

REPORT ON THE SECOND QUARTER 2021



- » In Q2 2021, net sales increased by 24% to SEK 90.6 billion (73.2). Adjusted for currency movements and the divestment of UD Trucks, net sales increased by 43%.
- » Adjusted operating income² amounted to SEK 9,730 M (3,272), corresponding to an adjusted operating margin of 10.7% (4.5).
- » Reported operating income amounted to SEK 11,384 M (388).
- » Currency movements had a negative impact on operating income of SEK 1,532 M.
- » Earnings per share amounted to SEK 4.38 (-0.14).
- » Operating cash flow in the Industrial Operations amounted to SEK 5,932 M (-5,718).
- » On April 1, 2021, the Volvo Group divested UD Trucks. To facilitate the comparability of the Group's financial performance between the periods, certain items of interest are presented excluding UD Trucks.¹
- » The proceeds from the divestment of UD Trucks, SEK 19 billion, were distributed to the shareholders in July.
- » Volvo Group, Daimler Truck and the Traton Group signed a non-binding agreement to install and operate a high-performance public charging network across Europe.

SEK M unless otherwise stated	Second quarter		First six months	
	2021	2020	2021	2020
Net sales	90,561	73,227	184,579	164,676
Net sales excluding UD Trucks ¹	90,561	67,930	179,142	153,798
Adjusted operating income ²	9,730	3,272	21,551	10,412
Adjusted operating margin, %	10.7	4.5	11.7	6.3
Operating income	11,384	388	23,451	7,762
Operating margin, %	12.6	0.5	12.7	4.7
Income after financial items	11,265	-90	23,555	6,400
Income for the period	9,064	44	18,068	4,810
Earnings per share, SEK	4.38	-0.14	8.72	2.16
Operating cash flow in Industrial Operations	5,932	-5,718	11,596	-9,835
Net financial position in Industrial Operations, SEK bn ³			67.3	50.6
Return on capital employed in Industrial Operations, % ⁴			23.4	15.3
Return on equity, % ⁴			22.6	13.6
Net order intake, number of trucks	57,961	26,507	143,422	64,906
Net order intake excluding UD Trucks ¹	57,961	23,861	138,405	57,929
Deliveries, number of trucks	45,670	28,033	98,114	72,798
Deliveries excluding UD Trucks ¹	45,670	24,849	94,120	66,205
Net order intake, number of construction equipment	36,120	26,706	71,736	47,320
Deliveries, number of construction equipment	30,657	29,084	61,614	49,254

¹ For more information, please see Appendix UD Trucks.

² For information on adjusted operating income, please see note 7.

³ Excluding post-employment benefits and lease liabilities.

⁴ 12 months rolling.

CEO'S COMMENTS

Delivering a solid performance while managing supply chain challenges

During Q2 2021, demand for the Volvo Group's products and services continued to be good. Net sales amounted to SEK 90.6 billion and we delivered an adjusted operating income of SEK 9.7 billion. In a quarter when shortages of semiconductors as well as other production materials resulted in substantial production stoppages affecting both volumes and costs negatively, we achieved an adjusted operating margin of 10.7%.

Operating cash flow in the Industrial Operations amounted to SEK 6 billion, and at the end of Q2 we had a net financial position of SEK 67 billion excluding pension and lease liabilities. After the closing of Q2, the proceeds of SEK 19 billion from the sale of UD Trucks were distributed to our shareholders. We continue to have a strong financial position enabling us to keep investing in the transformation of our industry.

Overall, freight markets have continued to be strong and our customers' utilization of their trucks high, which were reflected in a strong service business and continued good order intake. Colleagues in the Group are doing their utmost trying to keep up with customer demand. We managed to deliver close to 46,000 trucks despite the disturbances in the supply chain, which forced us to temporarily halt truck production corresponding to close to a month. Nevertheless, the truck business' adjusted operating margin amounted to 10.3%. Customer interest in our electric trucks for city distribution and refuse operations is gaining momentum in both Europe and North America. In Q2 we delivered 98 electric trucks and received orders for another 194.

In construction equipment we have seen a slowdown in China, but it has been more than offset by increasing volumes in Europe and North America, where demand is driven by high customer activity across industry segments. We continue our journey of innovation and in the quarter, we entered the 50 ton excavator segment with two models equipped with a new electro-hydraulic system that dramatically cuts fuel consumption and improves productivity. The Construction Equipment segment reported an adjusted operating margin of 13.1%.

Our bus business has been severely impacted since the outbreak of the covid-19 pandemic when many tourist bus operators were forced to stand still. However, with the easing of restrictions in many markets, fleet utilization has started to improve from low levels. Volvo Buses almost reached breakeven in Q2, which was a considerable improvement compared with last year.



In what is normally a quarter of high activity with the start of the leisure boating season in the Northern Hemisphere, Volvo Penta benefited from good engine and service volumes. Volvo Penta's adjusted operating margin amounted to 15.6%.

The high business activity among customers in most markets is also visible in our customer-financing operations, Volvo Financial Services. Credit losses are low and the adjusted operating income amounted to SEK 913 M.

We continue to drive the transformation towards sustainable solutions, and we have set the most ambitious climate targets in our industry. These are in line with what the latest climate science deems necessary to keep global warming at a maximum 1.5° C. In June, our pathway to reach the goals of the Paris Climate Agreement was validated by the Science Based Targets initiative (SBTi). The electrification of the transport and infrastructure industries are key components in the transition to a more sustainable society, providing us with great opportunities. In yet another move in our electrification journey, together with Daimler Truck and Traton Group we intend to install and operate a high-performance public charging network for battery electric heavy-duty long-haul trucks and coaches across Europe. Our joint aim is to take responsibility for unlocking "the chicken or the egg" situation between investments in electric vehicles, charging infrastructure and green energy production and thereby enhance customer confidence and accelerate the EU's transformation to climate-neutral transportation.

Together with our business partners we are continuing to work hard to increase production levels to meet the high demand from our customers. However, the global supply chain for semiconductors as well as for other components remains unstable and with low visibility. There will be further disruptions and stoppages in both the truck production and other parts of the Group in the second half of the year. Despite these short-term challenges, we are maneuvering from a position of strength, and we will continue to seize growth opportunities by accelerating our industry-leading efforts in developing sustainable transport and infrastructure solutions for the benefit of both our customers and society.

Martin Lundstedt
President and CEO

FINANCIAL SUMMARY OF THE SECOND QUARTER 2021

Net sales

In Q2 2021, the Volvo Group's net sales amounted to SEK 90,561 M compared with SEK 73,227 M in the same quarter the preceding year.

Adjusted for both currency movements and the divestment of UD Trucks, net sales increased by 43%, of which vehicle sales increased by 52% and service sales by 23%.

Operating income

In Q2 2021, adjusted operating income amounted to SEK 9,730 M (3,272), corresponding to an adjusted operating margin of 10.7% (4.5). Adjusted operating income excludes a capital gain of SEK 1,653 M from the divestment of UD Trucks, which is reported in Other operating income and expenses.

Compared with Q2 2020, the higher adjusted operating income is mainly an effect of higher vehicle and service volumes, increased industrial capacity utilization and positive

price/mix effects. This was partly offset by higher R&D expenses, increased raw material prices and lower contribution from joint ventures. Similarly to Q2 2020, the current quarter was also negatively impacted by costs related to supply chain disruptions.

Currency movements, compared with Q2 2020, had a negative impact of SEK 1,532 M.

In Q2 2020, operating income was negatively impacted by residual value and inventory write-downs amounting to SEK 1,311 M and credit provisioning of SEK 844 M in Financial Services, while various governmental short-term layoff programs had a positive effect of SEK 1,718 M. UD Trucks had a marginally positive impact on adjusted operating income in Q2 2020.

Reported operating income in Q2 2021 amounted to SEK 11,384 M (388).

Net sales SEK M	Second quarter		Change %	First six months		Change %
	2021	2020		2021	2020	
Net sales excluding UD Trucks						
Europe	39,347	27,710	42	76,565	63,457	21
North America	22,693	14,934	52	47,087	40,558	16
South America	6,881	3,621	90	12,438	9,434	32
Asia	16,600	17,740	-6	33,283	31,564	5
Africa and Oceania	5,040	3,925	28	9,770	8,784	11
Total net sales excluding UD Trucks	90,561	67,930	33	179,142	153,798	16
Of which:						
Vehicles ¹	69,122	48,959	41	136,731	112,775	21
Services	18,688	15,895	18	36,850	34,702	6
Financial Services revenue	3,233	3,477	-7	6,490	7,287	-11
Eliminations	-482	-401	-20	-929	-966	4
UD Trucks ²	-	5,297	N/A	5,438	10,878	N/A
Total net sales	90,561	73,227	24	184,579	164,676	12

¹ Including construction equipment and Volvo Penta engines.

² For more information, please see Appendix UD Trucks.

Consolidated Income Statement, Volvo Group SEK M	Second quarter		First six months	
	2021	2020	2021	2020
Net sales	90,561	73,227	184,579	164,676
Cost of sales	-68,843	-58,474	-139,165	-128,233
Gross income	21,718	14,753	45,415	36,443
Research and development expenses	-4,780	-3,811	-9,150	-8,773
Selling expenses	-5,965	-6,109	-12,214	-13,571
Administrative expenses	-1,274	-985	-2,430	-2,302
Other operating income and expenses	1,393	-4,296	890	-4,845
Income/loss from investments in joint ventures and associated companies	290	825	936	794
Income/loss from other investments	2	10	5	17
Operating income	11,384	388	23,451	7,762
Interest income and similar credits	88	63	165	142
Interest expenses and similar charges	-264	-364	-561	-707
Other financial income and expenses	57	-177	500	-797
Income after financial items	11,265	-90	23,555	6,400
Income taxes	-2,202	134	-5,487	-1,590
Income for the period *	9,064	44	18,068	4,810
* Attributable to:				
Owners of AB Volvo	8,900	-282	17,740	4,393
Non-controlling interest	164	326	327	418
	9,064	44	18,068	4,810
Basic earnings per share, SEK	4.38	-0.14	8.72	2.16
Diluted earnings per share, SEK	4.38	-0.14	8.72	2.16

Financial items

In Q2 2021, interest income was SEK 88 M (63), whereas interest expenses decreased to SEK 264 M (364). The decrease relates primarily to the effect from the repayment of the first tranche of the hybrid bond in Q2 2020.

Other financial income and expenses amounted to SEK 57 M (-177). The change is primarily due to revaluation effects of financial assets and liabilities.

Income taxes

In Q2 2021, income taxes amounted to SEK 2,202 M compared with a tax income of SEK 134 M in Q2 2020. The tax rate in Q2 2021 was 20%. The tax rate 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 2021, income for the period amounted to SEK 9,064 M (44). Earnings per share amounted to SEK 4.38 (-0.14).

Operating cash flow in the Industrial Operations

During Q2 2021, operating cash flow in the Industrial Operations amounted to SEK 5,932 M (-5,718). The higher cash flow compared with Q2 2020 is primarily an effect of higher operating income of SEK 10,471 M (375) and a lower increase in working capital of SEK 2,670 M (10,212). This was partly offset by other non-cash items of SEK -1,863 M in Q2 2021 primarily related to the capital gain from the divestment of UD Trucks. In Q2 2020 other non-cash items amounted to SEK 1,642 M. Higher tax payments and investments also reduced cash flow compared with Q2 2020.

Volvo Group financial position

During Q2 2021, net financial assets in the Industrial Operations, excluding provisions for post-employment benefits and lease liabilities, decreased by SEK 7.5 billion resulting in a net financial asset position of SEK 67.3 billion on June 30, 2021. The change is mainly explained by a positive impact from the divestment of UD Trucks of SEK 18.4 billion and a positive operating cash flow of SEK 5.9 billion. This was offset by the dividend paid to AB Volvo shareholders of SEK 30.5 billion. Currency

movements decreased net financial assets by SEK 0.4 billion.

