

## REPORT ON THE FOURTH QUARTER AND FULL YEAR 2021



### THE FOURTH QUARTER 2021

- » In Q4 2021, net sales increased by 6% to SEK 102.4 billion (96.9). Adjusted for currency movements and the divestment of UD Trucks, the increase was 12%.
- » Adjusted operating income<sup>2</sup> amounted to SEK 10,060 M (10,934), corresponding to an adjusted operating margin of 9.8% (11.3).
- » Reported operating income amounted to SEK 10,219 M (12,215).
- » Currency movements had a positive impact on operating income of SEK 62 M.
- » Earnings per share amounted to SEK 3.93 (4.53).
- » Operating cash flow in the Industrial Operations amounted to SEK 23,579 M (16,668).

### THE FULL YEAR 2021

- » Full year net sales were SEK 372.2 billion (338.4).
- » Adjusted operating income<sup>2</sup> amounted to SEK 41,015 M (28,564) with an adjusted operating margin of 11.0% (8.4).
- » Reported operating income amounted to SEK 43,074 M (27,484).
- » Earnings per share were SEK 16.12 (9.50).
- » Operating cash flow in the Industrial Operations amounted to SEK 29,440 M (18,545).
- » Return on capital employed in the Industrial Operations amounted to 25.3% (14.7).
- » The Board of Directors proposes an ordinary dividend of SEK 6.50 per share and an extra dividend of SEK 6.50 per share.

SEK M unless otherwise stated	Fourth quarter		Year	
	2021	2020	2021	2020
Net sales	<b>102,378</b>	96,917	<b>372,216</b>	338,446
Net sales excluding UD Trucks <sup>1</sup>	<b>102,378</b>	90,396	<b>366,778</b>	315,742
Adjusted operating income <sup>2</sup>	<b>10,060</b>	10,934	<b>41,015</b>	28,564
Adjusted operating margin, %	<b>9.8</b>	11.3	<b>11.0</b>	8.4
Operating income	<b>10,219</b>	12,215	<b>43,074</b>	27,484
Operating margin, %	<b>10.0</b>	12.6	<b>11.6</b>	8.1
Income after financial items	<b>10,202</b>	11,877	<b>43,190</b>	25,917
Income for the period	<b>8,066</b>	9,360	<b>33,243</b>	20,074
Earnings per share, SEK	<b>3.93</b>	4.53	<b>16.12</b>	9.50
Operating cash flow in Industrial Operations	<b>23,579</b>	16,668	<b>29,440</b>	18,545
Net financial position in Industrial Operations, SEK bn <sup>3</sup>			<b>66.2</b>	74.7
Return on capital employed in Industrial Operations, % <sup>4</sup>			<b>25.3</b>	14.7
Return on equity, % <sup>4</sup>			<b>23.4</b>	13.8
Net order intake, number of trucks	<b>68,333</b>	86,069	<b>262,873</b>	208,505
Net order intake excluding UD Trucks <sup>1</sup>	<b>68,333</b>	81,395	<b>257,856</b>	192,421
Deliveries, number of trucks	<b>60,360</b>	56,334	<b>202,458</b>	166,841
Deliveries excluding UD Trucks <sup>1</sup>	<b>60,360</b>	51,310	<b>198,464</b>	151,383
Net order intake, number of construction equipment	<b>22,521</b>	29,819	<b>114,995</b>	97,987
Deliveries, number of construction equipment	<b>20,172</b>	24,732	<b>99,871</b>	93,760

<sup>1</sup> For more information, please see Appendix UD Trucks.

<sup>2</sup> For information on adjusted operating income, please see note 7.

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

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

## CEO'S COMMENTS

## Good execution in a challenging year

In 2021, we continued to deliver good profitability and took several important steps in our efforts to lead the transition to a climate-neutral transport system. For the full year, the Volvo Group's net sales increased to SEK 372 billion and the adjusted operating income to SEK 41.0 billion with a margin of 11.0%. This could not have been achieved without the dedicated work of my colleagues and our business partners in the supply chain. I would like to thank everyone for their fantastic efforts in a challenging year.

With economic activity rebounding after the difficulties of 2020, growing transport volumes and improving construction activity increased our customers' fleet utilization, which was back on pre-covid levels. This was evident in the growth of our service business as well as in strong demand for both new and used products. However, the situation in the global supply chain for semiconductors and other components remains unstable, characterized by disruptions, unpredictability and lack of freight capacity. We will therefore continue to have disruptions and stoppages both in the production of trucks and in other parts of the Group. Presently, the high spread of covid-19 globally is putting additional pressure on the already strained supply chain and production system.

