4	-0.4	
Operating margin, %		0.2	-0.2		0.4	-0.4	

<sup>1</sup> Financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

<sup>2</sup> For more information on adjusted operating income, please see note 6.

## VOLVO PENTA

### Highest net sales ever

- » In Q2, net sales increased by 16%
- » Both adjusted and reported operating income amounted to SEK 699 M (617) with a margin of 15.2% (15.6)
- » Deliveries decreased by 1% and order intake by 25%



The market remained strong in all segments during Q2. However, production capacity constraints hampered order intake. This is a combination of continued challenges in the supply chain and of some customers waiting to place orders due to long lead times. Nevertheless, sales reached record levels in Q2.

In Q2, net order intake decreased by 25% to 9,641 units and deliveries decreased by 1% to 11,601 units.

Net sales increased by 16% to SEK 4,597 M (3,967). Adjusted for currency movements, net sales increased by 9%, of which sales of engines increased by 11% and sales of services by 5%.

Both adjusted and reported operating income amounted to SEK 699 M (617), corresponding to an operating

margin of 15.2% (15.6). Operating income was positively impacted by price realization, which was offset by higher material and freight costs as well as increased selling and R&D expenses. Compared with Q2 2021, currency had a positive impact on operating income in an amount of SEK 187 M.

During Q2, Volvo Penta's electric driveline powering the Rosenbauer city firetruck was introduced to the US market. On the marine side, the Volvo Penta Assisted Docking system was launched as a retrofit upgrade offer. In addition, the D13 engine package was extended to meet Tier III emission regulations for commercial marine high-speed vessels.

<b>Net order intake and deliveries</b>		Second quarter		Change	First six months		Change
Number of Engines		2022	2021	%	2022	2021	%
Total orders		9,641	12,857	-25	23,956	27,365	-12
Of which fully electric		-	8	-100	18	12	50
Total deliveries		11,601	11,674	-1	23,115	22,297	4
Of which fully electric		3	-	-	9	4	125

  

<b>Net sales and operating income</b>		Second quarter		Change	First six months		Change
SEK M		2022	2021	%	2022	2021	%
<b>Net sales per geographical region</b>							
Europe		2,416	2,082	16	4,761	3,980	20
North America		970	857	13	1,748	1,471	19
South America		172	115	50	315	222	42
Asia		791	687	15	1,491	1,279	17
Africa and Oceania		248	225	10	486	423	15
<b>Total net sales</b>		<b>4,597</b>	<b>3,967</b>	<b>16</b>	<b>8,802</b>	<b>7,375</b>	<b>19</b>
<b>Net sales per product group</b>							
Engines		3,317	2,813	18	6,375	5,282	21
Services		1,281	1,154	11	2,427	2,093	16
<b>Total net sales</b>		<b>4,597</b>	<b>3,967</b>	<b>16</b>	<b>8,802</b>	<b>7,375</b>	<b>19</b>
<b>Timing of revenue recognition</b>							
Revenue of vehicles and services recognized at the point of delivery		4,597	3,967	16	8,802	7,375	19
Revenue of vehicles and services recognized over contract period		-	-	-	-	-	-
<b>Total net sales</b>		<b>4,597</b>	<b>3,967</b>	<b>16</b>	<b>8,802</b>	<b>7,375</b>	<b>19</b>
<b>Adjusted operating income <sup>1</sup></b>							
		699	617	13	1,468	1,261	16
Adjustments		-	-	-	-3	-	-
<b>Operating income</b>		<b>699</b>	<b>617</b>	<b>13</b>	<b>1,465</b>	<b>1,261</b>	<b>16</b>
Adjusted operating margin, %		15.2	15.6		16.7	17.1	
Operating margin, %		15.2	15.6		16.6	17.1	

<sup>1</sup> For more information on adjusted operating income, please see note 6.

## FINANCIAL SERVICES

### Increased new business volume

- » In Q2, new business volume increased 13%, adjusted for currency
- » Both adjusted and reported operating income amounted to SEK 792 M (913)
- » Stable portfolio performance



In Q2 2022, new business volume was up by 13%, currency adjusted, over Q2 2021 due primarily to higher deliveries and unit prices of Group products. Adjusted for currency, the credit portfolio grew by 12% on a year-over-year basis. Portfolio performance was stable in most parts of the world due to continued strong demand for transportation and construction services.

Both adjusted and reported operating income amounted to SEK 792 M (913). In Q2 2021, an accounting change had a positive impact of SEK 190 M on both credit

provision expenses and adjusted operating income. Excluding the change in accounting, the increase in operating income is primarily a result of profitable portfolio growth. This was partly offset by higher selling expenses. Compared with Q2 2021, currency movements had a positive impact of SEK 128 M.

Return on shareholders' equity excluding the adjustments related to Russia recorded in Q1 2022 increased to 17.5% (14.0).

Financial Services SEK M	Second quarter		First six months	
	2022	2021	2022	2021
Number of financed units, 12 months rolling			70,149	67,108
Total penetration rate, 12 months rolling, % <sup>1</sup>			30	30
New retail financing volume, SEK billion	26.0	21.0	48.2	39.2
Credit portfolio net, SEK billion			197	158
Credit provision expenses	40	-83	3,073	99
Credit provision expenses excluding impacts related to Russia	40	-83	113	99
Adjusted operating income <sup>2</sup>	792	913	1,674	1,595
Adjustments <sup>2</sup>	-	-	-2,568	-
Operating income	792	913	-894	1,595
Credit reserves, % of credit portfolio			3.23	1.92
Credit reserves, % of credit portfolio excluding impacts related to Russia			1.77	1.92
Return on equity, 12 months rolling, %			3.5	14.0
Return on equity excluding impacts related to Russia, 12 months rolling, % <sup>2</sup>			17.5	14.0

<sup>1</sup> Share of unit sales financed by Volvo Financial Services in relation to the total number of units sold by the Volvo Group in markets where financial services are offered.  
<sup>2</sup> For more information on adjustments, please see note 6.

## IMPORTANT EVENTS FOR THE VOLVO GROUP

### Volvo Group accelerates to grow in the ongoing industry transformation

At the Volvo Group's Capital Markets Day on June 22, President and CEO Martin Lundstedt and Group Management outlined the major business opportunities in the ongoing technology shift that is expected to accelerate the Group's sales growth. Over the last decade, the Volvo Group has established an industry-leading profitability and is now taking the next step on its strategic journey. Growth is expected to accelerate with the main driver being the higher value of the electric vehicles and machines. With electric vehicles there is a potential to increase the total vehicle and service revenues per unit by more than 50% over the lifecycle. Leveraging the Group's first-mover advantage to gain

market shares and broadening the services offering are also expected to drive growth. While capturing these growth opportunities, the Volvo Group's financial targets remain. A replay of the Capital Markets Day is available at [www.volvogroup.com](http://www.volvogroup.com).

### Previously reported important events

- Tina Hultkvist new CFO
- Annual General Meeting of AB Volvo
- Financial impact due to the war in Ukraine

Detailed information about the events is available at [www.volvogroup.com](http://www.volvogroup.com)

## CONSOLIDATED INCOME STATEMENT SECOND QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group		
	2022	2021	2022	2021	2022	2021	2022	2021	
<b>Net sales</b>	<b>115,719</b>	87,810	<b>4,067</b>	3,233	<b>-844</b>	-482	<b>118,943</b>	90,561	
Cost of sales	<b>-88,651</b>	-67,450	<b>-2,415</b>	-1,876	<b>844</b>	482	<b>-90,221</b>	-68,843	
<b>Gross income</b>	<b>27,068</b>	<b>20,361</b>	<b>1,653</b>	<b>1,357</b>	<b>0</b>	<b>0</b>	<b>28,721</b>	<b>21,718</b>	
Research and development expenses	<b>-5,454</b>	-4,780	-	-	-	-	<b>-5,454</b>	-4,780	
Selling expenses	<b>-6,255</b>	-5,381	<b>-722</b>	-584	-	-	<b>-6,977</b>	-5,965	
Administrative expenses	<b>-1,428</b>	-1,271	<b>-3</b>	-3	-	-	<b>-1,432</b>	-1,274	
Other operating income and expenses	<b>-674</b>	1,250	<b>-136</b>	143	-	-	<b>-809</b>	1,393	
Income/loss from investments in joint ventures and associated companies	<b>-323</b>	290	-	-	-	-	<b>-323</b>	290	
Income/loss from other investments	<b>19</b>	2	<b>0</b>	0	-	-	<b>19</b>	2	
<b>Operating income</b>	<b>12,953</b>	<b>10,471</b>	<b>792</b>	<b>913</b>	<b>0</b>	<b>0</b>	<b>13,745</b>	<b>11,384</b>	
Interest income and similar credits	<b>236</b>	87	-	-	<b>-54</b>	2	<b>182</b>	88	
Interest expenses and similar charges	<b>-331</b>	-263	<b>0</b>	0	<b>54</b>	-2	<b>-277</b>	-264	
Other financial income and expenses	<b>222</b>	57	-	-	-	-	<b>222</b>	57	
<b>Income after financial items</b>	<b>13,080</b>	<b>10,352</b>	<b>792</b>	<b>913</b>	<b>0</b>	<b>0</b>	<b>13,873</b>	<b>11,265</b>	
Income taxes	<b>-3,181</b>	-1,979	<b>-171</b>	-222	<b>-0</b>	0	<b>-3,352</b>	-2,202	
<b>Income for the period *</b>	<b>9,900</b>	<b>8,372</b>	<b>620</b>	<b>691</b>	<b>0</b>	<b>0</b>	<b>10,520</b>	<b>9,064</b>	
* Attributable to:									
Owners of AB Volvo								<b>10,443</b>	8,900
Non-controlling interest								<b>78</b>	164
								<b>10,520</b>	<b>9,064</b>
Basic earnings per share, SEK								<b>5.14</b>	4.38
Diluted earnings per share, SEK								<b>5.14</b>	4.38