Including provisions for post-employment benefits and lease liabilities, the Industrial Operations net financial assets amounted to SEK 49.4 billion on June 30, 2021. Provisions for post-employment benefits and lease liabilities decreased by SEK 2.0 billion during the quarter. This is mainly explained by reduced lease and pension liabilities of SEK 1.1 billion related to the divestment of UD Trucks, remeasurements of defined benefit pension plans of SEK 0.9 billion and positive currency movements of SEK 0.2 billion.

The total impact from the divestment of UD Trucks on net financial position including provisions for post-employment benefits and lease liabilities in the Industrial Operations was SEK 19.5 billion.

Total assets in the Volvo Group decreased by SEK 16.3 billion compared to year-end 2020 whereof SEK 34.3 billion relates to the divestment of UD Trucks. Currency movements increased total assets by SEK 12.5 billion.

On June 30, 2021 total equity for the Volvo Group amounted to SEK 123.7 billion compared with SEK 148.1 billion at year-end 2020. The equity ratio was 25.0% (29.0). On the same date the equity ratio in the Industrial Operations amounted to 30.7% (35.8).

The extra dividend of SEK 19 billion to AB Volvo shareholders has not affected the net financial position negatively as of June 30, 2021, as it was distributed in July.

Number of employees

On June 30, 2021, the Volvo Group had 93,072 employees, including temporary employees and consultants, compared with 98,982 employees on March 31, 2021.

In Q2, the divestment of UD Trucks, decreased the number of employees by 8,462, of which blue-collar employees by 4,001 and white-collar employees by 4,461.

Excluding the divestment of UD Trucks, the number of employees increased by 2,552 during Q2 2021. The number of blue-collar employees increased by 1,872 and the number of white-collar employees by 680. The increase in blue-collar employees relates to temporary employees. The increase in white-collar employees mainly relates to consultants in research and development.

Number of employees	Jun 30 2021	Mar 31 2021	Dec 31 2020	Jun 30 2020
Blue-collar	49,002	51,131	48,751	48,096
Whereof temporary employees and consultants	7,741	6,801	5,223	3,649
White-collar	44,070	47,851	47,443	48,980
Whereof temporary employees and consultants	4,547	4,221	3,479	3,288
Total number of employees	93,072	98,982	96,194	97,076
Whereof temporary employees and consultants	12,288	11,022	8,702	6,937

BUSINESS SEGMENT OVERVIEW

Net sales SEK M	Second quarter		Change %	Change % ¹	First six months		Change %	Change % ¹	12 months rolling	Jan-Dec 2020
	2021	2020			2021	2020				
Trucks	51,945	40,595	28	38	110,316	98,605	12	22	219,973	208,262
Trucks excluding UD Trucks ²	51,945	35,299	47	58	104,879	87,727	20	31	202,710	185,559
Construction Equipment	25,839	22,876	13	21	50,581	43,023	18	27	89,010	81,453
Buses	5,126	3,199	60	68	8,696	8,389	4	11	20,099	19,791
Volvo Penta	3,967	2,507	58	69	7,375	5,844	26	35	13,422	11,891
Group Functions & Other	1,686	1,519	11	15	3,708	3,869	-4	-0	7,709	7,870
Eliminations	-752	-544	-	-	-1,658	-1,376	-	-	-3,077	-2,796
Industrial Operations	87,810	70,151	25	34	179,019	158,355	13	23	347,136	326,472
Financial Services	3,233	3,477	-7	1	6,490	7,287	-11	-1	13,163	13,960
Reclassifications and eliminations	-482	-401	-	-	-929	-966	-	-	-1,950	-1,987
Volvo Group	90,561	73,227	24	33	184,579	164,676	12	22	358,349	338,446
Volvo Group excluding UD Trucks	90,561	67,930	33	43	179,142	153,798	16	27	341,087	315,742

¹ Adjusted for exchange rate fluctuations.

² For more information, please see Appendix UD Trucks.

Adjusted operating income ¹ SEK M	Second quarter		Change %		First six months		Change %		12 months rolling	Jan-Dec 2020
	2021	2020			2021	2020				
Trucks	5,350	737	626		12,829	4,685	174		25,396	17,251
Construction Equipment	3,374	3,108	9		7,196	5,786	24		11,480	10,071
Buses	-26	-532	95		-90	-661	86		127	-445
Volvo Penta	617	345	79		1,261	854	48		1,855	1,448
Group Functions & Other	-497	-436	-14		-1,224	-905	-35		-1,700	-1,382
Eliminations	-2	-7	-		-17	-9	-		4	12
Industrial Operations	8,817	3,215	174		19,955	9,749	105		37,162	26,955
Financial Services	913	57	1,502		1,595	662	141		2,539	1,606
Reclassifications and eliminations	0	-	-		1	1	-		2	2
Volvo Group adjusted operating income ²	9,730	3,272	197		21,551	10,412	107		39,703	28,564
Adjustments ¹	1,653	-2,885	157		1,900	-2,650	172		3,470	-1,081
Volvo Group operating income	11,384	388	2,834		23,451	7,762	202		43,174	27,484

¹ For more information on adjusted operating income, please see note 7.

² UD Trucks had a marginally positive impact on adjusted operating income.

Adjusted operating margin %	Second quarter				First six months				12 months rolling	Jan-Dec 2020
	2021	2020			2021	2020				
Trucks	10.3	1.8			11.6	4.8			11.5	8.3
Construction Equipment	13.1	13.6			14.2	13.4			12.9	12.4
Buses	-0.5	-16.6			-1.0	-7.9			0.6	-2.2
Volvo Penta	15.6	13.7			17.1	14.6			13.8	12.2
Industrial Operations	10.0	4.6			11.1	6.2			10.7	8.3
Volvo Group adjusted operating margin	10.7	4.5			11.7	6.3			11.1	8.4
Volvo Group operating margin	12.6	0.5			12.7	4.7			12.0	8.1

TRUCKS

Solid profitability with a challenging supply chain

- » Net sales in Q2 increased by 47% to SEK 51,945 M
- » Adjusted operating income increased to SEK 5,350 M (737), with a margin of 10.3% (1.8)
- » Order intake increased by 143% while deliveries increased by 84%



Market development

In Q2, demand continued to be strong across Volvo Group's key regions on the back of high transport volumes, high freight rates and improved customer profitability. This demand situation is broad based across segments, both in Europe and North America and on both new and used vehicles. Utilization of the installed truck fleet is on pre-Covid-19 levels, which drives high demand for service and spare parts.

The Brazilian demand continued to be strong in Q2 on the back of strong commodity and agriculture exports as well as a continued pent-up replacement need.

Since the Indian Covid-19 lockdowns eased in May the truck market has regained some momentum from low levels.

In China demand was strong in the beginning of the year. However, in both May and June volumes declined as a consequence of demand for transports starting to slow down. Local governments have announced that the introduction of the new and more stringent emission regulation CN6 will be delayed.

Orders and deliveries

Excluding UD Trucks, total net order intake in Q2 2021 increased by 143% to 57,961 trucks while deliveries increased by 84% to 45,670 trucks.

In Europe, order intake for heavy- and medium-duty trucks increased by 190% to 28,887 vehicles. The increase is a combination of good demand in Q2 2021 and a weak order intake in the same period in the preceding year due to Covid-19. European deliveries of heavy- and medium-duty trucks amounted to 18,485 vehicles, which was 70% above last year. Volvo Trucks' heavy-duty market share through June

declined to 15.2% (16.5). The new Volvo heavy-duty truck range has been very well received by customers. However, in Q2 the production changeover to the new models and supply constraints affected the Group's ability to produce and deliver Volvo trucks in line with the market. Renault Trucks' market share declined to 8.4% (8.8).

Order intake in North America increased by 85% to 7,740 trucks, driven by a strong market in the quarter while Q2 last year was weak. Deliveries in North America increased by 151% to 9,858 trucks. Volvo Trucks' heavy-duty truck market share through May increased to 9.7% (9.1) while Mack Trucks' market share was stable on 7.1% (7.3).

South American order intake increased by 215% to 8,179 trucks and deliveries increased by 182% to 6,775 vehicles. Through June Volvo Trucks' market share in heavy-duty trucks in Brazil decreased to 20.9% compared to last year's exceptionally high level of 24.5%.

In Asia, order intake decreased by 6% to 3,245 vehicles and deliveries increased by 10% to 3,429 vehicles.

Orders and deliveries for 'Other brands' is primarily UD trucks bought from Isuzu and resold in certain markets where the Volvo Group acts as an importer. In Q2, orders amounted to 859 trucks and corresponding deliveries amounted to 302 trucks.

Order intake of fully electric trucks amounted to 194 vehicles while deliveries amounted to 98 vehicles in the quarter.

The Indian joint venture VECV increased order intake by 185% to 5,247 vehicles and deliveries by 192% to 5,344 vehicles. Deliveries from the Chinese joint venture, DFCV, increased by 18% to 79,020 vehicles.

Total market development Registrations, number of trucks	First six months		Change %	Full year 2020	Forecast 2021	Change vs. previous forecast
	2021	2020				
Europe 29 ¹ heavy-duty (as of May)	110,130	78,271	41	205,876	-	-
Europe 30 ¹ heavy-duty (as of May)	123,188	88,433	39	231,220	290,000	unchanged
North America heavy-duty (as of May)	112,038	84,160	33	234,898	290,000	unchanged
Brazil heavy-duty	45,047	28,423	58	67,412	95,000	unchanged
China heavy-duty	1,044,510	816,206	28	1,618,932	1,490,000	+70,000
China medium-duty	108,279	71,955	50	159,113	160,000	+20,000
India heavy-duty	76,406	32,701	134	86,716	130,000	-45,000
India medium-duty	34,276	18,516	85	56,563	85,000	-5,000

¹ EU29 includes Norway, Switzerland and Bulgaria but excludes UK. EU30 includes UK.

Net order intake	Second quarter		Change %	First six months		Change %
	2021	2020		2021	2020	
Number of trucks						
Net order intake excluding UD Trucks						
Europe	35,513	12,431	186	82,077	33,609	144
Heavy- and medium-duty	28,887	9,944	190	67,968	27,256	149
Light-duty	6,626	2,487	166	14,109	6,353	122
North America	7,740	4,176	85	29,922	8,892	237
South America	8,179	2,594	215	11,952	5,494	118
Asia	3,245	3,445	-6	8,491	6,826	24
Africa and Oceania	3,284	1,215	170	5,963	3,108	92
Total order intake excluding UD Trucks	57,961	23,861	143	138,405	57,929	139
UD Trucks ¹	-	2,646	N/A	5,017	6,977	N/A
Total order intake	57,961	26,507	119	143,422	64,906	121
Net order intake excluding UD Trucks						
Heavy-duty (>16 tons)	46,845	20,422	129	114,648	47,314	142
Medium-duty (7-16 tons)	4,422	936	372	9,480	4,215	125
Light-duty (<7 tons)	6,694	2,503	167	14,277	6,400	123
Total order intake excluding UD Trucks	57,961	23,861	143	138,405	57,929	139
UD Trucks ¹	-	2,646	N/A	5,017	6,977	N/A
Total order intake	57,961	26,507	119	143,422	64,906	121
Volvo	33,371	13,662	144	77,524	32,133	141
UD Trucks ¹	-	2,646	N/A	5,017	6,977	N/A
Renault Trucks	20,101	7,226	178	42,804	19,079	124
Heavy- and medium-duty	13,407	4,723	184	28,527	12,679	125
Light-duty	6,694	2,503	167	14,277	6,400	123
Mack	3,630	2,973	22	17,218	6,717	156
Other brands	859	-	N/A	859	-	N/A
Total order intake	57,961	26,507	119	143,422	64,906	121
Non-consolidated operations						
VE Commercial Vehicles (Eicher)	5,247	1,841	185	22,078	10,342	113

¹For more information, please see Appendix UD Trucks.