During Q4, the Group's organic net sales grew by 12% to SEK 102 billion, with sales of services increasing by 9%. The adjusted operating margin was 9.8% (11.3) and the operating cash flow in the Industrial Operations amounted to SEK 23.6 (16.7) billion. Even after having distributed SEK 50 billion in 2021, including the proceeds from the divestment of UD Trucks, we ended the year with a net cash position of SEK 66 billion, pension and leasing liabilities excluded. Our strong financial position allows us to both increase our investments in the technologies of the future and continue to provide a good return to our shareholders. The Board of Directors proposes an ordinary dividend of SEK 6.50 per share and an extra dividend of SEK 6.50 per share.

Demand for trucks across key regions remains high and we are doing our utmost to produce as much as we can to reduce long delivery times to our customers. Our truck business finished the year strongly with over 60,000 deliveries in Q4 and with increasing market shares for heavy-duty trucks in both Europe and North America. Trucks' net sales in Q4 increased by 8% to SEK 67.2 billion and the adjusted operating margin amounted to 10.3% (13.0). We have had extra costs to manage production due to supply chain disruptions as well as higher costs for material and freight. We have actively worked with price management to mitigate the higher costs. We expect that the inflationary pressures will continue.

During the year, we built up a good momentum in the sales of electric vehicles in both Europe and North America. In Europe the combined market share for Volvo Trucks and Renault Trucks battery-electric vehicles reached 61.6% for the full year, while in North America, we took an important step in January 2022 with the launch of an upgraded version of the Volvo VNR heavy-duty electric truck. The new truck features an increased range of up to 440 km, faster charging and more configurations than the prior model. Even though the total battery-electric market is still small, we are off to a



good start and we believe that demand will increase rapidly in the coming years.

Demand for construction equipment in Europe and North America remained good, driven by high construction activity and infrastructure investments. This almost offset a steep decline in China. High machine utilization in most markets was positive for the service business, which grew by 14% currency-adjusted. In Q4, Volvo CE's net sales increased by 5% to SEK 21.8 billion and the adjusted operating margin amounted to 11.0% (11.2).

The covid-19 pandemic continued to have a negative impact on our bus business, which has worked hard to reduce costs to the low levels of demand. Net sales in Q4 decreased by 19% to SEK 4.2 billion and the adjusted operating margin was -1.0% (-0.5).

Volvo Penta's sales increased by 22% to SEK 3.6 billion. The Q4 performance was solid with an adjusted operating margin of 9.1% (0.8).

With high activity levels and increased profitability for our customers, credit losses remain low in Volvo Financial Services. The credit portfolio grew by 10%, which contributed to increase the adjusted operating income to SEK 858 M (521).

During the year, we accelerated our transformation journey. We set climate targets that are in line with what the latest climate science deems necessary to keep global warming at a maximum 1.5° C. Our pathway to reach the goals of the Paris Climate Agreement was validated by the Science Based Targets initiative. We also launched cellcentric, our fuel cell joint venture together with Daimler Truck. Furthermore, we finalized the agreement with Daimler Truck and Traton Group regarding the establishment of a high-performance charging network at strategic locations in Europe. And we partnered with Aurora to jointly develop leading autonomous transport solutions at scale with an initial focus on hub to hub applications for North America.

Increasing demand for transport is a clear, long-term trend driven by population growth, urbanization and increasing e-commerce. It is equally clear that we must meet this demand with transport and infrastructure solutions that are more sustainable than today. We will continue to invest to stay at the forefront of this transformation. In 2021 we increased our R&D investments and we plan to step up our efforts further this year. We already have a wide range of electric vehicles and machines on the market, high market shares and great interest from our customers. Together with our customers and partners we are in a strong position to lead the transformation of our industry towards a more sustainable future.

Martin Lundstedt  
President and CEO

## FINANCIAL SUMMARY OF THE FOURTH QUARTER AND FULL YEAR 2021

**Net sales**

In Q4 2021, the Volvo Group's net sales amounted to SEK 102,378 M compared with SEK 96,917 M in the same quarter the preceding year.

Adjusted for both currency movements and the divestment of UD Trucks, net sales increased by 12%, of which vehicle sales by 14% and service sales by 9%.

For the full year 2021, net sales amounted to SEK 372,216 (338,446).

**Operating income**

In Q4 2021, adjusted operating income amounted to SEK 10,060 M (10,934), corresponding to an adjusted operating margin of 9.8% (11.3).

Operating income has been adjusted for a positive effect from a release of a previously booked restructuring reserve relating to the Group's cost-reduction program amounting to SEK 159 M in Q4 2021 and SEK 992 M in Q4 2020. Q4 2020 was also adjusted for a positive impact of SEK 287 M related to the ceased depreciation and amortization of assets held for sale. For more information on adjusted operating income, please see Note 7.