### Key ratios, %

Gross margin	<b>23.4</b>	23.2	-	-	-	-	<b>24.1</b>	24.0
Research and development expenses as % of net sales	<b>4.7</b>	5.4	-	-	-	-	<b>4.6</b>	5.3
Selling expenses as % of net sales	<b>5.4</b>	6.1	-	-	-	-	<b>5.9</b>	6.6
Administrative expenses as % of net sales	<b>1.2</b>	1.4	-	-	-	-	<b>1.2</b>	1.4
Operating margin	<b>11.2</b>	11.9	-	-	-	-	<b>11.6</b>	12.6

## CONSOLIDATED OTHER COMPREHENSIVE INCOME SECOND QUARTER

SEK M	2022	2021
<b>Income for the period</b>	<b>10,520</b>	9,064
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	<b>5,356</b>	687
Remeasurements of holding of shares at fair value	<b>-17</b>	0
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	<b>7,688</b>	-655
Share of OCI related to joint ventures and associated companies	<b>773</b>	-74
Accumulated translation difference reversed to income	<b>-</b>	-324
<b>Other comprehensive income, net of income taxes</b>	<b>13,800</b>	<b>-366</b>
<b>Total comprehensive income for the period *</b>	<b>24,320</b>	<b>8,698</b>
* Attributable to:		
Owners of AB Volvo	<b>24,100</b>	8,565
Non-controlling interest	<b>220</b>	133
	<b>24,320</b>	<b>8,698</b>

## CONSOLIDATED INCOME STATEMENT FIRST SIX MONTHS

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Net sales</b>	<b>218,065</b>	179,019	<b>7,801</b>	6,490	<b>-1,606</b>	-929	<b>224,259</b>	184,579
Cost of sales	<b>-167,979</b>	-136,369	<b>-4,550</b>	-3,726	<b>1,607</b>	930	<b>-170,921</b>	-139,165
<b>Gross income</b>	<b>50,086</b>	<b>42,650</b>	<b>3,251</b>	<b>2,764</b>	<b>1</b>	<b>1</b>	<b>53,338</b>	<b>45,415</b>
Research and development expenses	<b>-10,037</b>	-9,150	-	-	-	-	<b>-10,037</b>	-9,150
Selling expenses	<b>-12,379</b>	-11,045	<b>-1,380</b>	-1,169	-	-	<b>-13,760</b>	-12,214
Administrative expenses	<b>-2,746</b>	-2,424	<b>-6</b>	-6	-	-	<b>-2,753</b>	-2,430
Other operating income and expenses	<b>-1,428</b>	884	<b>-2,759</b>	6	-	-	<b>-4,187</b>	890
Income/loss from investments in joint ventures and associated companies	<b>-446</b>	936	-	-	-	-	<b>-446</b>	936
Income/loss from other investments	<b>146</b>	5	<b>0</b>	0	-	-	<b>146</b>	5
<b>Operating income</b>	<b>23,194</b>	<b>21,855</b>	<b>-894</b>	<b>1,595</b>	<b>1</b>	<b>1</b>	<b>22,301</b>	<b>23,451</b>
Interest income and similar credits	<b>375</b>	165	-	-	<b>-68</b>	0	<b>308</b>	165
Interest expenses and similar charges	<b>-674</b>	-561	<b>0</b>	0	<b>68</b>	0	<b>-606</b>	-561
Other financial income and expenses	<b>896</b>	500	-	-	-	-	<b>896</b>	500
<b>Income after financial items</b>	<b>23,792</b>	<b>21,959</b>	<b>-894</b>	<b>1,595</b>	<b>1</b>	<b>1</b>	<b>22,899</b>	<b>23,555</b>
Income taxes	<b>-5,424</b>	-5,085	<b>116</b>	-402	<b>-0</b>	0	<b>-5,308</b>	-5,487
<b>Income for the period *</b>	<b>18,368</b>	<b>16,874</b>	<b>-778</b>	<b>1,193</b>	<b>1</b>	<b>1</b>	<b>17,591</b>	<b>18,068</b>
* Attributable to:								
Owners of AB Volvo							<b>17,476</b>	17,740
Non-controlling interest							<b>116</b>	327
							<b>17,591</b>	<b>18,068</b>
Basic earnings per share, SEK							<b>8.59</b>	8.72
Diluted earnings per share, SEK							<b>8.59</b>	8.72

**Key ratios, %**

Gross margin	<b>23.0</b>	23.8	-	-	-	-	<b>23.8</b>	24.6
Research and development expenses as % of net sales	<b>4.6</b>	5.1	-	-	-	-	<b>4.5</b>	5.0
Selling expenses as % of net sales	<b>5.7</b>	6.2	-	-	-	-	<b>6.1</b>	6.6
Administrative expenses as % of net sales	<b>1.3</b>	1.4	-	-	-	-	<b>1.2</b>	1.3
Operating margin	<b>10.6</b>	12.2	-	-	-	-	<b>9.9</b>	12.7

## CONSOLIDATED OTHER COMPREHENSIVE INCOME FIRST SIX MONTHS

SEK M	2022	2021
<b>Income for the period</b>	<b>17,591</b>	18,068
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	<b>8,416</b>	4,186
Remeasurements of holding of shares at fair value	<b>-42</b>	40
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	<b>10,711</b>	2,940
Share of OCI related to joint ventures and associated companies	<b>1,159</b>	595
Accumulated translation difference reversed to income	-	-324
<b>Other comprehensive income, net of income taxes</b>	<b>20,244</b>	<b>7,437</b>
<b>Total comprehensive income for the period *</b>	<b>37,835</b>	<b>25,505</b>
* Attributable to:		
Owners of AB Volvo	<b>37,487</b>	25,032
Non-controlling interest	<b>348</b>	473
	<b>37,835</b>	<b>25,505</b>