Deliveries	Second quarter		Change %	First six months		Change %
	2021	2020		2021	2020	
Number of trucks						
Deliveries excluding UD Trucks						
Europe	23,535	13,836	70	47,517	34,839	36
Heavy- and medium-duty	18,485	10,895	70	37,356	27,998	33
Light-duty	5,050	2,941	72	10,161	6,841	49
North America	9,858	3,925	151	22,814	14,574	57
South America	6,775	2,399	182	12,188	7,218	69
Asia	3,429	3,120	10	7,473	6,067	23
Africa and Oceania	2,073	1,569	32	4,128	3,507	18
Total deliveries excluding UD Trucks	45,670	24,849	84	94,120	66,205	42
UD Trucks ¹	-	3,184	N/A	3,994	6,593	N/A
Total deliveries	45,670	28,033	63	98,114	72,798	35
Deliveries excluding UD Trucks						
Heavy-duty (>16 tons)	37,148	20,559	81	77,459	56,178	38
Medium-duty (7-16 tons)	3,372	1,319	156	6,337	3,148	101
Light-duty (<7 tons)	5,150	2,971	73	10,324	6,879	50
Total deliveries excluding UD Trucks	45,670	24,849	84	94,120	66,205	42
UD Trucks ¹	-	3,184	N/A	3,994	6,593	N/A
Total deliveries	45,670	28,033	63	98,114	72,798	35
Volvo	26,989	15,013	80	55,298	40,333	37
UD Trucks ¹	-	3,184	N/A	3,994	6,593	N/A
Renault Trucks	12,863	7,534	71	26,548	18,069	47
Heavy- and medium-duty	7,713	4,563	69	16,224	11,190	45
Light-duty	5,150	2,971	73	10,324	6,879	50
Mack	5,516	2,302	140	11,972	7,803	53
Other brands	302	-	N/A	302	-	N/A
Total deliveries	45,670	28,033	63	98,114	72,798	35
Non-consolidated operations						
VE Commercial Vehicles (Eicher)	5,344	1,829	192	22,447	10,691	110
Dongfeng Commercial Vehicle Company (Dongfeng Trucks)	79,020	66,755	18	115,667	82,925	39

¹For more information, please see Appendix UD Trucks.

Net sales and operating income	Second quarter		Change %	First six months		Change %
SEK M	2021	2020		2021	2020	
Net sales excluding UD Trucks						
Europe	25,810	18,100	43	50,989	42,962	19
North America	14,123	8,696	62	30,848	25,450	21
South America	5,368	2,640	103	9,656	7,149	35
Asia	3,802	3,308	15	7,810	6,701	17
Africa and Oceania	2,843	2,555	11	5,576	5,466	2
Total net sales excluding UD Trucks	51,945	35,299	47	104,879	87,727	20
Of which:						
Vehicles	39,030	24,146	62	79,174	63,173	25
Services	12,915	11,153	16	25,705	24,555	5
UD Trucks ²	-	5,297	N/A	5,438	10,878	N/A
Total net sales	51,945	40,595	28	110,316	98,605	12
Adjusted operating income ¹	5,350	737	626	12,829	4,685	174
Adjustments	1,653	-2,335	171	1,653	-2,335	171
Operating income	7,004	-1,598	538	14,483	2,350	516
Adjusted operating margin, %	10.3	1.8		11.6	4.8	
Operating margin, %	13.5	-3.9		13.1	2.4	

¹ For more information on adjusted operating income, please see note 7.

² For more information, please see Appendix UD Trucks.

Net sales and operating income

In Q2 2021, the truck operation's net sales amounted to SEK 51,945 M, which was 47% higher than in Q2 2020 when excluding UD Trucks. Adjusted for both currency movements and the divestment of UD Trucks, net sales increased by 58%, of which vehicles sales increased by 74% and service sales by 25%.

Adjusted operating income amounted to SEK 5,350 M (737), corresponding to an adjusted operating margin of 10.3% (1.8). Adjusted operating income excludes a capital gain of SEK 1,653 M from the sale of UD Trucks.

Compared with Q2 2020, the higher adjusted operating income is an effect of higher vehicle volumes, increased capacity utilization in the industrial system, positive price realization and an improved truck business, which were partly offset by increased R&D expenses and lower income in joint ventures. Similarly to Q2 2020, the current quarter was also negatively impacted by costs related to supply chain disruptions. Compared with Q2 2020, currency movements had a negative impact of SEK 705 M.

Operating income in Q2 2020, was negatively impacted by residual value and inventory write-downs due to lower used truck prices. UD Trucks had a marginally positive impact on adjusted operating income in Q2 2020.

Reported operating income in Q2 2021 amounted to SEK 7,004 M (-1,598).

Important events

In April, Renault Trucks launched its upgraded heavy-duty truck range which focuses on improved driver comfort as well as vehicle reliability and efficiency.

In April, cellcentric, new fuel-cell joint venture between the Volvo Group and Daimler Truck AG, officially outlined its roadmap. Serial production of fuel cell systems in cellcentric is planned to commence in 2025.

In July, the Volvo Group, Daimler Truck and Traton Group signed a non-binding agreement to install and operate a high-performance public charging network for battery electric heavy-duty long-haul trucks and coaches across Europe.

Net order intake of fully electric trucks Number of trucks	Second quarter		Change %	First six months		Change %
	2021	2020		2021	2020	
Volvo	84	-	-	161	-	-
Renault Trucks	103	-	-	226	-	-
Heavy- and medium-duty	27	-	-	56	-	-
Light-duty	76	-	-	170	-	-
Mack	7	-	-	7	-	-
Total order intake	194	-	-	394	-	-

Deliveries of fully electric trucks Number of trucks	Second quarter		Change %	First six months		Change %
	2021	2020		2021	2020	
Volvo	28	1	2,700	38	3	1,167
Renault Trucks	70	7	900	86	9	856
Heavy- and medium-duty	27	1	2,600	31	1	3,000
Light-duty	43	6	617	55	8	588
Mack	-	-	-	-	-	-
Total deliveries	98	8	1,125	124	12	933

CONSTRUCTION EQUIPMENT

Stable performance

- » In Q2, net sales increased by 13%
- » Adjusted operating income amounted to SEK 3,374 M (3,108), with a margin of 13.1% (13.6)
- » Order intake increased by 35%



Market development

Overall, the total market continued to expand in Q2 benefiting from a further increase in demand for commodities and high level of infrastructure-related economic activity.

The European market gained further momentum in Q2 with all main countries continuing their recovery.

In North America, market demand increased further, following high infrastructure and housing construction activity. Customer sentiment remains high.

The South American market remained very strong, reflecting a continued increase in demand for commodities.

After a strong start to the year, demand in China, the world's largest construction equipment market, declined in Q2 as government investments in infrastructure started to decrease. The market decline has led to high industry inventories and pricing pressure, primarily on excavators.

Asia (excluding China) continued to solidify its growth with improvements in all key markets including India, Korea and South East Asia.

Orders and deliveries

In Q2, demand remained strong for Volvo Group products with improved construction activity and increasing investments in infrastructure in most markets. In addition, customer confidence is high. Demand for large and medium sized machines continued to be strong and higher than for compact machines.

Order intake increased by 35% in Q2 2021 with a significant increase in orders for Volvo branded products and a stable order intake in SDLG branded products, which were affected by the slowdown in the Chinese market.

Deliveries increased by 5% in Q2, driven by higher sales in all regions with the exception of China.

Total market development Change in % measured in units	Year-to-date May		Forecast 2021	Previous forecast 2021
	2021			
Europe	30		+10% to +20%	0% to +10%
North America	35		+10% to +20%	+5% to +15%
South America	71		+35% to +45%	+20% to +30%
Asia excl. China	40		+10% to +20%	+5% to +15%
China	31		-5% to +5%	-5% to +5%

Net order intake Number of construction equipment	Second quarter		Change %	First six months		Change %
	2021	2020		2021	2020	
Europe	6,664	2,292	191	14,472	6,465	124
North America	4,757	232	1,950	8,321	2,023	311
South America	1,541	446	246	2,865	1,045	174
Asia	22,175	23,220	-5	44,213	36,532	21
Africa and Oceania	983	516	91	1,865	1,255	49
Total orders	36,120	26,706	35	71,736	47,320	52
Large and medium construction equipment	26,417	18,295	44	52,249	32,296	62
Compact construction equipment	9,703	8,411	15	19,487	15,024	30
Of which fully electric	99	-	-	177	-	-
Total orders	36,120	26,706	35	71,736	47,320	52
Of which:						
Volvo	15,751	7,271	117	31,917	18,514	72
SDLG	20,311	19,414	5	39,714	28,746	38
Of which in China	18,507	18,706	-1	35,698	27,226	31

Deliveries	Second quarter		Change %	First six months		Change %
	2021	2020		2021	2020	
Number of construction equipment						
Europe	4,960	3,340	49	10,887	7,889	38
North America	1,825	1,342	36	3,509	2,843	23
South America	937	426	120	1,730	883	96
Asia	22,064	23,512	-6	43,913	36,582	20
Africa and Oceania	871	464	88	1,575	1,057	49
Total deliveries	30,657	29,084	5	61,614	49,254	25
Large and medium construction equipment	22,510	19,932	13	44,381	33,287	33
Compact construction equipment	8,147	9,152	-11	17,233	15,968	8
Of which fully electric	98	-	-	209	-	-
Total deliveries	30,657	29,084	5	61,614	49,254	25
Of which:						
Volvo	10,520	9,649	9	21,795	20,448	7
SDLG	20,079	19,414	3	39,714	28,746	38
Of which in China	18,302	18,706	-2	35,698	27,226	31

Net sales and operating income SEK M	Second quarter		Change %	First six months		Change %
	2021	2020		2021	2020	
Europe	7,734	5,254	47	14,997	11,731	28
North America	4,418	3,527	25	8,715	7,237	20
South America	857	422	103	1,531	981	56
Asia	11,421	12,928	-12	22,740	21,331	7
Africa and Oceania	1,408	746	89	2,597	1,744	49
Total net sales	25,839	22,876	13	50,581	43,023	18
Of which:						
Construction equipment	22,667	20,157	12	44,511	37,448	19
Services	3,172	2,719	17	6,070	5,575	9
Adjusted operating income ¹	3,374	3,108	9	7,196	5,786	24
Adjustments	-	-615	100	-	-615	100
Operating income	3,374	2,493	35	7,196	5,171	39
Adjusted operating margin, %	13.1	13.6		14.2	13.4	
Operating margin, %	13.1	10.9		14.2	12.0	

¹ For more information on adjusted operating income, please see note 7.

Net sales and operating income

In Q2 2021, net sales increased by 13% to SEK 25,839 M (22,876). Adjusted for currency movements net sales increased by 21%, of which net sales of machines increased by 21% and service sales by 26%.

Adjusted operating income amounted to SEK 3,374 M (3,108), corresponding to an adjusted operating margin of 13.1% (13.6). Earnings were positively impacted by mix effects and higher machine and service sales, which were partly offset by higher raw material prices, price pressure in China and increased R&D expenses. Compared with Q2 2020, currency movements had a negative impact of SEK 577 M. Reported operating income amounted to SEK 3,374 M (2,493).

Important events

During the quarter Volvo CE launched two 50-ton excavators for heavy duty digging, mass excavation and large-scale site preparation. These two excavators feature the highest engine power in the class and are perfectly suited to filling articulated haulers in the 30-40-ton class. This combination can boost productivity by an impressive 20%.

Volvo CE also announced the opening of the first dedicated Fuel Cell Test Lab in the Volvo Group. The lab is located at the Technical Center in Eskilstuna, Sweden.

BUSES

Breakeven on low volumes

- » Order intake increased by 5% and deliveries by 45% in Q2
- » Adjusted operating income amounted to SEK -26 M (-532) with a margin of -0.5% (-16.6)
- » Currency-adjusted service sales increased by 34% reflecting improved utilization of bus fleets



Following vaccination rollout and reduced restrictions in many markets, bus fleet utilization is gradually improving, supporting an improvement in service sales. Demand for new vehicles is also gradually improving from very low levels. The transition to electric city buses is continuing in many markets.