Compared with Q4 2020, the lower adjusted operating income is mainly an effect of higher material costs, lower earnings in joint ventures, lower industrial productivity due to supply chain disruptions and higher R&D expenses. This was partly offset by effects from price realization, increased vehicle and service volumes as well as improved earnings in the used vehicle business.

In Q4 2020, adjusted operating income included a positive effect of SEK 604 M from a correction of actuarial calculations of the Group's pension liabilities and a negative effect from restructuring charges in Volvo Penta of SEK 177 M.

Currency movements, compared with Q4 2020, had a positive impact of SEK 62 M. Reported operating income in Q4 2021 amounted to SEK 10,219 M (12,215).

For the full year 2021, the adjusted operating income amounted to SEK 41,015 M (28,564) corresponding to an adjusted operating margin of 11.0% (8.4). Reported operating income amounted to SEK 43,074 M (27,484).

Net sales SEK M	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
<b>Net sales excluding UD Trucks</b>						
Europe	45,180	40,263	12	158,066	134,694	17
North America	28,306	22,718	25	98,744	81,275	21
South America	9,181	6,440	43	30,382	21,383	42
Asia	13,633	16,390	-17	58,403	60,894	-4
Africa and Oceania	6,077	4,585	33	21,184	17,496	21
<b>Total net sales excluding UD Trucks</b>	<b>102,378</b>	<b>90,396</b>	<b>13</b>	<b>366,778</b>	<b>315,742</b>	<b>16</b>
<b>Of which:</b>						
Vehicles <sup>1</sup>	79,395	69,261	15	279,320	233,543	20
Services	20,352	18,265	11	76,304	70,226	9
Financial Services revenue	3,579	3,369	6	13,437	13,960	-4
Eliminations	-948	-498	-90	-2,283	-1,987	-15
UD Trucks <sup>2</sup>	-	6,521	N/A	5,438	22,703	N/A
<b>Total net sales</b>	<b>102,378</b>	<b>96,917</b>	<b>6</b>	<b>372,216</b>	<b>338,446</b>	<b>10</b>

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

<sup>2</sup> For more information, please see Appendix UD Trucks.

Consolidated Income Statement, Volvo Group SEK M	Fourth quarter		Year	
	2021	2020	2021	2020
<b>Net sales</b>	<b>102,378</b>	96,917	<b>372,216</b>	338,446
Cost of sales	-78,941	-73,071	-282,463	-259,319
<b>Gross income</b>	<b>23,436</b>	<b>23,847</b>	<b>89,753</b>	<b>79,127</b>
Research and development expenses	-4,803	-4,314	-18,027	-16,798
Selling expenses	-6,148	-6,808	-23,959	-26,510
Administrative expenses	-1,450	-1,252	-4,870	-4,621
Other operating income and expenses	-161	125	246	-5,459
Income/loss from investments in joint ventures and associated companies	-668	615	-54	1,749
Income/loss from other investments	13	3	-15	-3
<b>Operating income</b>	<b>10,219</b>	<b>12,215</b>	<b>43,074</b>	<b>27,484</b>
Interest income and similar credits	94	86	358	299
Interest expenses and similar charges	-315	-334	-1,167	-1,349
Other financial income and expenses	204	-90	926	-518
<b>Income after financial items</b>	<b>10,202</b>	<b>11,877</b>	<b>43,190</b>	<b>25,917</b>
Income taxes	-2,136	-2,517	-9,947	-5,843
<b>Income for the period *</b>	<b>8,066</b>	<b>9,360</b>	<b>33,243</b>	<b>20,074</b>
* Attributable to:				
Owners of AB Volvo	7,995	9,202	32,787	19,318
Non-controlling interest	72	158	456	755
	<b>8,066</b>	<b>9,360</b>	<b>33,243</b>	<b>20,074</b>
Basic earnings per share, SEK	3.93	4.53	16.12	9.50
Diluted earnings per share, SEK	3.93	4.53	16.12	9.50

**Financial items**

In Q4 2021, interest income was SEK 94 M (86), whereas interest expenses amounted to SEK 315 M (334).

Other financial income and expenses amounted to SEK 204 M (-90). The change is primarily due to revaluation effects of financial assets and liabilities.

**Income taxes**

In Q4 2021, income taxes amounted to SEK 2,136 M (2,517). The tax rate was 21% (21).

**Income for the period and earnings per share**

In Q4 2021, income for the period amounted to SEK 8,066 M (9,360). Earnings per share amounted to SEK 3.93 (4.53).

**Operating cash flow in the Industrial Operations**

During Q4 2021, operating cash flow in the Industrial Operations amounted to SEK 23,579 M (16,668). The increased cash flow is primarily related to decreased working capital due to higher trade payables, which increased by SEK 15,592 M in Q4 2021 (8,665). Inventory and accounts receivables were unchanged in the quarter.