## CONSOLIDATED BALANCE SHEET

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021
<b>Assets</b>								
<b>Non-current assets</b>								
Intangible assets	39,474	36,971	87	98	-	-	39,561	37,070
<i>Tangible assets</i>								
Property, plant and equipment	58,661	54,356	51	48	-	-	58,712	54,405
Assets under operating leases	33,930	32,150	20,107	19,658	-12,244	-11,838	41,793	39,969
<i>Financial assets</i>								
Investments in Joint Ventures and associated companies	21,894	20,685	-	-	-	-	21,894	20,685
Other shares and participations	532	524	18	15	-	-	550	539
Non-current customer-financing receivables	1,804	1,669	94,828	83,774	-2,286	-2,057	94,346	83,386
Net pension assets	5,252	2,372	-	-	-	-	5,252	2,372
Non-current interest-bearing receivables	1,263	1,747	1,449	74	-1,550	-70	1,162	1,752
Other non-current receivables	10,416	9,211	231	187	-195	-170	10,452	9,227
Deferred tax assets	10,798	9,744	2,532	1,203	0	0	13,331	10,947
<b>Total non-current assets</b>	<b>184,023</b>	<b>169,430</b>	<b>119,304</b>	<b>105,058</b>	<b>-16,275</b>	<b>-14,135</b>	<b>287,053</b>	<b>260,352</b>
<b>Current assets</b>								
Inventories	78,191	63,715	289	202	-	-	78,480	63,916
<i>Current receivables</i>								
Customer-financing receivables	1,012	868	81,689	68,352	-1,277	-1,102	81,424	68,118
Tax assets	2,132	1,336	290	373	-	-	2,422	1,708
Interest-bearing receivables	5,388	1,976	0	0	-26	-26	5,362	1,950
Internal funding	5,783	16,672	-	-	-5,783	-16,672	-	-
Accounts receivable	45,484	39,321	1,531	1,455	-	-	47,015	40,776
Other receivables	19,832	18,103	1,976	1,840	-4,230	-3,201	17,578	16,742
Marketable securities	92	167	-	-	-	-	92	167
Cash and cash equivalents	49,577	59,435	6,994	3,913	-2,303	-1,223	54,268	62,126
<b>Total current assets</b>	<b>207,491</b>	<b>201,593</b>	<b>92,769</b>	<b>76,135</b>	<b>-13,619</b>	<b>-22,223</b>	<b>286,641</b>	<b>255,504</b>
<b>Total assets</b>	<b>391,514</b>	<b>371,022</b>	<b>212,073</b>	<b>181,193</b>	<b>-29,894</b>	<b>-36,359</b>	<b>573,694</b>	<b>515,856</b>
<b>Equity and liabilities</b>								
Equity attributable to owners of AB Volvo	135,127	126,546	16,968	14,500	-1	-2	152,095	141,045
Non-controlling interest	3,447	3,073	-	-	-	-	3,447	3,073
<b>Total equity</b>	<b>138,574</b>	<b>129,619</b>	<b>16,968</b>	<b>14,500</b>	<b>-1</b>	<b>-2</b>	<b>155,541</b>	<b>144,118</b>
<i>Non-current provisions</i>								
Provisions for post-employment benefits	5,002	12,095	91	82	-	-	5,093	12,177
Provisions for deferred taxes	3,693	2,774	2,365	2,153	-	-	6,058	4,926
Other provisions	11,991	10,610	63	49	-	557	12,054	11,216
<i>Non-current liabilities</i>								
Bond loans	93,030	79,365	-	-	-	-	93,030	79,365
Other loans	25,201	16,488	10,298	10,148	-1,999	-1,823	33,500	24,812
Internal funding	-103,107	-82,734	85,683	74,223	17,424	8,512	-	-
Other liabilities	47,236	42,978	1,592	1,557	-7,547	-7,705	41,281	36,831
Current provisions	13,416	11,535	26	36	-	383	13,442	11,954
<i>Current liabilities</i>								
Bond loans	21,904	21,747	-	-	-	-	21,904	21,747
Other loans	35,956	21,230	8,887	7,432	-1,139	-962	43,704	27,700
Internal funding	-48,648	-36,176	76,240	63,141	-27,592	-26,964	-	-
Trade payables	75,532	76,079	760	666	-	-	76,292	76,745
Tax liabilities	6,066	3,720	671	567	-	-	6,738	4,287
Other liabilities	65,668	61,693	8,428	6,639	-9,039	-8,354	65,056	59,978
<b>Total equity and liabilities</b>	<b>391,514</b>	<b>371,022</b>	<b>212,073</b>	<b>181,193</b>	<b>-29,894</b>	<b>-36,359</b>	<b>573,694</b>	<b>515,856</b>
<b>Key ratios, %</b>								
Equity ratio	35.4	34.9	8.0	8.0	0.0	0.0	27.1	27.9
Equity attributable to owners of AB Volvo, per share in SEK	-	-	-	-	-	-	74.8	69.4
Return on operating capital <sup>1</sup>	50.6	51.9	-	-	-	-	-	-
Return on capital employed <sup>1</sup>	26.8	25.3	-	-	-	-	-	-
Return on equity <sup>1</sup>	-	-	3.5	18.0	-	-	22.8	23.4

<sup>1</sup> 12 months rolling.

## CONSOLIDATED CASH FLOW STATEMENT SECOND QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Operating activities</b>								
Operating income	12,953	10,471	792	913	0	0	13,745	11,384
Amortization intangible assets	723	718	17	9	-	-	740	728
Depreciation tangible assets	1,953	1,786	6	6	-	-	1,959	1,791
Depreciation leasing vehicles	1,140	950	1,139	1,067	0	5	2,279	2,022
Other non-cash items	288	-1,863	182	-34	-107	3	363	-1,893
Total change in working capital whereof	-3,626	-2,670	-5,188	-1,195	49	246	-8,766	-3,619
Change in accounts receivables	-2,412	1,099	-62	-1	-	-	-2,474	1,098
Change in customer-financing receivables	-9	-276	-5,613	-1,371	-18	264	-5,641	-1,383
Change in inventories	-2,192	-3,527	-48	-18	-	-	-2,239	-3,545
Change in trade payables	665	721	91	128	-	-	756	849
Other changes in working capital	322	-687	443	67	67	-18	832	-638
Dividends received from joint ventures and associated companies	54	768	-	-	-	-	54	768
Interest and similar items received	135	61	0	0	97	0	232	61
Interest and similar items paid	-235	-187	0	2	10	-3	-225	-188
Other financial items	-131	-73	-	-	-	-	-131	-73
Income taxes paid	-2,846	-1,794	-864	-208	-	-	-3,710	-2,002
<b>Cash flow from operating activities</b>	<b>10,409</b>	<b>8,168</b>	<b>-3,917</b>	<b>560</b>	<b>49</b>	<b>251</b>	<b>6,542</b>	<b>8,979</b>
<b>Investing activities</b>								
Investments in intangible assets	-1,319	-604	-9	11	-	-	-1,328	-592
Investments in tangible assets	-2,071	-1,646	-4	0	-	-	-2,074	-1,646
Investment in leasing vehicles	0	-11	-2,137	-2,190	0	8	-2,137	-2,193
Disposals of in-/tangible assets and leasing vehicles	179	24	1,483	1,294	-3	-1	1,659	1,317
<b>Operating cash flow</b>	<b>7,199</b>	<b>5,932</b>	<b>-4,583</b>	<b>-325</b>	<b>46</b>	<b>259</b>	<b>2,662</b>	<b>5,865</b>
Investments of shares							-99	-5
Acquired operations							-36	-422
Divested operations <sup>1</sup>							-	22,452
Interest-bearing receivables incl. marketable securities							328	457
<b>Cash flow after net investments</b>							<b>2,854</b>	<b>28,348</b>
<b>Financing activities</b>								
New borrowings							53,647	23,592
Repayments of borrowings							-51,356	-25,270
Dividend to owners of AB Volvo							-26,435	-30,502
Dividend to non-controlling interest							-	-403
Other							-55	-4
<b>Change in cash and cash equivalents excl. translation differences</b>							<b>-21,345</b>	<b>-4,239</b>
Translation difference on cash and cash equivalents							2,225	-147
<b>Change in cash and cash equivalents</b>							<b>-19,120</b>	<b>-4,386</b>

<sup>1</sup> In 2021, the total cash flow impact from the divestment of UD Trucks amounted to SEK 22,450 M.

## CONSOLIDATED CASH FLOW STATEMENT FIRST SIX MONTHS

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Operating activities</b>								
Operating income	23,194	21,855	-894	1,595	1	1	22,301	23,451
Amortization intangible assets	1,423	1,352	26	19	-	-	1,449	1,371
Depreciation tangible assets	3,813	3,578	12	12	-	-	3,825	3,590
Depreciation leasing vehicles	2,323	1,988	2,266	2,135	0	0	4,589	4,123
Other non-cash items	2,117	-2,559	3,146	211	-123	-20	5,140	-2,368
Total change in working capital whereof	-19,516	-5,853	-9,539	-5,212	29	402	-29,026	-10,663
Change in accounts receivables	-3,686	-3,674	-68	-61	-	-	-3,754	-3,735
Change in customer-financing receivables	-5	-407	-10,773	-5,598	-1	424	-10,780	-5,582
Change in inventories	-9,957	-9,883	-79	79	-	-	-10,036	-9,804
Change in trade payables	-4,763	9,958	82	241	-	-	-4,681	10,199
Other changes in working capital	-1,104	-1,846	1,300	128	30	-22	226	-1,740
Dividends received from joint ventures and associated companies	54	768	-	-	-	-	54	768
Interest and similar items received	243	139	0	0	103	4	346	144
Interest and similar items paid	-658	-586	0	6	20	18	-639	-563
Other financial items	-53	-105	-	-	-	-	-53	-105
Income taxes paid	-4,672	-4,875	-1,141	-483	-	-	-5,813	-5,358
<b>Cash flow from operating activities</b>	<b>8,269</b>	<b>15,703</b>	<b>-6,124</b>	<b>-1,717</b>	<b>29</b>	<b>404</b>	<b>2,174</b>	<b>14,391</b>
<b>Investing activities</b>								
Investments in intangible assets	-2,664	-1,238	-12	3	-	-	-2,676	-1,235
Investments in tangible assets	-4,017	-3,065	-5	-1	-	-	-4,022	-3,066
Investment in leasing vehicles	-1	-27	-4,254	-4,515	4	16	-4,250	-4,526
Disposals of in-/tangible assets and leasing vehicles	212	223	2,874	2,844	-6	-8	3,080	3,058
<b>Operating cash flow</b>	<b>1,799</b>	<b>11,596</b>	<b>-7,521</b>	<b>-3,386</b>	<b>28</b>	<b>412</b>	<b>-5,695</b>	<b>8,622</b>
Investments of shares							-624	-6,899
Divestments of shares							157	-
Acquired operations							-36	-435
Divested operations <sup>1</sup>							153	22,441
Interest-bearing receivables incl. marketable securities							-53	427
<b>Cash flow after net investments</b>							<b>-6,098</b>	<b>24,156</b>
<b>Financing activities</b>								
New borrowings							103,992	40,854
Repayments of borrowings							-82,331	-52,895
Dividend to owners of AB Volvo							-26,435	-30,502
Dividend to non-controlling interest							-	-403
Other							-18	-89
<b>Change in cash and cash equivalents excl. translation differences</b>							<b>-10,890</b>	<b>-18,879</b>
Translation difference on cash and cash equivalents							3,032	1,432
<b>Change in cash and cash equivalents</b>							<b>-7,857</b>	<b>-17,447</b>

<sup>1</sup> In 2021, the total cash flow impact from the divestment of UD Trucks amounted to SEK 22,450 M.