Compared with Q2 2020, net order intake increased by 5% to 1,024 units. Overall, global market demand is still very weak, but with slight improvements seen in markets where restrictions have been lifted.

Deliveries in Q2 2021 amounted to 1,270 units, 45% more than in Q2 2020. Volumes increased primarily in North America.

During Q2 2021, net sales increased by 60% to SEK 5,126 M (3,199). Adjusted for currency movements, net sales increased by 68%, of which vehicle sales increased by 79% and service sales by 34%.

Adjusted operating income amounted to SEK -26 M (-532), corresponding to an adjusted operating margin of -0.5% (-16.6). Earnings were positively impacted by higher vehicle and service volumes. Compared with Q2 2020, currency movements had a negative impact on operating income of SEK 13 M. Reported operating income amounted to SEK -26 M (-617).

Net order intake and deliveries		Second quarter		Change	First six months		Change
Number of buses		2021	2020	%	2021	2020	%
Total orders		1,024	979	5	1,895	3,732	-49
Of which fully electric		50	79	-37	76	219	-65
Of which hybrids		41	131	-69	112	460	-76
Total deliveries		1,270	873	45	2,438	2,443	-
Of which fully electric		161	18	794	191	23	730
Of which hybrids		188	78	141	288	191	51

Net sales and operating income		Second quarter		Change	First six months		Change
SEK M		2021	2020	%	2021	2020	%
Europe		1,889	1,342	41	2,861	2,354	22
North America		2,217	867	156	3,825	3,498	9
South America		201	218	-8	370	486	-24
Asia		411	427	-4	862	1,216	-29
Africa and Oceania		408	345	18	779	834	-7
Total net sales		5,126	3,199	60	8,696	8,389	4
Of which:							
Vehicles		4,167	2,444	70	6,793	6,407	6
Services		960	755	27	1,903	1,981	-4
Adjusted operating income ¹		-26	-532	95	-90	-661	86
Adjustments		-	-85	100	-	-85	100
Operating income		-26	-617	96	-90	-746	88
Adjusted operating margin, %		-0.5	-16.6		-1.0	-7.9	
Operating margin, %		-0.5	-19.3		-1.0	-8.9	

¹ For more information on adjusted operating income, please see note 7.

VOLVO PENTA

Continued strong order intake

- » Net order intake in Q2 increased by 102% and deliveries by 68%
- » Adjusted operating income amounted to SEK 617 M (345) with a margin of 15.6% (13.7)
- » Volvo Penta acquired majority stake in marine electromobility supplier ZEM



The marine leisure market continued to be strong in Q2, especially in the yacht segment. The marine commercial market has recovered and demand for vessels serving the offshore wind industry continued to be good.

The positive development in the market for industrial off-road engines continued in Q2. This was driven by a strong construction market, continued momentum in the mining sector and good development in agriculture and material handling. The industrial power generation market also had a positive development.

In Q2, net order intake increased by 102% to 12,857 units and deliveries increased by 68% to 11,674 units. The high market demand in combination with supply chain shortages have a significant impact on production lead times.

In Q2, net sales increased by 58% to SEK 3,967 M (2,507). Adjusted for currency movements, net sales

increased by 69%, of which sales of engines increased by 82% and sales of services by 45%.

Adjusted operating income amounted to SEK 617 M (345), corresponding to an adjusted operating margin of 15.6% (13.7). Earnings were positively affected by higher new engine and service volumes, which were partly offset by increased expense levels. Compared with Q2 2020, the currency impact on operating income was negative in an amount of SEK 172 M. Reported operating income amounted to SEK 617 M (295).

During Q2, Volvo Penta announced the acquisition of a majority stake in ZEM, a Norwegian marine battery and electric driveline solutions supplier. Together the two companies will expand and accelerate Volvo Penta's range and capabilities in marine electromobility.

Net order intake and deliveries		Second quarter		Change	First six months		Change
		2021	2020	%	2021	2020	%
Number of Engines							
Total orders		12,857	6,351	102	27,365	17,788	54
Of which fully electric		8	-		12	-	-
Total deliveries		11,674	6,944	68	22,297	16,908	32
Of which fully electric		-	-	-	4	-	-

Net sales and operating income		Second quarter		Change	First six months		Change
SEK M		2021	2020	%	2021	2020	%
Europe		2,082	1,228	70	3,980	3,076	29
North America		857	545	57	1,471	1,185	24
South America		115	54	113	222	137	62
Asia		687	551	25	1,279	1,136	13
Africa and Oceania		225	128	76	423	311	36
Total net sales		3,967	2,507	58	7,375	5,844	26
Of which:							
Engines		2,813	1,647	71	5,282	4,138	28
Services		1,154	860	34	2,093	1,706	23
Adjusted operating income ¹		617	345	79	1,261	854	48
Adjustments		-	-50	100	-	-50	100
Operating income		617	295	109	1,261	804	57
Adjusted operating margin, %		15.6	13.7		17.1	14.6	
Operating margin, %		15.6	11.8		17.1	13.8	

¹ For more information on adjusted operating income, please see note 7.

FINANCIAL SERVICES

Solid results

- » Increased new business volume and improved penetration
- » Adjusted operating income of SEK 913 M (57)
- » Stable portfolio performance



In Q2 2021, new business volume was up by 33%, currency adjusted, over Q2 2020 due primarily to higher deliveries of Group products, geographic expansion and improved finance penetration levels. Adjusted for currency and the divestment of UD Trucks, the credit portfolio grew by 4% on a year over year basis.

Adjusted operating income increased to SEK 913 M (57). This was primarily a result of lower credit provisions

as contrasted with Q2 2020 when credit reserves were increased in line with the expectations of higher write-offs due to the pandemic. During Q2 2021, portfolio performance was stable due to improved customer activity levels and demand for transportation and construction services. A change in accounting had a positive impact of SEK 190 M on both credit provision expenses and adjusted operating income.

Financial Services SEK M	Second quarter		First six months	
	2021	2020	2021	2020
Number of financed units, 12 months rolling			67,108	60,688
Total penetration rate, 12 months rolling, % ¹			30	28
New retail financing volume, SEK billion	21.0	17.3	39.2	34.8
Credit portfolio net, SEK billion			158	163
Credit provision expenses	-83	844	99	1,173
Adjusted operating income ²	913	57	1,595	662
Adjustments ²	-	-45	-	-45
Operating income	913	12	1,595	617
Credit reserves, % of credit portfolio			1.92	1.95
Return on equity, 12 months rolling, %			14.0	10.8

¹ 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.

² For more information on adjustments, please see note 7.

IMPORTANT EVENTS FOR THE VOLVO GROUP

SBTi-approval of Volvo Group's industry-leading climate targets

On June 8, it was announced that the Volvo Group's pathway to reach the goals of the Paris Climate Agreement had been validated by the Science Based Targets initiative (SBTi). Volvo Group's climate targets are in line with what the latest climate science deems necessary to keep global warming at a maximum 1.5° C.

Extraordinary General Meeting in AB Volvo

On June 29, AB Volvo held an Extraordinary General Meeting. The meeting resolved, in accordance with the Board of Director's proposal, that an extra distribution of SEK 9.50 per share should be made to the shareholders.

European high-performance charging network for heavy-duty trucks

On July 5, the three leading commercial vehicle manufacturers Volvo Group, Daimler Truck and the Traton

Group signed a non-binding agreement to install and operate a high-performance public charging network for battery electric heavy-duty long-haul trucks and coaches across Europe. The joint aim is to initiate and accelerate the build-up of charging infrastructure to enhance customer confidence and to support the EU's transformation to climate-neutral transportation.

Previously announced important events

- Daimler Truck AG and the Volvo Group complete creation of fuel-cell joint venture
- Shortage of semiconductors impacting production
- Annual General Meeting of AB Volvo
- On April 1, Volvo Group and Isuzu Motors completed the UD Trucks transaction as part of the strategic alliance

Detailed information about the events is available at www.volvogroup.com

CONSOLIDATED INCOME STATEMENT **SECOND QUARTER**

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	87,810	70,151	3,233	3,477	-482	-401	90,561	73,227
Cost of sales	-67,450	-56,811	-1,876	-2,064	482	401	-68,843	-58,474
Gross income	20,361	13,340	1,357	1,413	0	-	21,718	14,753
Research and development expenses	-4,780	-3,811	-	-	-	-	-4,780	-3,811
Selling expenses	-5,381	-5,575	-584	-534	-	-	-5,965	-6,109
Administrative expenses	-1,271	-983	-3	-2	-	-	-1,274	-985
Other operating income and expenses	1,250	-3,431	143	-865	-	-	1,393	-4,296
Income/loss from investments in joint ventures and associated companies	290	825	-	-	-	-	290	825
Income/loss from other investments	2	10	0	0	-	-	2	10
Operating income	10,471	375	913	12	0	-	11,384	388
Interest income and similar credits	87	78	-	-	2	-15	88	63
Interest expenses and similar charges	-263	-379	0	0	-2	15	-264	-364
Other financial income and expenses	57	-177	-	-	-	-	57	-177
Income after financial items	10,352	-102	913	12	0	-	11,265	-90
Income taxes	-1,979	152	-222	-18	0	-	-2,202	134
Income for the period *	8,372	49	691	-6	0	-	9,064	44
* Attributable to:								
Owners of AB Volvo							8,900	-282
Non-controlling interest							164	326
							9,064	44
Basic earnings per share, SEK								
							4.38	-0.14
Diluted earnings per share, SEK								
							4.38	-0.14

Key ratios, %

Gross margin	23.2	19.0	-	-	-	-	24.0	20.1
Research and development expenses as % of net sales	5.4	5.4	-	-	-	-	5.3	5.2
Selling expenses as % of net sales	6.1	7.9	-	-	-	-	6.6	8.3
Administrative expenses as % of net sales	1.4	1.4	-	-	-	-	1.4	1.3
Operating margin	11.9	0.5	-	-	-	-	12.6	0.5

CONSOLIDATED OTHER COMPREHENSIVE INCOME **SECOND QUARTER**

SEK M	2021	2020
Income for the period	9,064	44
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	687	-1,341
Remeasurements of holding of shares at fair value	0	23
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	-655	-6,607
Share of OCI related to joint ventures and associated companies	-74	-196
Accumulated translation difference reversed to income	-324	-
Other comprehensive income, net of income taxes	-366	-8,121
Total comprehensive income for the period *	8,698	-8,077
* Attributable to:		
Owners of AB Volvo	8,565	-8,158
Non-controlling interest	133	81
	8,698	-8,077

CONSOLIDATED INCOME STATEMENT **FIRST SIX MONTHS**

	Industrial Operations		Financial Services		Eliminations		Volvo Group	
SEK M	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	179,019	158,355	6,490	7,287	-929	-967	184,579	164,676
Cost of sales	-136,369	-124,799	-3,726	-4,401	930	968	-139,165	-128,233
Gross income	42,650	33,556	2,764	2,886	1	1	45,415	36,443
Research and development expenses	-9,150	-8,773	-	-	-	-	-9,150	-8,773
Selling expenses	-11,045	-12,429	-1,169	-1,142	-	-	-12,214	-13,571
Administrative expenses	-2,424	-2,298	-6	-5	-	-	-2,430	-2,302
Other operating income and expenses	884	-3,724	6	-1,122	-	-	890	-4,845
Income/loss from investments in joint ventures and associated companies	936	794	-	-	-	-	936	794
Income/loss from other investments	5	17	0	0	-	-	5	17
Operating income	21,855	7,144	1,595	617	1	1	23,451	7,762
Interest income and similar credits	165	200	-	-	0	-58	165	142
Interest expenses and similar charges	-561	-765	0	0	0	58	-561	-707
Other financial income and expenses	500	-797	-	-	-	-	500	-797
Income after financial items	21,959	5,782	1,595	617	0	1	23,555	6,400
Income taxes	-5,085	-1,428	-402	-162	0	0	-5,487	-1,590
Income for the period *	16,874	4,354	1,193	456	0	1	18,068	4,810
* Attributable to:								
Owners of AB Volvo							17,740	4,393
Non-controlling interest							327	418
							18,068	4,810
Basic earnings per share, SEK							8.72	2.16
Diluted earnings per share, SEK							8.72	2.16

Key ratios, %

Gross margin	23.8	21.2	-	-	-	-	24.6	22.1
Research and development expenses as % of net sales	5.1	5.5	-	-	-	-	5.0	5.3
Selling expenses as % of net sales	6.2	7.8	-	-	-	-	6.6	8.2
Administrative expenses as % of net sales	1.4	1.5	-	-	-	-	1.3	1.4
Operating margin	12.2	4.5	-	-	-	-	12.7	4.7

CONSOLIDATED OTHER COMPREHENSIVE INCOME **FIRST SIX MONTHS**

SEK M	2021	2020
Income for the period	18,068	4,810
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	4,186	-1,493
Remeasurements of holding of shares at fair value	40	-44
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	2,940	-3,287
Share of OCI related to joint ventures and associated companies	595	-197
Accumulated translation difference reversed to income	-324	-
Other comprehensive income, net of income taxes	7,437	-5,020
Total comprehensive income for the period *	25,505	-209
* Attributable to:		
Owners of AB Volvo	25,032	-586
Non-controlling interest	473	377
	25,505	-209

CONSOLIDATED BALANCE SHEET

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	Jun 30 2021	Dec 31 2020	Jun 30 2021	Dec 31 2020	Jun 30 2021	Dec 31 2020	Jun 30 2021	Dec 31 2020
Assets								
Non-current assets								
Intangible assets	35,389	34,423	128	154	-	-	35,517	34,577
<i>Tangible assets</i>								
Property, plant and equipment	50,467	49,045	63	68	-	-	50,530	49,113
Assets under operating leases	30,166	29,460	19,196	19,155	-11,215	-10,653	38,147	37,962
<i>Financial assets</i>								
Investments in Joint Ventures and associated companies	20,428	13,160	-	-	-	-	20,428	13,160
Other shares and participations	369	262	15	15	-	-	384	276
Non-current customer-financing receivables	1,430	1,061	75,542	70,773	-1,653	-1,287	75,320	70,547
Net pension assets	1,623	1,712	-	-	-	-	1,623	1,712
Non-current interest-bearing receivables	3,494	4,603	-	-	-1,065	-410	2,429	4,193
Other non-current receivables	9,827	9,228	185	157	-158	-815	9,853	8,569
Deferred tax assets	9,114	9,505	1,193	1,089	1	1	10,307	10,595
Total non-current assets	162,306	152,458	96,323	91,411	-14,089	-13,164	244,539	230,705
Current assets								
Inventories	59,680	47,273	265	352	-	-	59,945	47,625
<i>Current receivables</i>								
Customer-financing receivables	745	635	63,316	58,096	-892	-746	63,169	57,985
Tax assets	1,432	1,659	214	528	-	-	1,646	2,187
Interest-bearing receivables	1,047	1,698	4	4	-20	-15	1,031	1,686
Internal funding	13,852	10,925	-	-	-13,852	-10,925	-	-
Accounts receivable	39,799	34,278	1,447	1,383	-	-	41,245	35,660
Other receivables	16,920	17,105	1,828	1,361	-3,736	-3,208	15,012	15,258
Marketable securities	157	213	-	-	-	-	157	213
Cash and cash equivalents	62,134	81,973	6,794	4,680	-1,169	-1,448	67,758	85,206
Assets held for sale	0	29,362	0	4,934	-	-	0	34,296
Total current assets	195,766	225,121	73,867	71,337	-19,670	-16,342	249,963	280,116
Total assets	358,072	377,579	170,190	162,748	-33,759	-29,506	494,503	510,821
Equity and liabilities								
Equity attributable to owners of AB Volvo	107,126	132,280	13,619	13,018	-3	-3	120,743	145,295
Non-controlling interest	2,943	2,847	-	-	-	-	2,943	2,847
Total equity	110,070	135,127	13,619	13,018	-3	-3	123,687	148,142
<i>Non-current provisions</i>								
Provisions for post-employment benefits	13,430	18,282	150	148	-	-	13,579	18,430
Provisions for deferred taxes	1,849	1,166	2,150	2,099	-	-	4,000	3,265
Other provisions	10,864	10,217	58	238	515	464	11,437	10,918
<i>Non-current liabilities</i>								
Bond loans	62,463	66,391	-	-	-	-	62,463	66,391
Other loans	15,901	18,053	11,270	11,905	-1,555	-1,182	25,616	28,775
Internal funding	-65,333	-58,839	67,249	59,412	-1,916	-573	-	-
Other liabilities	39,722	38,094	1,468	1,371	-7,353	-8,041	33,836	31,424
Current provisions	12,052	12,411	46	225	450	517	12,548	13,153
<i>Current liabilities</i>								
Bond loans	34,084	30,904	-	-	-	-	34,084	30,904
Other loans	13,623	17,055	9,636	10,968	-798	-669	22,461	27,354
Internal funding	-41,288	-38,547	55,767	51,050	-14,479	-12,503	-	-
Trade payables	71,040	59,013	861	598	-	-	71,901	59,611
Tax liabilities	2,813	3,885	407	714	-	-	3,220	4,599
Other liabilities	76,783	57,730	7,508	6,354	-8,621	-7,515	75,671	56,569
Liabilities held for sale	0	6,638	-	4,649	-	-	0	11,286
Total equity and liabilities	358,072	377,579	170,190	162,748	-33,759	-29,506	494,503	510,821
Key ratios, %								
Equity ratio	30.7	35.8	8.0	8.0	0.0	0.0	25.0	29.0
Equity attributable to owners of AB Volvo, per share in SEK	-	-	-	-	-	-	59.4	71.5
Return on operating capital ¹	49.8	29.4	-	-	-	-	-	-
Return on capital employed ¹	23.4	14.7	-	-	-	-	-	-
Return on total equity ¹	-	-	14.0	8.3	-	-	22.6	13.8

¹ 12 months rolling.

CONSOLIDATED CASH FLOW STATEMENT **SECOND QUARTER**

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Operating activities								
Operating income	10,471	375	913	12	0	-	11,384	388
Amortization intangible assets	718	741	9	13	-	-	728	754
Depreciation tangible assets	1,786	1,926	6	7	-	-	1,791	1,933
Depreciation leasing vehicles	950	1,652	1,067	1,143	5	0	2,022	2,795
Other non-cash items	-1,863	1,642	-34	908	3	21	-1,893	2,572
Total change in working capital whereof	-2,670	-10,212	-1,195	362	246	-8	-3,619	-9,858
<i>Change in accounts receivables</i>	1,099	1,097	-1	25	-	-	1,098	1,122
<i>Change in customer-financing receivables</i>	-276	-35	-1,371	194	264	14	-1,383	173
<i>Change in inventories</i>	-3,527	5,266	-18	16	-	-	-3,545	5,281
<i>Change in trade payables</i>	721	-15,496	128	105	-	-	849	-15,390
<i>Other changes in working capital</i>	-687	-1,044	67	21	-18	-22	-638	-1,044
Dividends received from joint ventures and associated companies	768	-	-	-	-	-	768	-
Interest and similar items received	61	98	0	0	0	-27	61	71
Interest and similar items paid	-187	-494	2	0	-3	5	-188	-489
Other financial items	-73	-119	-	-	-	-	-73	-119
Income taxes paid	-1,794	41	-208	-74	-	-	-2,002	-33
Cash flow from operating activities	8,168	-4,349	560	2,371	251	-10	8,979	-1,987
Investing activities								
Investments in intangible assets	-604	-319	11	-17	-	-	-592	-336
Investments in tangible assets	-1,646	-1,091	0	-1	-	-	-1,646	-1,092
Investment in leasing vehicles	-11	-2	-2,190	-1,804	8	-	-2,193	-1,806
Disposals of in-/tangible assets and leasing vehicles	24	43	1,294	1,179	-1	-	1,317	1,222
Operating cash flow	5,932	-5,718	-325	1,728	259	-10	5,865	-4,000
Investments of shares							-5	-4
Divestments of shares							-	-
Acquired operations							-422	-
Divested operations ¹							22,452	37
Interest-bearing receivables incl. marketable securities							457	1,816
Cash flow after net investments							28,348	-2,150
Financing activities								
New borrowings							23,592	45,777
Repayments of borrowings							-25,270	-34,748
Dividend to owners of AB Volvo							-30,502	0
Dividend to non-controlling interest							-403	-10
Other							-4	7
Change in cash and cash equivalents excl. translation differences							-4,239	8,876
Translation difference on cash and cash equivalents							-147	-1,648
Change in cash and cash equivalents							-4,386	7,228

¹The total cash flow impact from the divestment of UD Trucks is SEK 22,450 M and includes both divestment of UD Trucks operations as well as the divestment of the customer financing receivable portfolio in Japan which was financed by intercompany debt that was repaid by UD Trucks at the time of divestment.

CONSOLIDATED CASH FLOW STATEMENT **FIRST SIX MONTHS**

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Operating activities								
Operating income	21,855	7,144	1,595	617	1	1	23,451	7,762
Amortization intangible assets	1,352	1,447	19	26	-	-	1,371	1,474
Depreciation tangible assets	3,578	3,819	12	14	-	-	3,590	3,832
Depreciation leasing vehicles	1,988	2,761	2,135	2,403	0	-1	4,123	5,163
Other non-cash items	-2,559	1,363	211	1,211	-20	42	-2,368	2,617
Total change in working capital whereof	-5,853	-19,768	-5,212	-934	402	89	-10,663	-20,613
Change in accounts receivables	-3,674	348	-61	30	-	-	-3,735	377
Change in customer-financing receivables	-407	-32	-5,598	-1,539	424	-15	-5,582	-1,586
Change in inventories	-9,883	1,804	79	52	-	-	-9,804	1,856
Change in trade payables	9,958	-19,187	241	250	-	-	10,199	-18,937
Other changes in working capital	-1,846	-2,701	128	274	-22	104	-1,740	-2,324
Dividends received from joint ventures and associated companies	768	-	-	-	-	-	768	-
Interest and similar items received	139	195	0	0	4	-76	144	119
Interest and similar items paid	-586	-893	6	0	18	33	-563	-860
Other financial items	-105	-162	-	-	-	-	-105	-162
Income taxes paid	-4,875	-2,922	-483	-231	-	-	-5,358	-3,153
Cash flow from operating activities	15,703	-7,017	-1,717	3,108	404	88	14,391	-3,821
Investing activities								
Investments in intangible assets	-1,238	-1,452	3	-38	-	-	-1,235	-1,490
Investments in tangible assets	-3,065	-2,500	-1	-2	-	-	-3,066	-2,502
Investment in leasing vehicles	-27	-5	-4,515	-5,030	16	-	-4,526	-4,150
Disposals of in-/tangible assets and leasing vehicles	223	1,139	2,844	3,083	-8	-885	3,058	3,337
Operating cash flow	11,596	-9,835	-3,386	1,120	412	88	8,622	-8,627
Investments of shares							-6,899	-140
Divestments of shares							-	11
Acquired operations							-435	-
Divested operations ¹							22,441	178
Interest-bearing receivables incl. marketable securities							427	948
Cash flow after net investments							24,156	-7,629
Financing activities								
New borrowings							40,854	68,399
Repayments of borrowings							-52,895	-48,830
Dividend to owners of AB Volvo							-30,502	0
Dividend to non-controlling interest							-403	-10
Other							-89	-160
Change in cash and cash equivalents excl. translation differences							-18,879	11,769
Translation difference on cash and cash equivalents							1,432	-1,404
Change in cash and cash equivalents							-17,447	10,365

¹The total cash flow impact from the divestment of UD Trucks is SEK 22,450 M and includes both divestment of UD Trucks operations as well as the divestment of the customer financing receivable portfolio in Japan which was financed by intercompany debt that was repaid by UD Trucks at the time of divestment.