## CONSOLIDATED NET FINANCIAL POSITION

Net financial position excl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	94.3	83.4
Non-current interest-bearing receivables	1.3	1.7	1.2	1.8
Current interest-bearing assets				
Customer-financing receivables	-	-	81.4	68.1
Interest-bearing receivables	5.4	2.0	5.4	2.0
Internal funding	5.8	16.7	-	-
Marketable securities	0.1	0.2	0.1	0.2
Cash and cash equivalents	49.6	59.4	54.3	62.1
<b>Total interest-bearing financial assets</b>	<b>62.1</b>	<b>80.0</b>	<b>236.7</b>	<b>217.5</b>
Non-current interest-bearing liabilities				
Bond loans	-93.0	-79.4	-93.0	-79.4
Other loans	-20.6	-12.0	-28.9	-20.3
Internal funding	103.1	82.7	-	-
Current interest-bearing liabilities				
Bond loans	-21.9	-21.7	-21.9	-21.7
Other loans	-34.1	-19.6	-41.9	-26.1
Internal funding	48.6	36.2	-	-
<b>Total interest-bearing financial liabilities excl. lease liabilities</b>	<b>-17.9</b>	<b>-13.8</b>	<b>-185.8</b>	<b>-147.5</b>
<b>Net financial position excl. post-employment benefits and lease liabilities</b>	<b>44.2</b>	<b>66.2</b>	<b>50.9</b>	<b>70.0</b>

Provisions for post-employment benefits and lease liabilities, net SEK bn	Industrial Operations		Volvo Group	
	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021
Non-current lease liabilities	-4.6	-4.5	-4.6	-4.5
Current lease liabilities	-1.8	-1.7	-1.8	-1.6
Provisions for post-employment benefits, net	0.2	-9.7	0.2	-9.8
<b>Provisions for post-employment benefits and lease liabilities, net</b>	<b>-6.2</b>	<b>-15.9</b>	<b>-6.2</b>	<b>-15.9</b>

Net financial position incl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021
Net financial position excl. post-employment benefits and lease liabilities	44.2	66.2	50.9	70.0
Provisions for post-employment benefits and lease liabilities, net	-6.2	-15.9	-6.2	-15.9
<b>Net financial position incl. post-employment benefits and lease liabilities</b>	<b>38.0</b>	<b>50.4</b>	<b>44.7</b>	<b>54.1</b>

## CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	Second quarter 2022	First six months 2022
<b>Net financial position excl. post-employment benefits and lease liabilities at the end of previous period</b>	<b>59.5</b>	<b>66.2</b>
Operating cash flow	7.2	1.8
Investments and divestments of shares, net	-0.1	-0.5
Acquired and divested operations, net	-0.0	0.1
Capital injections to/from Financial Services	-0.0	-1.4
Currency effect	2.1	2.9
Dividend to owners of AB Volvo	-26.4	-26.4
Other changes	2.0	1.4
<b>Net financial position excl. post-employment benefits and lease liabilities at the end of period</b>	<b>44.2</b>	<b>44.2</b>
<b>Provisions for post-employment benefits and lease liabilities at the end of previous period</b>	<b>-12.5</b>	<b>-15.9</b>
Pension payments, included in operating cash flow	0.4	0.6
Remeasurements of defined post-employment benefits	6.9	10.9
Service costs and other pension costs	-0.4	-0.9
Investments, remeasurements and amortizations of lease contracts	0.1	0.1
Currency effect	-0.6	-0.9
Other changes	-0.0	-0.1
<b>Provisions for post-employment benefits and lease liabilities at the end of period</b>	<b>-6.2</b>	<b>-6.2</b>
<b>Net financial position incl. post-employment benefits and lease liabilities at the end of period</b>	<b>38.0</b>	<b>38.0</b>

## CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK bn	Jun 30 2022	Dec 31 2021
<b>Total equity at the end of previous period</b>	<b>144.1</b>	<b>148.1</b>
<b>Equity attributable to shareholders of AB Volvo at the end of previous period</b>	<b>141.0</b>	<b>145.3</b>
Income for the period	17.5	32.8
Other comprehensive income	20.0	12.6
<b>Total comprehensive income</b>	<b>37.5</b>	<b>45.4</b>
Dividend to AB Volvo shareholders	-26.4	-49.8
Other changes	0.0	0.2
<b>Equity attributable to shareholders of AB Volvo at the end of period</b>	<b>152.1</b>	<b>141.0</b>
<b>Non-controlling interest at the end of previous period</b>	<b>3.1</b>	<b>2.8</b>
Income for the period	0.1	0.5
Other comprehensive income	0.2	0.4
<b>Total comprehensive income</b>	<b>0.3</b>	<b>0.8</b>
Dividend to non-controlling interest	-	-0.6
Other changes	0.0	0.0
<b>Non-controlling interest at the end of period</b>	<b>3.4</b>	<b>3.1</b>
<b>Total equity at the end of period</b>	<b>155.5</b>	<b>144.1</b>

## QUARTERLY FIGURES

Income Statements, Volvo Group						First six months	First six months
SEK M unless otherwise stated	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
<b>Net sales</b>	<b>118,943</b>	<b>105,317</b>	<b>102,378</b>	<b>85,258</b>	<b>90,561</b>	<b>224,259</b>	<b>184,579</b>
Cost of sales	-90,221	-80,700	-78,941	-64,357	-68,843	-170,921	-139,165
<b>Gross income</b>	<b>28,721</b>	<b>24,617</b>	<b>23,436</b>	<b>20,902</b>	<b>21,718</b>	<b>53,338</b>	<b>45,415</b>
Research and development expenses	-5,454	-4,583	-4,803	-4,074	-4,780	-10,037	-9,150
Selling expenses	-6,977	-6,783	-6,148	-5,597	-5,965	-13,760	-12,214
Administrative expenses	-1,432	-1,321	-1,450	-991	-1,274	-2,753	-2,430
Other operating income and expenses	-809	-3,377	-161	-482	1,393	-4,187	890
Income/loss from investments in Joint Ventures and associated companies	-323	-123	-668	-322	290	-446	936
Income/loss from other investments	19	127	13	-32	2	146	5
<b>Operating income</b>	<b>13,745</b>	<b>8,556</b>	<b>10,219</b>	<b>9,403</b>	<b>11,384</b>	<b>22,301</b>	<b>23,451</b>
Interest income and similar credits	182	125	94	99	88	308	165
Interest expenses and similar charges	-277	-328	-315	-291	-264	-606	-561
Other financial income and expenses	222	674	204	222	57	896	500
<b>Income after financial items</b>	<b>13,873</b>	<b>9,027</b>	<b>10,202</b>	<b>9,433</b>	<b>11,265</b>	<b>22,899</b>	<b>23,555</b>
Income taxes	-3,352	-1,956	-2,136	-2,325	-2,202	-5,308	-5,487
<b>Income for the period *</b>	<b>10,520</b>	<b>7,071</b>	<b>8,066</b>	<b>7,109</b>	<b>9,064</b>	<b>17,591</b>	<b>18,068</b>
* Attributable to:							
Owners of AB Volvo	10,443	7,033	7,995	7,052	8,900	17,476	17,740
Non-controlling interest	78	38	72	56	164	116	327
	<b>10,520</b>	<b>7,071</b>	<b>8,066</b>	<b>7,109</b>	<b>9,064</b>	<b>17,591</b>	<b>18,068</b>
<b>Key ratios, Volvo Group, %</b>							
Gross margin	24.1	23.4	22.9	24.5	24.0	23.8	24.6
Research and development expenses as % of net sales	4.6	4.4	4.7	4.8	5.3	4.5	5.0
Selling expenses as % of net sales	5.9	6.4	6.0	6.6	6.6	6.1	6.6
Administrative expenses as % of net sales	1.2	1.3	1.4	1.2	1.4	1.2	1.3
Operating margin	11.6	8.1	10.0	11.0	12.6	9.9	12.7
<b>Key ratios, Industrial Operations, %</b>							
Gross margin	23.4	22.5	22.0	23.6	23.2	23.0	23.8
Research and development expenses as % of net sales	4.7	4.5	4.8	5.0	5.4	4.6	5.1
Selling expenses as % of net sales	5.4	6.0	5.5	6.1	6.1	5.7	6.2
Administrative expenses as % of net sales	1.2	1.3	1.5	1.2	1.4	1.3	1.4
Operating margin	11.2	10.0	9.4	10.4	11.9	10.6	12.2
<b>EBITDA margin, Industrial Operations</b>							
<b>Operating income Industrial Operations</b>	<b>12,953</b>	<b>10,241</b>	<b>9,352</b>	<b>8,576</b>	<b>10,471</b>	<b>23,194</b>	<b>21,855</b>
Product and software development, amortization	697	667	676	666	687	1,364	1,280
Other intangible assets, amortization	26	33	23	40	32	59	72
Tangible assets, depreciation	3,093	3,043	2,957	3,017	2,736	6,136	5,566
<b>Total depreciation and amortization</b>	<b>3,816</b>	<b>3,743</b>	<b>3,655</b>	<b>3,724</b>	<b>3,454</b>	<b>7,559</b>	<b>6,918</b>
<b>Operating income before depreciation and amortization (EBITDA)</b>	<b>16,769</b>	<b>13,984</b>	<b>13,007</b>	<b>12,301</b>	<b>13,925</b>	<b>30,753</b>	<b>28,773</b>
EBITDA margin, %	14.5	13.7	13.0	14.9	15.9	14.1	16.1
<b>Net capitalization of research and development</b>							
Capitalization	1,296	1,324	1,199	620	591	2,620	1,212
Amortization	-658	-628	-637	-628	-653	-1,286	-1,297
<b>Net capitalization and amortization</b>	<b>638</b>	<b>696</b>	<b>562</b>	<b>-7</b>	<b>-63</b>	<b>1,334</b>	<b>-85</b>
Return on operating capital in Industrial Operations, % <sup>1</sup>	50.6	50.7	51.9	54.9	49.8		
Return on capital employed in Industrial Operations, % <sup>1</sup>	26.8	25.3	25.3	25.6	23.4		