CONSOLIDATED NET FINANCIAL POSITION

Net financial position excl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Jun 30 2021	Dec 31 2020	Jun 30 2021	Dec 31 2020
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	75.3	70.5
Non-current interest-bearing receivables	3.5	4.6	2.4	4.2
Current interest-bearing assets				
Customer-financing receivables	-	-	63.2	58.0
Interest-bearing receivables	1.0	1.7	1.0	1.7
Internal funding	13.9	10.9	-	-
Marketable securities	0.2	0.2	0.2	0.2
Cash and cash equivalents	62.1	82.0	67.8	85.2
Assets held for sale	0.0	0.0	0.0	4.7
Total interest-bearing financial assets	80.7	99.4	209.9	224.5
Non-current interest-bearing liabilities				
Bond loans	-62.5	-66.4	-62.5	-66.4
Other loans	-11.5	-13.6	-21.3	-24.3
Internal funding	65.3	58.8	-	-
Current interest-bearing liabilities				
Bond loans	-34.1	-30.9	-34.1	-30.9
Other loans	-11.9	-15.5	-20.8	-25.8
Internal funding	41.3	38.5	-	-
Liabilities held for sale	0.0	4.3	0.0	-0.0
Total interest-bearing financial liabilities excl. lease liabilities	-13.4	-24.7	-138.6	-147.5
Net financial position excl. post-employment benefits and lease liabilities	67.3	74.7	71.2	77.0

Provisions for post-employment benefits and lease liabilities, net SEK bn	Industrial Operations		Volvo Group	
	Jun 30 2021	Dec 31 2020	Jun 30 2021	Dec 31 2020
Non-current lease liabilities	-4.4	-4.5	-4.3	-4.4
Current lease liabilities	-1.7	-1.6	-1.7	-1.6
Provisions for post-employment benefits, net	-11.8	-16.6	-12.0	-16.7
Liabilities held for sale	-	-1.1	-	-1.1
Provisions for post-employment benefits and lease liabilities, net	-17.9	-23.7	-18.0	-23.8

Net financial position incl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Jun 30 2021	Dec 31 2020	Jun 30 2021	Dec 31 2020
Net financial position excl. post-employment benefits and lease liabilities	67.3	74.7	71.2	77.0
Provisions for post-employment benefits and lease liabilities, net	-17.9	-23.7	-18.0	-23.8
Net financial position incl. post-employment benefits and lease liabilities	49.4	51.0	53.3	53.2

The extra dividend of SEK 19 billion to AB Volvo shareholders has not affected the net financial position negatively as of June 30, 2021, as it was distributed in July.

CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	Second quarter 2021	First six months 2021
Net financial position excl. post-employment benefits and lease liabilities at the end of previous period	74.8	74.7
Operating cash flow	5.9	11.6
Investments and divestments of shares, net	-0.0	-6.9
Acquired and divested operations, net ¹	18.0	17.9
Capital injections to/from Financial Services	0.5	0.5
Currency effect	-0.4	1.6
Dividend to owners of AB Volvo	-30.5	-30.5
Other changes	-1.0	-1.6
Net financial position excl. post-employment benefits and lease liabilities at the end of period	67.3	67.3
Provisions for post-employment benefits and lease liabilities at the end of previous period	-19.9	-23.7
Pension payments, included in operating cash flow	0.4	0.8
Remeasurements of defined benefit pension plans	0.9	5.3
Service costs and other pension costs	-0.6	-1.1
Investments, remeasurements and amortizations of lease contracts	0.1	0.1
Transfer pensions and lease liabilities to UD Trucks	1.1	1.1
Currency effect	0.2	-0.3
Other changes	-0.1	-0.1
Provisions for post-employment benefits and lease liabilities at the end of period	-17.9	-17.9
Net financial position incl. post-employment benefits and lease liabilities at the end of period	49.4	49.4

¹Includes both the cash flow from the divestment of UD Trucks operations and the intercompany loans that financed the divestment of the customer financing portfolio in VFS Japan. This was repaid by UD Trucks at the time of divestment.

The extra dividend of SEK 19 billion to AB Volvo shareholders has not affected the net financial position negatively as of June 30, 2021, as it was distributed in July.

CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK bn	Jun 30 2021	Dec 31 2020
Total equity at the end of previous period	148.1	141.7
Equity attributable to shareholders of AB Volvo at the end of previous period	145.3	138.6
Income for the period	17.7	19.3
Other comprehensive income	7.3	-12.4
Total comprehensive income	25.0	6.9
Dividend to AB Volvo shareholders ¹	-49.8	-
Other changes	0.2	-0.2
Equity attributable to shareholders of AB Volvo at the end of period	120.7	145.3
Non-controlling interest at the end of previous period	2.8	3.1
Income for the period	0.3	0.8
Other comprehensive income	0.1	-0.2
Total comprehensive income	0.5	0.5
Dividend to non-controlling interest	-0.4	-0.8
Other changes	0.0	0.0
Non-controlling interest at the end of period	2.9	2.8
Total equity at the end of period	123.7	148.1

¹Includes extra dividend of SEK 19 billion, which was distributed to the shareholders in July.

QUARTERLY FIGURES

Income Statements, Volvo Group						First six months 2021	First six months 2020
SEK M unless otherwise stated							
	2/2021	1/2021	4/2020	3/2020	2/2020		
Net sales	90,561	94,018	96,917	76,852	73,227	184,579	164,676
Cost of sales	-68,843	-70,322	-73,071	-58,015	-58,474	-139,165	-128,233
Gross income	21,718	23,696	23,847	18,837	14,753	45,415	36,443
Research and development expenses	-4,780	-4,370	-4,314	-3,711	-3,811	-9,150	-8,773
Selling expenses	-5,965	-6,249	-6,808	-6,131	-6,109	-12,214	-13,571
Administrative expenses	-1,274	-1,156	-1,252	-1,066	-985	-2,430	-2,302
Other operating income and expenses	1,393	-503	125	-739	-4,296	890	-4,845
Income/loss from investments in Joint Ventures and associated companies	290	645	615	340	825	936	794
Income/loss from other investments	2	3	3	-23	10	5	17
Operating income	11,384	12,067	12,215	7,508	388	23,451	7,762
Interest income and similar credits	88	76	86	71	63	165	142
Interest expenses and similar charges	-264	-296	-334	-308	-364	-561	-707
Other financial income and expenses	57	443	-90	369	-177	500	-797
Income after financial items	11,265	12,290	11,877	7,640	-90	23,555	6,400
Income taxes	-2,202	-3,286	-2,517	-1,737	134	-5,487	-1,590
Income for the period *	9,064	9,004	9,360	5,903	44	18,068	4,810
* Attributable to:							
Owners of AB Volvo	8,900	8,841	9,202	5,723	-282	17,740	4,393
Non-controlling interest	164	164	158	180	326	327	418
	9,064	9,004	9,360	5,903	44	18,068	4,810
Key ratios, Volvo Group, %							
Gross margin	24.0	25.2	24.6	24.5	20.1	24.6	22.1
Research and development expenses as % of net sales	5.3	4.6	4.5	4.8	5.2	5.0	5.3
Selling expenses as % of net sales	6.6	6.6	7.0	8.0	8.3	6.6	8.2
Administrative expenses as % of net sales	1.4	1.2	1.3	1.4	1.3	1.3	1.4
Operating margin	12.6	12.8	12.6	9.8	0.5	12.7	4.7
Key ratios, Industrial Operations, %							
Gross margin	23.2	24.4	23.9	23.7	19.0	23.8	21.2
Research and development expenses as % of net sales	5.4	4.8	4.6	5.0	5.4	5.1	5.5
Selling expenses as % of net sales	6.1	6.2	6.7	7.5	7.9	6.2	7.8
Administrative expenses as % of net sales	1.4	1.3	1.3	1.4	1.4	1.4	1.5
Operating margin	11.9	12.5	12.4	9.6	0.5	12.2	4.5
EBITDA margin, Industrial Operations							
Operating income Industrial Operations	10,471	11,384	11,691	7,084	375	21,855	7,144
Product and software development, amortization	687	594	666	713	694	1,280	1,354
Other intangible assets, amortization	32	40	94	146	46	72	93
Tangible assets, depreciation	2,736	2,830	3,368	2,914	3,577	5,566	6,579
Total depreciation and amortization	3,454	3,464	4,128	3,773	4,317	6,918	8,026
Operating income before depreciation and amortization (EBITDA)	13,925	14,847	15,820	10,857	4,693	28,773	15,170
EBITDA margin, %	15.9	16.3	16.8	14.7	6.7	16.1	9.6
Net capitalization of research and development							
Capitalization	591	621	559	415	308	1,212	1,189
Amortization	-653	-561	-574	-667	-672	-1,215	-1,306
Net capitalization and amortization	-63	60	-15	-253	-363	-3	-117
Return on operating capital in Industrial Operations, % ¹	49.8	35.0	29.4	25.4	28.4		
Return on capital employed in Industrial Operations, % ¹	23.4	17.1	14.7	13.2	15.3		

QUARTERLY FIGURES

Net sales						First six months 2021	First six months 2020
SEK M	2/2021	1/2021	4/2020	3/2020	2/2020		
Trucks	51,945	58,372	61,917	47,740	40,595	110,316	98,605
Construction Equipment	25,839	24,742	20,810	17,619	22,876	50,581	43,023
Buses	5,126	3,570	6,748	4,654	3,199	8,696	8,389
Volvo Penta	3,967	3,409	2,985	3,062	2,507	7,375	5,844
Group Functions & Other	1,686	2,022	2,340	1,661	1,519	3,708	3,869
Eliminations	-752	-906	-754	-666	-544	-1,658	-1,376
Industrial Operations	87,810	91,209	94,047	74,070	70,151	179,019	158,355
Financial Services	3,233	3,257	3,369	3,304	3,477	6,490	7,287
Reclassifications and eliminations	-482	-447	-498	-522	-401	-929	-966
Volvo Group	90,561	94,018	96,917	76,852	73,227	184,579	164,676

Operating income						First six months 2021	First six months 2020
SEK M	2/2021	1/2021	4/2020	3/2020	2/2020		
Trucks	7,004	7,479	8,866	4,549	-1,598	14,483	2,350
Construction Equipment	3,374	3,822	2,460	1,951	2,493	7,196	5,171
Buses	-26	-64	-8	232	-617	-90	-746
Volvo Penta	617	643	37	562	295	1,261	804
Group Functions & Other	-497	-481	317	-213	-191	-978	-426
Eliminations	-2	-15	18	3	-7	-17	-9
Industrial Operations	10,471	11,384	11,691	7,084	375	21,855	7,144
Financial Services	913	682	523	423	12	1,595	617
Reclassifications and eliminations	0	1	1	1	-	1	1
Volvo Group	11,384	12,067	12,215	7,508	388	23,451	7,762

Adjusted operating income ¹						First six months 2021	First six months 2020
SEK M	2/2021	1/2021	4/2020	3/2020	2/2020		
Trucks	5,350	7,479	8,045	4,522	737	12,829	4,685
Construction Equipment	3,374	3,822	2,321	1,963	3,108	7,196	5,786
Buses	-26	-64	-24	240	-532	-90	-661
Volvo Penta	617	643	25	570	345	1,261	854
Group Functions & Other	-497	-727	29	-505	-436	-1,224	-905
Eliminations	-2	-15	17	3	-7	-17	-9
Industrial Operations	8,817	11,138	10,413	6,793	3,215	19,955	9,749
Financial Services	913	682	521	423	57	1,595	662
Reclassifications and eliminations	0	1	1	1	-	1	1
Volvo Group adjusted operating income	9,730	11,821	10,934	7,217	3,272	21,551	10,412

¹ For more information on adjusted operating income, please see note 7.

Operating margin						First six months 2021	First six months 2020
%	2/2021	1/2021	4/2020	3/2020	2/2020		
Trucks	13.5	12.8	14.3	9.5	-3.9	13.1	2.4
Construction Equipment	13.1	15.4	11.8	11.1	10.9	14.2	12.0
Buses	-0.5	-1.8	-0.1	5.0	-19.3	-1.0	-8.9
Volvo Penta	15.6	18.9	1.2	18.3	11.8	17.1	13.8
Industrial Operations	11.9	12.5	12.4	9.6	0.5	12.2	4.5
Volvo Group	12.6	12.8	12.6	9.8	0.5	12.7	4.7

Adjusted operating margin						First six months 2021	First six months 2020
%	2/2021	1/2021	4/2020	3/2020	2/2020		
Trucks	10.3	12.8	13.0	9.5	1.8	11.6	4.8
Construction Equipment	13.1	15.4	11.2	11.1	13.6	14.2	13.5
Buses	-0.5	-1.8	-0.4	5.2	-16.6	-1.0	-7.9
Volvo Penta	15.6	18.9	0.8	18.6	13.7	17.1	14.6
Industrial Operations	10.0	12.2	11.1	9.2	4.6	11.1	6.2
Volvo Group adjusted operating margin	10.7	12.6	11.3	9.4	4.5	11.7	6.3

QUARTERLY FIGURES

Share data	2/2021	1/2021	4/2020	3/2020	2/2020	First six months 2021	First six months 2020
Earnings per share, SEK ¹	4.38	4.35	4.53	2.81	-0.14	8.72	2.16
Earnings per share, SEK ¹ , 12 months rolling	16.07	11.55	9.50	8.24	9.10	-	-
Diluted earnings per share, SEK	4.38	4.35	4.53	2.81	-0.14	8.72	2.16
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	95	0	95
Average number of own shares in millions	0	0	0	32	95	0	95

¹ 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 2020 (available at www.volvogroup.com). 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.

New accounting policies for 2021

The amendments to IFRS 7, IFRS 9 and IFRS 16 relates to the interest rate benchmark reform - phase 2 and provides guidance on how to account for the effects of the reform. The interest rate benchmark reform refers to the transition from current interest reference rate such as LIBOR to new benchmark interest rates. The transition implies that contract

terms for certain financial instruments will change. The change of the terms as a result of the reform shall be accounted for as an adjustment of variable interest.

The Volvo Group closely follows the transition to the new interest reference rate. The transition will take place at different points in time for different interest rates during the coming years. During 2021, the GBP LIBOR will be replaced by SONIA where the Volvo Group has a limited number of interest derivative contracts which are linked to GBP LIBOR that will be affected. The amendments to IFRS 7, IFRS 9 and IFRS 16 will be applied when new interest rate benchmarks are incorporated in the underlying contracts which is expected to have taken place by the end of 2021 for GBP LIBOR and later for other interests such as USD LIBOR. The amendment is effective from January 1, 2021.

There are no other new accounting policies applicable from 2021 that significantly affects the Volvo Group.

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 and political instability and security;

Operational risks – such as technology shift and convergence, customer satisfaction and demand, risks related to industrial operations, reliance on suppliers and scarce materials, cybersecurity and IT infrastructure, strategic transactions, such as mergers and acquisitions, partnerships and divestments as well as residual value commitments;

Climate and society risks – such as pandemics, climate related and environmental regulations and risk related to human capital and human rights

Compliance risks – such as non-compliance with data protection laws, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties 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 68-75 in the Volvo Group Annual and Sustainability Report 2020

Risk updates

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

Update on supply situation

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. As previously informed, stop days have been implemented in the global truck manufacturing operations during the second quarter, and there will be additional 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 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 had, and might also continue to have, an adverse effect on demand for the Group's products and services and on the financial performance of the Group.

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. As a consequence of strong growth in the Chinese construction equipment market in recent years, accounts receivable in China have increased. Should construction and mining activity in China decline rapidly and substantially, this may negatively impact customers' and dealers' ability to honor their obligations to the Group and consequently have an adverse effect on the Group's financial result.

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.

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, 2021, amounted to SEK 16.3 billion, an increase of SEK 2.5 billion compared to December 31, 2020. The gross exposure of SEK 16.3 billion is partly reduced by counter guarantees and collaterals.

Total contingent assets as of June 30, 2021 amounted to SEK 1.0 billion (SEK 1.3 billion as of December 31, 2020) and is related to a tax credit in Brazil.

Legal proceedings

Following the adoption of the European Commission's settlement decision, the Volvo Group has received and will be defending itself against numerous private damages claims brought by customers and other third parties alleging that they suffered loss by reason of the conduct covered in the decision. The claims are being brought in various countries by 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. An adverse outcome of some or all of the litigations, depending on the nature and extent of such outcomes, may have a material negative impact on the Volvo Group's financial results.

The other legal proceedings and investigations described in note 21 and note 24 in the Volvo Group Annual and Sustainability Report 2020 are progressing. No material changes have occurred in these matters in Q2 2021.

NOTE 3 | REVENUE

The two major revenue streams within the Volvo Group are vehicles and services. Vehicles include sales of vehicles, machinery and engines. Revenue is recognized when the control of the vehicle has been transferred to the customer, normally at one point in time, which is when the vehicle has been delivered to the customer. If the sale of a vehicle is combined with a residual value commitment and there is a significant economic incentive for the customer to return the vehicle, the revenue is recognized over the residual value commitment period. Services include sale of spare parts, maintenance services and other aftermarket products. Revenue is recognized when the control of the service has

been transferred to the customer, which is when the customer can benefit from the use of the delivered services.

For spare parts, revenue is normally recognized at one point in time, which is when it is delivered. For maintenance services and other aftermarket products, revenue is normally recognized over time, which is during the contract period. When payments for maintenance contracts are received in advance from the customers, the payments are recognized as contract liabilities. Income from operating leasing is recognized over the leasing period. Interest income related to finance leasing and installment credits is recognized as net sales within Financial Services during the underlying contract period.

NOTE 4 | ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments

On April 1, 2021, the Volvo Group divested UD Trucks to Isuzu Motors. The divestment resulted in a positive effect on operating income of SEK 1.7 billion. The divestment gain is preliminary and subject to change according to the final closing payment, which is expected to be paid in the third quarter of 2021. In respect of Isuzu Motors' acquisition of UD Trucks, an additional amount up to JPY 15 billion (approx. SEK 1.2 billion) is to be paid to Volvo Group as an earnout subject to the performance of UD Trucks during the years 2021-2023. At the time of the sale, the fair value of the additional amount was estimated to JPY 6.3 billion (approx.

SEK 0.5 billion). It is recognized as a financial asset at fair value through profit or loss and has impacted the gain recognized in the period by the same amount.

In Q2 the Volvo Group acquired 60 percent of the shares in Designwerk Technologies AG, a Swiss company that develops and sells electromobility products and engineering services within electromobility eco-systems. The transaction had no significant impact on the Volvo Group's earnings or financial position.

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

NOTE 5 | 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 2020 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 4.2 billion (6.6) and derivatives with negative fair values amounted to SEK 1.7 billion (1.4) as of June 30, 2021.

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 143.6 billion (152.8) in reported carrying value with a fair value of SEK 145.6 billion (155.7). In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 1.1 billion (0.6).

Currency effect on operating income, Volvo Group		Compared to second quarter 2020	
SEK M	Second quarter 2021	Second quarter 2020	Change
Net flow in foreign currency			-203
Realized and unrealized gains and losses on derivatives	1	-13	14
Unrealized gains and losses on receivables and liabilities in foreign currency	-35	591	-625
Translation effect on operating income in foreign subsidiaries			-718
Total currency effect on operating income, Volvo Group			-1,532

Applicable currency rates	Quarterly exchange rates		Close rates	
	Second quarter 2021	Second quarter 2020	Jun 30 2021	Jun 30 2020
BRL	1.59	1.81	1.72	1.73
CNY	1.30	1.37	1.32	1.32
EUR	10.14	10.65	10.12	10.48
GBP	11.76	12.02	11.77	11.47
USD	8.41	9.68	8.51	9.35
JPY	0.0769	0.0901	0.0770	0.0868
KRW	0.0075	0.0079	0.0075	0.0078

NOTE 6 | TRANSACTIONS WITH RELATED PARTIES

	Sales of goods, services and other income		Purchases of goods, services and other expenses	
	Second quarter 2021	Second quarter 2020	Second quarter 2021	Second quarter 2020
SEK M				
Associated companies	146	373	11	9
Joint ventures	428	275	173	135

	Receivables		Payables	
	Jun 30 2021	Dec 31 2020	Jun 30 2021	Dec 31 2020
SEK M				
Associated companies	55	242	10	24
Joint ventures	199	330	51	71

NOTE 7 | RECONCILIATION OF ADJUSTED OPERATING INCOME

Adjusted operating income						First six months 2021	First six months 2020
SEK M	2/2021	1/2021	4/2020	3/2020	2/2020		
Trucks	5,350	7,479	8,045	4,522	737	12,829	4,685
Construction Equipment	3,374	3,822	2,321	1,963	3,108	7,196	5,786
Buses	-26	-64	-24	240	-532	-90	-661
Volvo Penta	617	643	25	570	345	1,261	854
Group Functions & Other	-497	-727	29	-505	-436	-1,224	-905
Eliminations	-2	-15	17	3	-7	-17	-9
Industrial Operations	8,817	11,138	10,413	6,793	3,215	19,955	9,749
Financial Services	913	682	521	423	57	1,595	662
Reclassifications and eliminations	0	1	1	1	-	1	1
Volvo Group adjusted operating income	9,730	11,821	10,934	7,217	3,272	21,551	10,412

Adjustments						First six months 2021	First six months 2020
SEK M	2/2021	1/2021	4/2020	3/2020	2/2020		
Adjustment items (segment)							
Depreciation of Assets held for sale (Group functions & Other)	-	246	287	291	315	246	550
Restructuring charges related to headcount reductions:							
Trucks	-	-	821	28	-2,335	-	-2,335
Construction Equipment	-	-	140	-12	-615	-	-615
Buses	-	-	16	-8	-85	-	-85
Volvo Penta	-	-	12	-8	-50	-	-50
Group Functions & Other	-	-	1	-	-70	-	-70
Financial Services	-	-	2	-	-45	-	-45
Divestment of UD Trucks (Trucks)	1,653	-	-	-	-	1,653	-

Total adjustments							
Trucks	1,653	-	821	28	-2,335	1,653	-2,335
Construction Equipment	-	-	140	-12	-615	-	-615
Buses	-	-	16	-8	-85	-	-85
Volvo Penta	-	-	12	-8	-50	-	-50
Group Functions & Other	-	246	288	291	245	246	480
Industrial Operations	1,653	246	1,278	291	-2,840	1,900	-2,605
Financial Services	-	-	2	-	-45	-	-45
Volvo Group	1,653	246	1,280	291	-2,885	1,900	-2,650

Operating income						First six months 2021	First six months 2020
SEK M	2/2021	1/2021	4/2020	3/2020	2/2020		
Trucks	7,004	7,479	8,866	4,549	-1,598	14,483	2,350
Construction Equipment	3,374	3,822	2,460	1,951	2,493	7,196	5,171
Buses	-26	-64	-8	232	-617	-90	-746
Volvo Penta	617	643	37	562	295	1,261	804
Group Functions & Other	-497	-481	317	-213	-191	-978	-426
Eliminations	-2	-15	18	3	-7	-18	-9
Industrial Operations	10,471	11,384	11,691	7,084	375	21,855	7,144
Financial Services	913	682	523	423	12	1,595	617
Reclassifications and eliminations	1	1	1	1	-	1	1
Volvo Group	11,384	12,067	12,215	7,508	388	23,451	7,762

For reconciliations of other Key Ratios, see www.volvogroup.com.

PARENT COMPANY

Income from investments in Group companies for the second quarter includes dividends amounting to SEK 12,240 (243) and loss for divestment of UD Trucks amounting to SEK 3,720 M. Income from joint ventures and associated companies includes dividends amounting to SEK 768 M.

Divestment of UD Trucks has decreased the value of Shares and participations in Group companies by SEK 8,927 M and investment in Volvo Fuel Cell Holding AB has increased the value by SEK 3,000 M compared to December 31, 2020. Financial net debt amounted to SEK 33,296 M (7,565) at the end of the second quarter.