<sup>1</sup> 12 months rolling.

## QUARTERLY FIGURES

Net sales						First six months	First six months
SEK M	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
Trucks	78,603	69,552	67,164	53,401	51,945	148,155	110,316
Construction Equipment	25,814	22,613	21,812	19,638	25,839	48,427	50,581
Buses <sup>1</sup>	4,062	3,051	4,157	3,306	3,811	7,112	6,188
Volvo Penta	4,597	4,204	3,634	3,428	3,967	8,802	7,375
Group Functions & Other <sup>1</sup>	3,750	3,848	3,973	3,271	3,001	7,598	6,216
Eliminations	-1,106	-923	-993	-748	-752	-2,030	-1,658
<b>Industrial Operations</b>	<b>115,719</b>	<b>102,345</b>	<b>99,747</b>	<b>82,296</b>	<b>87,810</b>	<b>218,065</b>	<b>179,019</b>
Financial Services	4,067	3,734	3,579	3,368	3,233	7,801	6,490
Reclassifications and eliminations	-844	-762	-948	-406	-482	-1,606	-929
<b>Volvo Group</b>	<b>118,943</b>	<b>105,317</b>	<b>102,378</b>	<b>85,258</b>	<b>90,561</b>	<b>224,259</b>	<b>184,579</b>

<sup>1</sup> Financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

Operating income						First six months	First six months
SEK M	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
Trucks	9,551	7,243	7,052	5,814	7,004	16,793	14,483
Construction Equipment	3,568	2,703	2,396	2,635	3,374	6,272	7,196
Buses <sup>1</sup>	7	20	-22	124	-9	27	-24
Volvo Penta	699	767	330	501	617	1,465	1,261
Group Functions & Other <sup>1</sup>	-890	-489	-459	-515	-514	-1,380	-1,044
Eliminations	19	-3	54	17	-2	16	-17
<b>Industrial Operations</b>	<b>12,953</b>	<b>10,241</b>	<b>9,352</b>	<b>8,576</b>	<b>10,471</b>	<b>23,194</b>	<b>21,855</b>
Financial Services	792	-1,686	867	826	913	-894	1,595
Reclassifications and eliminations	0	1	0	1	0	1	1
<b>Volvo Group</b>	<b>13,745</b>	<b>8,556</b>	<b>10,219</b>	<b>9,403</b>	<b>11,384</b>	<b>22,301</b>	<b>23,451</b>

<sup>1</sup> Financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

Adjusted operating income <sup>1</sup>						First six months	First six months
SEK M	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
Trucks	9,551	8,690	6,924	5,814	5,350	18,240	12,829
Construction Equipment	3,568	2,810	2,396	2,635	3,374	6,378	7,196
Buses <sup>2</sup>	7	20	-42	124	-9	27	-24
Volvo Penta	699	769	330	501	617	1,468	1,261
Group Functions & Other <sup>2</sup>	-890	-488	-461	-515	-514	-1,379	-1,290
Eliminations	19	-3	54	17	-2	16	-17
<b>Industrial Operations</b>	<b>12,953</b>	<b>11,798</b>	<b>9,202</b>	<b>8,576</b>	<b>8,817</b>	<b>24,751</b>	<b>19,955</b>
Financial Services	792	882	858	826	913	1,674	1,595
Reclassifications and eliminations	0	1	0	1	0	1	1
<b>Volvo Group adjusted operating income</b>	<b>13,745</b>	<b>12,681</b>	<b>10,060</b>	<b>9,403</b>	<b>9,730</b>	<b>26,426</b>	<b>21,551</b>

<sup>1</sup> For more information on adjusted operating income, please see note 6.

<sup>2</sup> Financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

Operating margin						First six months	First six months
%	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
Trucks	12.2	10.4	10.5	10.9	13.5	11.3	13.1
Construction Equipment	13.8	12.0	11.0	13.4	13.1	13.0	14.2
Buses <sup>1</sup>	0.2	0.7	-0.5	3.8	-0.2	0.4	-0.4
Volvo Penta	15.2	18.2	9.1	14.6	15.6	16.6	17.1
<b>Industrial Operations</b>	<b>11.2</b>	<b>10.0</b>	<b>9.4</b>	<b>10.4</b>	<b>11.9</b>	<b>10.6</b>	<b>12.2</b>
<b>Volvo Group</b>	<b>11.6</b>	<b>8.1</b>	<b>10.0</b>	<b>11.0</b>	<b>12.6</b>	<b>9.9</b>	<b>12.7</b>

<sup>1</sup> Financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

Adjusted operating margin						First six months	First six months
%	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
Trucks	12.2	12.5	10.3	10.9	10.3	12.3	11.6
Construction Equipment	13.8	12.4	11.0	13.4	13.1	13.2	14.3
Buses <sup>1</sup>	0.2	0.7	-1.0	3.8	-0.2	0.4	-0.4
Volvo Penta	15.2	18.3	9.1	14.6	15.6	16.7	17.1
<b>Industrial Operations</b>	<b>11.2</b>	<b>11.5</b>	<b>9.2</b>	<b>10.4</b>	<b>10.0</b>	<b>11.4</b>	<b>11.1</b>
<b>Volvo Group adjusted operating margin</b>	<b>11.6</b>	<b>12.0</b>	<b>9.8</b>	<b>11.0</b>	<b>10.7</b>	<b>11.8</b>	<b>11.7</b>

<sup>1</sup> Financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

## QUARTERLY FIGURES

Share data						First six months	First six months
	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
Earnings per share, SEK <sup>1</sup>	5.14	3.46	3.93	3.47	4.38	8.59	8.72
Earnings per share, SEK <sup>1</sup> , 12 months rolling	15.99	15.23	16.12	16.72	16.07	-	-
Diluted earnings per share, SEK	5.14	3.46	3.93	3.47	4.38	8.59	8.72
Number of outstanding shares in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Average number of shares before dilution in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Average number of shares after dilution in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Number of own shares in millions	0	0	0	0	0	0	0
Average number of own shares in millions	0	0	0	0	0	0	55

<sup>1</sup> Earnings per share are calculated as Income for the period (excl. Non-controlling interest) divided by the weighted average number of shares outstanding during the period.

### NOTE 1 | ACCOUNTING POLICIES

The Volvo Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies and definitions are consistently applied with those described in the Volvo Group Annual and Sustainability Report 2021 (available at [www.volvogroup.com](http://www.volvogroup.com)). There are no new accounting policies applicable from 2022 that significantly affects the Volvo Group.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities.

### NOTE 2 | RISKS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Each of the Volvo Group's Business Areas and Truck Divisions monitors and manages risks in its operations. In addition, the Volvo Group utilizes a centralized Enterprise Risk Management (ERM) reporting process, which is a systematic and structured framework for reporting and reviewing risk assessments and mitigations as well as for follow-up on identified risks.

The ERM process classifies Volvo Group risks into five categories:

**Macro and market related risks** – such as the cyclical nature of the commercial vehicles industry, intense competition, extensive government regulations, political instability and security;

**Operational risks** – such as transformation and technology risk, new business models, risks related to industrial operations, reliance on suppliers and scarce materials, cost inflation and price increases, cybersecurity and IT infrastructure, strategic transactions such as mergers and acquisitions, partnerships and divestments as well as residual value commitments;

**Climate and people risks** – such as pandemics, climate and risk related to people and culture as well as human rights;

**Compliance risks** – such as non-compliance with data protection laws, protection and maintenance of intangible assets, legal proceedings and corruption and non-compliance with competition law; and

**Financial risks** – such as insurance coverage, credit risk, pension commitments, interest level and currency fluctuations, liquidity risks, as well as impairment on goodwill and other intangible assets.

For a more elaborate description of these risks, please refer to the Risk Management section on pages 70-75 in the Volvo Group Annual and Sustainability Report 2021.

#### Risk updates

Short-term risks, when applicable, are also described in the respective segment section of this report.

#### Update on supply situation and inflationary pressure

Our ability to deliver according to market demand depends significantly on obtaining a timely and adequate supply of materials, components and other vital services, as well as on our ability to properly utilize the capacity in the Group's different production and services facilities. At present, our supply chain and industrial system are strained in many areas due to e.g. shortages of semiconductors and other materials and components, shortages of transport services and developments of the covid-19 pandemic and response measures taken. In addition, the war in Ukraine and ensuing sanctions may also impact our supply chain and industrial system. There will be supply chain disturbances and stoppages in production going forward. Such disturbances could lead to higher costs and interruptions in production and delivery of Group products and services, that could have a material negative impact on the Group's financial performance.

The Group is experiencing higher input costs from increased prices on e.g. purchased material, freight and energy as well as higher labor costs. If the Group is unable to compensate for the higher input costs through increased

prices on products and services sold, this could have a negative impact on the Group's financial performance.

#### **The covid-19 pandemic**

The outbreak of the covid-19 pandemic throughout the world has led to major disruptions in the economies of many countries, including the Group's key markets. These have previously had an adverse effect on demand for the Group's products and services and on the financial performance of the Group and depending on the developments of the pandemic, it cannot be excluded that a similar situation would occur again.

The duration and expected development of the covid-19 pandemic is unknown, and no predictions can be made in relation to future impacts. A prolongation or worsening of the virus outbreak would, however, be expected to negatively affect the Group's financial performance and could have a material adverse effect on the Group's business and financial development.

#### **Accounts receivable**

Due to the prevailing business model in the construction equipment industry in China, with long payment terms to customers, a substantial part of the Volvo Group's accounts receivable are normally related to customers in this market. The weakened Chinese construction equipment market may negatively impact customers' and dealers' ability to honor their obligations to the Group and consequently have a material adverse effect on the Group's financial result and position.

#### **Detected premature degradation of emissions control component**

As previously communicated, the Volvo Group has detected that an emissions control component used in certain markets and models, may degrade more quickly than expected, affecting the vehicles emission performance negatively. The Volvo Group made a provision of SEK 7 billion impacting the operating income in Q4 2018, relating to the estimated costs to address the issue. Negative cash flow effects started in 2019 and will continue in the coming years. The Volvo Group will continuously assess the size of the provision as the matter develops.

#### **Financial impact from the war in Ukraine**

Since the war in Ukraine started and sanctions were imposed, all Volvo Group sales, service and production in Russia have been suspended. In Q1 2022, the Group reported that SEK 4.1 billion out of the Group's at that time total assets of approximately SEK 9 billion related to Russia had been provisioned for and impacted operating income negatively in Q1 2022. As of the end of this quarter, the Group's total exposure for additional impairment needs related to Russia largely remains unchanged. In 2021,

approximately 3% of the Group's net sales were attributable to Russia.

The Group follows developments closely, but the situation with rapid and sometimes unpredictable changes may persist. No predictions can hence be made on the full impact from the war and ensuing sanctions on Group's assets in the region or on the general economic development. Further write-downs of the Group's assets related to Russia may be necessary in the coming periods, which could have a materially adverse effect on the Group's financial result, cash flow and financial position.

#### **Contingent liabilities and contingent assets**

The reported amounts for contingent liabilities reflect a part of Volvo Group's risk exposure. Total contingent liabilities as of June 30, 2022, amounted to SEK 19.4 billion, an increase of SEK 1.4 billion compared to December 31, 2021. The gross exposure of SEK 19.4 billion is partly reduced by counter guarantees and collaterals.

#### **Legal proceedings**

Starting in January 2011, the Volvo Group, together with a number of other truck manufacturers, was investigated by the European Commission in relation to a possible violation of EU antitrust rules. In July 2016 the European Commission issued a settlement decision against the Volvo Group and other truck manufacturers finding that they were involved in an antitrust infringement which, in the case of the Volvo Group, covered a 14-year period from 1997 to 2011. The Volvo Group paid a monetary fine of EUR 670 million.

Following the adoption of the European Commission's settlement decision, the Volvo Group has received and is defending itself against a significant number of private damages claims brought by customers and other third parties alleging that they suffered loss, directly or indirectly, by reason of the conduct covered in the decision. The claims are being brought in various countries (including EU Member States, the United Kingdom and Israel) by large numbers of claimants either acting individually or as part of a wider group or class of claimants. Further claims are likely to be commenced.

At this stage it is not possible to make a reliable estimate of any liability that could arise from any such proceedings. However, the litigation is substantial in scale and an adverse outcome or outcomes of some or all of the litigation, depending on the nature and extent of such outcomes, may have a material negative impact on the Volvo Group's financial results, cash flows and financial position.

### NOTE 3 | ACQUISITIONS AND DIVESTMENTS

The Volvo Group has not made any acquisitions or divestments of operations during Q2 that have had a significant impact on the financial statements.

### NOTE 4 | CURRENCY AND FINANCIAL INSTRUMENTS

#### Fair value of financial instruments

Valuation principles and classifications of Volvo Group financial instruments, as described in Volvo Group Annual and Sustainability report 2021 Note 30, have been consistently applied throughout the reporting period. Financial instruments in the Volvo Group reported at fair value through profit and loss consist mainly of interest and currency derivatives. Derivatives with positive fair values amounted to SEK 4.5 billion (3.5) and derivatives with negative fair values amounted to SEK 7.1 billion (2.4) as of June 30, 2022.

The derivatives are accounted for on gross basis. Financial liabilities valued at amortized cost, reported as current and non-current bond loans and other loans, amounted to SEK 186.0 billion (151.5) in reported carrying value with a fair value of SEK 184.4 billion (152.9). In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 6.1 billion (2.2).

Currency effect on operating income, Volvo Group	Compared to second quarter 2021		
	Second quarter 2022	Second quarter 2021	Change
SEK M			
Net flow in foreign currency			1,027
Realized and unrealized gains and losses on derivatives	-1	1	-1
Unrealized gains and losses on receivables and liabilities in foreign currency	570	-35	604
Translation effect on operating income in foreign subsidiaries			1,139
<b>Total currency effect on operating income, Volvo Group</b>			<b>2,769</b>

Applicable currency rates	Quarterly exchange rates		Close rates	
	Second quarter 2022	Second quarter 2021	Jun 30 2022	Jun 30 2021
BRL	2.00	1.59	1.92	1.72
CNY	1.49	1.30	1.53	1.32
EUR	10.47	10.14	10.68	10.12
GBP	12.35	11.76	12.41	11.77
USD	9.84	8.41	10.22	8.51
KRW	0.0078	0.0075	0.0078	0.0075

### NOTE 5 | TRANSACTIONS WITH RELATED PARTIES

SEK M	Sales of goods, services and other income		Purchases of goods, services and other expenses	
	Second quarter 2022	Second quarter 2021	Second quarter 2022	Second quarter 2021
Associated companies	329	146	32	11
Joint ventures	20	428	350	173

SEK M	Receivables		Payables	
	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021
Associated companies	104	48	24	30
Joint ventures	220	353	107	69

## NOTE 6 | RECONCILIATION OF ADJUSTED OPERATING INCOME

Adjusted operating income						First six months	First six months
SEK M	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
Trucks	9,551	8,690	6,924	5,814	5,350	18,240	12,829
Construction Equipment	3,568	2,810	2,396	2,635	3,374	6,378	7,196
Buses <sup>1</sup>	7	20	-42	124	-9	27	-24
Volvo Penta	699	769	330	501	617	1,468	1,261
Group Functions & Other <sup>1</sup>	-890	-488	-461	-515	-514	-1,379	-1,290
Eliminations	19	-3	54	17	-2	16	-17
<b>Industrial Operations</b>	<b>12,953</b>	<b>11,798</b>	<b>9,202</b>	<b>8,576</b>	<b>8,817</b>	<b>24,751</b>	<b>19,955</b>
Financial Services	792	882	858	826	913	1,674	1,595
Reclassifications and eliminations	0	1	0	1	0	1	1
<b>Volvo Group adjusted operating income</b>	<b>13,745</b>	<b>12,681</b>	<b>10,060</b>	<b>9,403</b>	<b>9,730</b>	<b>26,426</b>	<b>21,551</b>