Income Statement				
	Second quarter		First six months	
SEK M	2021	2020	2021	2020
Net sales¹	56	80	131	161
Cost of sales ¹	-56	-80	-131	-161
Gross income	0	0	0	0
Operating expenses ¹	-368	-170	-614	-517
Operating income (loss)	-368	-170	-614	-517
Income from investments in Group companies	7,677	243	8,517	243
Income from investments in joint ventures and associated companies	768	-	785	-
Interest income and expenses	-151	-218	-225	-413
Other financial income and expenses	-6	-7	-5	-13
Income after financial items	7,920	-152	8,458	-700
Appropriations	2,000	-	2,000	-
Income taxes	-401	545	-376	649
Income for the period	9,519	393	10,082	-51

¹ Of net sales in the second quarter, SEK 50 M (73) pertained to Group companies, while purchases from Group companies amounted to SEK 77 M (125).

Other comprehensive income				
Income for the period	9,519	393	10,082	-51
Other comprehensive income, net of income taxes	-	-	-	-
Total comprehensive income for the period	9,519	393	10,082	-51

Balance Sheet		
SEK M	Jun 30 2021	Dec 31 2020
Assets		
Non-current assets		
Tangible assets	7	7
Financial assets		
Shares and participations in Group companies	66,103	71,857
Investments in joint ventures and associated companies	8,946	8,946
Other shares and participations	1	1
Other long-term receivables	413	-
Deferred tax assets	309	298
Total non-current assets	75,779	81,109
Current assets		
Current receivables from Group companies	11,395	1,735
Tax assets	332	-
Other current receivables	736	85
Total current assets	12,463	1,820
Total assets	88,242	82,929
Equity and liabilities		
Equity		
Restricted equity	9,899	9,899
Unrestricted equity	15,063	54,800
Total Equity	24,962	64,699
Untaxed reserves	10,000	10,000
Provisions	266	271
Non-current liabilities ¹	5,671	5,595
Current liabilities ²	47,343	2,364
Total equity and liabilities	88,242	82,929

¹ Of which SEK 5,664 M (5,589) pertains to Group companies.

² Of which SEK 27,509 M (1,789) 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 2021 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 20, 2021
AB Volvo (publ)

Carl-Henric Svanberg
Chairman of the Board

Matti Alahuhta
Board member

Eckhard Cordes
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, 2021 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 20, 2021
Deloitte AB

Jan Nilsson
Authorized Public Accountant

NET ORDER INTAKE

Net order intake of trucks	Second quarter		Change %	First six months		Change %
Number of trucks	2021	2020		2021	2020	
Net order intake excluding UD Trucks						
Europe	35,513	12,431	186	82,077	33,609	144
Heavy- and medium-duty	28,887	9,944	190	67,968	27,256	149
Light-duty	6,626	2,487	166	14,109	6,353	122
North America	7,740	4,176	85	29,922	8,892	237
South America	8,179	2,594	215	11,952	5,494	118
Asia	3,245	3,445	-6	8,491	6,826	24
Africa and Oceania	3,284	1,215	170	5,963	3,108	92
Total order intake excluding UD Trucks	57,961	23,861	143	138,405	57,929	139
UD Trucks	-	2,646	N/A	5,017	6,977	N/A
Total order intake	57,961	26,507	119	143,422	64,906	121
Heavy-duty (>16 tons)	46,845	20,422	129	114,648	47,314	142
Medium-duty (7-16 tons)	4,422	936	372	9,480	4,215	125
Light-duty (<7 tons)	6,694	2,503	167	14,277	6,400	123
Total order intake excluding UD Trucks	57,961	23,861	143	138,405	57,929	139
UD Trucks	-	2,646	N/A	5,017	6,977	N/A
Total order intake	57,961	26,507	119	143,422	64,906	121

Net order intake of trucks by brand

Volvo							
Europe		16,985	5,983	184	42,450	16,829	152
North America		4,289	1,364	214	13,469	2,524	434
South America		7,901	2,584	206	11,292	5,310	113
Asia		2,334	3,083	-24	6,646	5,739	16
Africa and Oceania		1,862	648	187	3,667	1,731	112
Total Volvo		33,371	13,662	144	77,524	32,133	141
Heavy-duty (>16 tons)		32,495	13,291	144	75,364	30,918	144
Medium-duty (7-16 tons)		876	371	136	2,160	1,215	78
Total Volvo		33,371	13,662	144	77,524	32,133	141

Renault Trucks							
Europe		18,528	6,448	187	39,627	16,780	136
Heavy- and medium-duty		11,902	3,961	200	25,518	10,427	145
Light-duty		6,626	2,487	166	14,109	6,353	122
North America		23	9	156	87	47	85
South America		226	38	495	345	106	225
Asia		911	362	152	1,845	1,087	70
Africa and Oceania		413	369	12	900	1,059	-15
Total Renault Trucks		20,101	7,226	178	42,804	19,079	124
Heavy-duty (>16 tons)		11,716	4,080	187	24,809	10,288	141
Medium-duty (7-16 tons)		1,691	643	163	3,718	2,391	55
Light-duty (<7 tons)		6,694	2,503	167	14,277	6,400	123
Total Renault Trucks		20,101	7,226	178	42,804	19,079	124

Mack							
North America		3,428	2,803	22	16,366	6,321	159
South America		13	-28	146	276	78	254
Africa and Oceania		189	198	-5	576	318	81
Total Mack		3,630	2,973	22	17,218	6,717	156
Heavy-duty (>16 tons)		1,986	3,051	-35	13,827	6,108	126
Medium-duty (7-16 tons)		1,644	-78	2,208	3,391	609	457
Total Mack		3,630	2,973	22	17,218	6,717	156

DELIVERIES

Deliveries of trucks	Second quarter		Change %	First six months		Change %
	2021	2020		2021	2020	
Number of trucks						
Deliveries excluding UD Trucks						
Europe	23,535	13,836	70	47,517	34,839	36
Heavy- and medium-duty	18,485	10,895	70	37,356	27,998	33
Light-duty	5,050	2,941	72	10,161	6,841	49
North America	9,858	3,925	151	22,814	14,574	57
South America	6,775	2,399	182	12,188	7,218	69
Asia	3,429	3,120	10	7,473	6,067	23
Africa and Oceania	2,073	1,569	32	4,128	3,507	18
Total deliveries excluding UD Trucks	45,670	24,849	84	94,120	66,205	42
UD Trucks	-	3,184	N/A	3,994	6,593	N/A
Total deliveries	45,670	28,033	63	98,114	72,798	35
Heavy-duty (>16 tons)	37,148	20,559	81	77,459	56,178	38
Medium-duty (7-16 tons)	3,372	1,319	156	6,337	3,148	101
Light-duty (<7 tons)	5,150	2,971	73	10,324	6,879	50
Total deliveries excluding UD Trucks	45,670	24,849	84	94,120	66,205	42
UD Trucks	-	3,184	N/A	3,994	6,593	N/A
Total deliveries	45,670	28,033	63	98,114	72,798	35
Deliveries of trucks by brand						
Volvo						
Europe	12,011	7,101	69	23,714	18,629	27
North America	4,549	1,917	137	11,297	7,245	56
South America	6,500	2,293	183	11,704	6,920	69
Asia	2,728	2,707	1	6,014	5,380	12
Africa and Oceania	1,201	995	21	2,569	2,159	19
Total Volvo	26,989	15,013	80	55,298	40,333	37
Heavy-duty (>16 tons)	26,305	14,552	81	53,994	39,175	38
Medium-duty (7-16 tons)	684	461	48	1,304	1,158	13
Total Volvo	26,989	15,013	80	55,298	40,333	37
Renault Trucks						
Europe	11,524	6,735	71	23,803	16,210	47
Heavy- and medium-duty	6,474	3,794	71	13,642	9,369	46
Light-duty	5,050	2,941	72	10,161	6,841	49
North America	52	9	478	84	158	-47
South America	119	17	600	195	49	298
Asia	701	413	70	1,459	686	113
Africa and Oceania	467	360	30	1,007	966	4
Total Renault Trucks	12,863	7,534	71	26,548	18,069	47
Heavy-duty (>16 tons)	6,209	3,716	67	13,149	9,211	43
Medium-duty (7-16 tons)	1,504	847	78	3,075	1,979	55
Light-duty (<7 tons)	5,150	2,971	73	10,324	6,879	50
Total Renault Trucks	12,863	7,534	71	26,548	18,069	47
Mack						
North America	5,257	1,999	163	11,433	7,171	59
South America	108	89	21	241	249	-3
Asia	-	-	-	-	1	-
Africa and Oceania	151	214	-29	298	382	-22
Total Mack	5,516	2,302	140	11,972	7,803	53
Heavy-duty (>16 tons)	4,449	2,291	94	10,131	7,792	30
Medium-duty (7-16 tons)	1,067	11	9,600	1,841	11	16,636
Total Mack	5,516	2,302	140	11,972	7,803	53

APPENDIX - UD TRUCKS

On April 1, 2021, the Volvo Group divested UD Trucks. To facilitate the comparability of the Volvo Group's financial performance between the periods, certain items of interest are presented excluding UD Trucks. Thus, UD Trucks net sales, certain income statement items of interest, net order intake and deliveries for the last five quarters when UD Trucks was part of the Volvo Group are presented below for comparison purposes. UD Trucks had a marginally positive impact on the Volvo Group's adjusted operating income.

Net sales						Year
SEK M	1/2020	2/2020	3/2020	4/2020	2020	1/2021
Europe	4	1	3	6	14	4
North America	27	19	29	22	97	27
South America	33	7	33	43	116	42
Asia	4,963	4,882	4,657	5,715	20,218	4,751
Africa and Oceania	555	388	581	735	2,259	613
Total net sales	5,581	5,297	5,304	6,521	22,703	5,438
Of which:						
Vehicles	3,291	3,096	3,172	4,295	13,855	3,346
Services	2,290	2,200	2,132	2,226	8,848	2,092

Certain Income Statement items of interest						Year
SEK M	1/2020	2/2020	3/2020	4/2020	2020	1/2021
Research and development expenses	-300	-259	-275	-268	-1,102	-242
Selling expenses	-949	-944	-857	-892	-3,642	-793
Administrative expenses	-68	-60	-54	-76	-257	-87

Net order intake						Year
Number of trucks	1/2020	2/2020	3/2020	4/2020	2020	1/2021
Europe	-	-	-	-	-	-
North America	16	3	8	36	63	33
South America	144	-55	117	168	374	83
Asia	3,532	2,221	2,917	3,309	11,979	3,556
Africa and Oceania	639	477	1,391	1,161	3,668	1,345
Total net order intake	4,331	2,646	4,433	4,674	16,084	5,017
Of which:						
Heavy-duty (>16 tons)	3,430	2,183	3,180	3,572	12,365	3,885
Medium-duty (7-16 tons)	742	382	1,055	901	3,080	874
Light-duty (<7 tons)	159	81	198	201	639	258

Deliveries						Year
Number of trucks	1/2020	2/2020	3/2020	4/2020	2020	1/2021
Europe	-	-	-	-	-	-
North America	11	0	18	8	37	16
South America	59	12	84	89	244	109
Asia	2,722	2,687	2,896	4,119	12,424	3,028
Africa and Oceania	617	485	843	808	2,753	841
Total deliveries	3,409	3,184	3,841	5,024	15,458	3,994
Of which:						
Heavy-duty (>16 tons)	2,646	2,602	2,817	4,116	12,181	3,005
Medium-duty (7-16 tons)	614	495	821	765	2,695	771
Light-duty (<7 tons)	149	87	203	143	582	218

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 20.

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 2021	October 21, 2021
Capital Markets Day	November 11, 2021
Report on the fourth quarter and full year 2021	January 28, 2022
Report on the first quarter 2022	April 22, 2022
Report on the second quarter 2022	July 19, 2022
Report on the third quarter 2022	October 20, 2022

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