Adjustments						First six months	First six months
SEK M	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
<b>Adjustment items (segment)</b>							
Financial impact related to Russia:							
Trucks	-	-1,447	-	-	-	-1,447	-
Construction Equipment	-	-106	-	-	-	-106	-
Volvo Penta	-	-3	-	-	-	-3	-
Group Functions & Other	-	-1	-	-	-	-1	-
Financial Services	-	-2,568	-	-	-	-2,568	-
Restructuring charges related to headcount reductions:							
Trucks	-	-	128	-	-	-	-
Construction Equipment	-	-	0	-	-	-	-
Buses	-	-	20	-	-	-	-
Volvo Penta	-	-	0	-	-	-	-
Group Functions & Other	-	-	2	-	-	-	-
Financial Services	-	-	9	-	-	-	-
Divestment of UD Trucks (Trucks)	-	-	-	-	1,653	-	1,653
Depreciation of Assets held for sale (Group functions & Other)	-	-	-	-	-	-	246

<b>Total adjustments</b>							
Trucks	-	-1,447	128	-	1,653	-1,447	1,653
Construction Equipment	-	-106	0	-	-	-106	-
Buses <sup>1</sup>	-	-	20	-	-	-	-
Volvo Penta	-	-3	0	-	-	-3	-
Group Functions & Other <sup>1</sup>	-	-1	2	-	-	-1	246
<b>Industrial Operations</b>	<b>-</b>	<b>-1,557</b>	<b>150</b>	<b>-</b>	<b>1,653</b>	<b>-1,557</b>	<b>1,900</b>
Financial Services	-	-2,568	9	-	-	-2,568	-
Reclassifications and eliminations	-	-	-0	-0	-	-	-
<b>Volvo Group</b>	<b>-</b>	<b>-4,125</b>	<b>159</b>	<b>-</b>	<b>1,653</b>	<b>-4,125</b>	<b>1,900</b>

Operating income						First six months	First six months
SEK M	2/2022	1/2022	4/2021	3/2021	2/2021	2022	2021
Trucks	9,551	7,243	7,052	5,814	7,004	16,793	14,483
Construction Equipment	3,568	2,703	2,396	2,635	3,374	6,272	7,196
Buses <sup>1</sup>	7	20	-22	124	-9	27	-24
Volvo Penta	699	767	330	501	617	1,465	1,261
Group Functions & Other <sup>1</sup>	-890	-489	-459	-515	-514	-1,380	-1,044
Eliminations	19	-3	54	17	-2	16	-17
<b>Industrial Operations</b>	<b>12,953</b>	<b>10,241</b>	<b>9,352</b>	<b>8,576</b>	<b>10,471</b>	<b>23,194</b>	<b>21,855</b>
Financial Services	792	-1,686	867	826	913	-894	1,595
Reclassifications and eliminations	0	1	0	1	0	1	1
<b>Volvo Group</b>	<b>13,745</b>	<b>8,556</b>	<b>10,219</b>	<b>9,403</b>	<b>11,384</b>	<b>22,301</b>	<b>23,451</b>

<sup>1</sup> Financial numbers for 2021 have been restated. For more information, please see Appendix Nova Bus in the report on the fourth quarter 2021.

For reconciliations of other Key Ratios, see [www.volvogroup.com](http://www.volvogroup.com).

## PARENT COMPANY

Income from investments in Group companies for the second quarter includes dividends amounting to SEK 64 M (12,240). The second quarter previous year also included a loss for divestments of SEK 3,720 M. Income from investments in joint ventures and associated companies includes dividends amounting to SEK 34 M (768).

Financial net debt amounted to SEK 30,923 M (42,877) at the end of the second quarter.

Income statement SEK M	Second quarter		First six months	
	2022	2021	2022	2021
<b>Net sales<sup>1</sup></b>	<b>66</b>	<b>56</b>	<b>131</b>	<b>131</b>
Cost of sales <sup>1</sup>	-66	-56	-131	-131
<b>Gross income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Operating expenses <sup>1</sup>	-303	-368	-606	-614
<b>Operating income (loss)</b>	<b>-303</b>	<b>-368</b>	<b>-606</b>	<b>-614</b>
Income from investments in group companies	64	7,677	3,878	8,517
Income from investments in joint ventures and associated companies	34	768	34	785
Interest income and expenses	-93	-151	-164	-225
Other financial income and expenses	177	-6	199	-5
<b>Income after financial items</b>	<b>-121</b>	<b>7,920</b>	<b>3,341</b>	<b>8,458</b>
Appropriations	-	2,000	-	2,000
Income taxes	37	-401	97	-376
<b>Income for the period</b>	<b>-84</b>	<b>9,519</b>	<b>3,438</b>	<b>10,082</b>

<sup>1</sup> Of net sales in the second quarter, SEK 62 M (50) pertained to Group companies, while purchases from Group companies amounted to SEK 91 M (77).

Other comprehensive income				
<b>Income for the period</b>	<b>-84</b>	<b>9,519</b>	<b>3,438</b>	<b>10,082</b>
<b>Other comprehensive income, net of income taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-84</b>	<b>9,519</b>	<b>3,438</b>	<b>10,082</b>

<b>Balance sheet</b>		
SEK M	Jun 30 2022	Dec 31 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	7	7
Financial assets		
Shares and participations in group companies	67,686	67,683
Investments in joint ventures and associated companies	8,946	8,946
Other shares and participations	1	1
Other long-term receivables	478	487
Deferred tax assets	343	242
<b>Total non-current assets</b>	<b>77,461</b>	<b>77,366</b>
<b>Current assets</b>		
Current receivables from group companies	11,499	56,546
Tax assets	847	-
Other current receivables	233	1,235
<b>Total current assets</b>	<b>12,579</b>	<b>57,781</b>
<b>Total assets</b>	<b>90,040</b>	<b>135,147</b>
<b>Equity and liabilities</b>		
Equity		
Restricted equity	9,899	9,899
Unrestricted equity	38,314	61,311
<b>Total Equity</b>	<b>48,213</b>	<b>71,210</b>
Untaxed reserves	10,000	10,000
Provisions	295	275
Non-current liabilities <sup>1</sup>	291	5,745
Current liabilities <sup>2</sup>	31,241	47,917
<b>Total equity and liabilities</b>	<b>90,040</b>	<b>135,147</b>

<sup>1</sup> Of which SEK 285 M (5,739) pertains to Group companies.

<sup>2</sup> Of which SEK 30,692 M (45,414) pertains to Group companies.

#### Events after the balance sheet date

For important events, please see page 13. No other significant events have occurred after the end of the second quarter 2022 that are expected to have a substantial effect on the Volvo Group.

The Board of Directors and the President certify that the half-yearly financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Gothenburg, July 19, 2022  
AB Volvo (publ)

Carl-Henric Svanberg  
Chairman of the Board

Matti Alahuhta  
Board member

Jan Carlson  
Board member

Eric Elzvik  
Board member

Martha Finn Brooks  
Board member

Kurt Jofs  
Board member

Martin Lundstedt  
President, CEO  
and Board member

Kathryn V. Marinello  
Board member

Martina Merz  
Board member

Hanne de Mora  
Board member

Helena Stjernholm  
Board member

Lars Ask  
Board member

Mats Henning  
Board member

Mikael Sällström  
Board member

## AUDITOR'S REVIEW REPORT

AB Volvo (publ) org. nr 556012-5790

### Introduction

We have reviewed the condensed interim financial information (interim report) of AB Volvo (publ) as of June 30, 2022 and the six-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of the interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review

has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, July 19, 2022  
Deloitte AB

Signature on Swedish original

Jan Nilsson  
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

## NET ORDER INTAKE

Net order intake of trucks	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
Number of trucks						
<b>Net order intake excluding UD Trucks</b>						
Europe	26,595	35,513	-25	51,579	82,077	-37
Heavy- and medium-duty	22,335	28,887	-23	41,966	67,968	-38
Light-duty	4,260	6,626	-36	9,613	14,109	-32
North America	9,731	7,740	26	15,748	29,922	-47
South America	9,336	8,179	14	16,690	11,952	40
Asia	4,883	3,245	50	9,649	8,491	14
Africa and Oceania	2,843	3,284	-13	5,316	5,963	-11
<b>Total order intake excluding UD Trucks</b>	<b>53,388</b>	<b>57,961</b>	<b>-8</b>	<b>98,982</b>	<b>138,405</b>	<b>-28</b>
UD Trucks	-	-	N/A	-	5,017	N/A
<b>Total order intake</b>	<b>53,388</b>	<b>57,961</b>	<b>-8</b>	<b>98,982</b>	<b>143,422</b>	<b>-31</b>
Heavy-duty (>16 tons)	45,993	46,845	-2	82,854	114,648	-28
Medium-duty (7-16 tons)	3,054	4,422	-31	6,326	9,480	-33
Light-duty (<7 tons)	4,341	6,694	-35	9,802	14,277	-31
<b>Total order intake excluding UD Trucks</b>	<b>53,388</b>	<b>57,961</b>	<b>-8</b>	<b>98,982</b>	<b>138,405</b>	<b>-28</b>
UD Trucks	-	-	N/A	-	5,017	N/A
<b>Total order intake</b>	<b>53,388</b>	<b>57,961</b>	<b>-8</b>	<b>98,982</b>	<b>143,422</b>	<b>-31</b>
<b>Net order intake of trucks by brand</b>						
<b>Volvo</b>						
Europe	12,621	16,985	-26	23,558	42,450	-45
North America	5,723	4,289	33	9,943	13,469	-26
South America	9,066	7,901	15	16,086	11,292	42
Asia	3,707	2,334	59	7,064	6,646	6
Africa and Oceania	2,217	1,862	19	3,840	3,667	5
<b>Total Volvo</b>	<b>33,334</b>	<b>33,371</b>	<b>-</b>	<b>60,491</b>	<b>77,524</b>	<b>-22</b>
Heavy-duty (>16 tons)	32,505	32,495	0	58,321	75,364	-23
Medium-duty (7-16 tons)	829	876	-5	2,170	2,160	0
<b>Total Volvo</b>	<b>33,334</b>	<b>33,371</b>	<b>-</b>	<b>60,491</b>	<b>77,524</b>	<b>-22</b>
<b>Renault Trucks</b>						
Europe	13,974	18,528	-25	28,021	39,627	-29
Heavy- and medium-duty	9,714	11,902	-18	18,408	25,518	-28
Light-duty	4,260	6,626	-36	9,613	14,109	-32
North America	32	23	39	97	87	11
South America	176	226	-22	292	345	-15
Asia	1,176	911	29	2,585	1,845	40
Africa and Oceania	218	413	-47	722	900	-20
<b>Total Renault Trucks</b>	<b>15,576</b>	<b>20,101</b>	<b>-23</b>	<b>31,717</b>	<b>42,804</b>	<b>-26</b>
Heavy-duty (>16 tons)	9,443	11,716	-19	18,508	24,809	-25
Medium-duty (7-16 tons)	1,792	1,691	6	3,407	3,718	-8
Light-duty (<7 tons)	4,341	6,694	-35	9,802	14,277	-31
<b>Total Renault Trucks</b>	<b>15,576</b>	<b>20,101</b>	<b>-23</b>	<b>31,717</b>	<b>42,804</b>	<b>-26</b>
<b>Mack</b>						
North America	3,976	3,428	16	5,708	16,366	-65
South America	64	13	392	236	276	-14
Africa and Oceania	53	189	-72	180	576	-69
<b>Total Mack</b>	<b>4,093</b>	<b>3,630</b>	<b>13</b>	<b>6,124</b>	<b>17,218</b>	<b>-64</b>
Heavy-duty (>16 tons)	3,727	1,986	88	5,543	13,827	-60
Medium-duty (7-16 tons)	366	1,644	-78	581	3,391	-83
<b>Total Mack</b>	<b>4,093</b>	<b>3,630</b>	<b>13</b>	<b>6,124</b>	<b>17,218</b>	<b>-64</b>

## DELIVERIES

Deliveries of trucks	Second quarter		Change %	First six months		Change %
	2022	2021		2022	2021	
Number of trucks						
<b>Deliveries excluding UD Trucks</b>						
Europe	29,809	23,535	27	58,898	47,517	24
Heavy- and medium-duty	24,944	18,485	35	49,220	37,356	32
Light-duty	4,865	5,050	-4	9,678	10,161	-5
North America	15,073	9,858	53	28,981	22,814	27
South America	8,380	6,775	24	14,625	12,188	20
Asia	4,718	3,429	38	8,415	7,473	13
Africa and Oceania	2,853	2,073	38	5,502	4,128	33
<b>Total deliveries excluding UD Trucks</b>	<b>60,833</b>	<b>45,670</b>	<b>33</b>	<b>116,421</b>	<b>94,120</b>	<b>24</b>
UD Trucks	-	-	N/A	-	3,994	N/A
<b>Total deliveries</b>	<b>60,833</b>	<b>45,670</b>	<b>33</b>	<b>116,421</b>	<b>98,114</b>	<b>19</b>
Heavy-duty (>16 tons)	52,066	37,148	40	98,955	77,459	28
Medium-duty (7-16 tons)	3,847	3,372	14	7,665	6,337	21
Light-duty (<7 tons)	4,920	5,150	-4	9,801	10,324	-5
<b>Total deliveries excluding UD Trucks</b>	<b>60,833</b>	<b>45,670</b>	<b>33</b>	<b>116,421</b>	<b>94,120</b>	<b>24</b>
UD Trucks	-	-	N/A	-	3,994	N/A
<b>Total deliveries</b>	<b>60,833</b>	<b>45,670</b>	<b>33</b>	<b>116,421</b>	<b>98,114</b>	<b>19</b>
<b>Deliveries of trucks by brand</b>						
<b>Volvo</b>						
Europe	16,451	12,011	37	32,089	23,714	35
North America	8,226	4,549	81	15,866	11,297	40
South America	7,993	6,500	23	14,023	11,704	20
Asia	3,713	2,728	36	6,626	6,014	10
Africa and Oceania	1,873	1,201	56	3,513	2,569	37
<b>Total Volvo</b>	<b>38,256</b>	<b>26,989</b>	<b>42</b>	<b>72,117</b>	<b>55,298</b>	<b>30</b>
Heavy-duty (>16 tons)	37,311	26,305	42	70,361	53,994	30
Medium-duty (7-16 tons)	945	684	38	1,756	1,304	35
<b>Total Volvo</b>	<b>38,256</b>	<b>26,989</b>	<b>42</b>	<b>72,117</b>	<b>55,298</b>	<b>30</b>
<b>Renault Trucks</b>						
Europe	13,358	11,524	16	26,809	23,803	13
Heavy- and medium-duty	8,493	6,474	31	17,131	13,642	26
Light-duty	4,865	5,050	-4	9,678	10,161	-5
North America	24	52	-54	47	84	-44
South America	208	119	75	336	195	72
Asia	1,005	701	43	1,789	1,459	23
Africa and Oceania	435	467	-7	789	1,007	-22
<b>Total Renault Trucks</b>	<b>15,030</b>	<b>12,863</b>	<b>17</b>	<b>29,770</b>	<b>26,548</b>	<b>12</b>
Heavy-duty (>16 tons)	8,582	6,209	38	16,834	13,149	28
Medium-duty (7-16 tons)	1,528	1,504	2	3,135	3,075	2
Light-duty (<7 tons)	4,920	5,150	-4	9,801	10,324	-5
<b>Total Renault Trucks</b>	<b>15,030</b>	<b>12,863</b>	<b>17</b>	<b>29,770</b>	<b>26,548</b>	<b>12</b>
<b>Mack</b>						
North America	6,823	5,257	30	13,068	11,433	14
South America	155	108	44	233	241	-3
Asia	-	-	-	-	-	-
Africa and Oceania	174	151	15	369	298	24
<b>Total Mack</b>	<b>7,152</b>	<b>5,516</b>	<b>30</b>	<b>13,670</b>	<b>11,972</b>	<b>14</b>
Heavy-duty (>16 tons)	5,902	4,449	33	11,113	10,131	10
Medium-duty (7-16 tons)	1,250	1,067	17	2,557	1,841	39
<b>Total Mack</b>	<b>7,152</b>	<b>5,516</b>	<b>30</b>	<b>13,670</b>	<b>11,972</b>	<b>14</b>

This is information that AB Volvo (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out in the press release concerning this report, at 07.20 CEST on July 19, 2022.

This report contains forward-looking statements that reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Forward-looking statements are subject to risks and uncertainties. Results could differ materially from forward-looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report is based solely on the circumstances at the date of publication and except to the extent required under applicable law, AB Volvo is under no obligation to update the information, opinions or forward-looking statements in this report.

### Financial calendar

Report on the third quarter 2022	October 20, 2022
Report on the fourth quarter and full year 2022	January 26, 2023
Report on the first quarter 2023	April 20, 2023
Report on the second quarter 2023	July 19, 2023
Report on the third quarter 2023	October 18, 2023

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