**Volvo Group financial position**

During Q4 2021, net financial assets in the Industrial Operations, excluding provisions for post-employment benefits and lease liabilities, increased by SEK 23.7 billion resulting in a net financial asset position of SEK 66.2 billion on December 31, 2021. The change is mainly explained by a positive operating cash flow of SEK 23.6 billion.

Including provisions for post-employment benefits and lease liabilities, the Industrial Operations net financial

assets amounted to SEK 50.4 billion on December 31, 2021. During Q4 2021, remeasurements of defined post-employment benefits had a positive impact of SEK 1.9 billion.

The Volvo Group's cash and cash equivalents amounted to SEK 62.1 billion on December 31, 2021, compared to SEK 85.2 billion on December 31, 2020. In addition to this granted, but unutilized, credit facilities amounted to SEK 42.3 billion (41.6). Cash and cash equivalents include 2.8 billion (2.5) that is not available to use by the Volvo Group and SEK 8.7 billion (11.0) where other limitations exist, mainly liquid funds in countries where exchange controls or other legal restrictions apply.

Total assets in the Volvo Group increased by SEK 5.0 billion compared to year-end 2020. Currency movements had a positive impact of SEK 23.9 billion. The divestment of UD Trucks decreased total assets by SEK 34.3 billion.

On December 31, 2021, total equity for the Volvo Group amounted to SEK 144.1 billion compared with SEK 148.1 billion at year-end 2020. The equity ratio was 27.9% (29.0). On the same date the equity ratio in the Industrial Operations amounted to 34.9% (35.8).

**Number of employees**

On December 31, 2021, the Volvo Group had 95,850 employees, including temporary employees and consultants, compared with 95,470 employees on September 30, 2021. The number of blue-collar employees decreased by 413 while the number of white-collar employees increased by 793. The increase in white-collar employees relates to higher R&D activity.

UD Trucks was divested on April 1, 2021. As a consequence of the divestment, the number of employees decreased by 8,462, of which 4,001 blue-collar employees and 4,461 white-collar employees.

<b>Number of employees</b>	<b>Dec 31 2021</b>	Sep 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020
Blue-collar	<b>50,121</b>	50,534	49,002	51,131	48,751
Whereof temporary employees and consultants	<b>7,536</b>	8,619	7,741	6,801	5,223
White-collar	<b>45,729</b>	44,936	44,070	47,851	47,443
Whereof temporary employees and consultants	<b>5,774</b>	5,159	4,547	4,221	3,479
<b>Total number of employees</b>	<b>95,850</b>	<b>95,470</b>	<b>93,072</b>	<b>98,982</b>	<b>96,194</b>
Whereof temporary employees and consultants	<b>13,310</b>	13,778	12,288	11,022	8,702

## BUSINESS SEGMENT OVERVIEW

The operations of Nova Bus have been reclassified from the "Buses" segment into the segment "Group Functions and Other" as of October 1, 2021. To facilitate comparability, financial numbers for 2020 and 2021 have been restated in this report. For more information, please see Appendix Nova Bus.

Net sales SEK M	Fourth quarter		Change %	Change % <sup>1</sup>	Year		Change %	Change % <sup>1</sup>
	2021	2020			2021	2020		
Trucks	<b>67,164</b>	61,917	8	8	<b>230,881</b>	208,262	11	16
Trucks excluding UD Trucks <sup>2</sup>	<b>67,164</b>	55,396	21	21	<b>225,444</b>	185,559	21	27
Construction Equipment	<b>21,812</b>	20,810	5	2	<b>92,031</b>	81,453	13	17
Buses <sup>3</sup>	<b>4,157</b>	5,106	-19	-20	<b>13,652</b>	14,712	-7	-5
Volvo Penta	<b>3,634</b>	2,985	22	21	<b>14,437</b>	11,891	21	26
Group Functions & Other <sup>3</sup>	<b>3,973</b>	3,983	-	-2	<b>13,459</b>	12,949	4	11
Eliminations	<b>-993</b>	-754	-	-	<b>-3,398</b>	-2,796	-	-
<b>Industrial Operations</b>	<b>99,747</b>	<b>94,047</b>	<b>6</b>	<b>5</b>	<b>361,062</b>	<b>326,472</b>	<b>11</b>	<b>15</b>
Financial Services	<b>3,579</b>	3,369	6	5	<b>13,437</b>	13,960	-4	1
Reclassifications and eliminations	<b>-948</b>	-498	-	-	<b>-2,283</b>	-1,987	-	-
<b>Volvo Group</b>	<b>102,378</b>	<b>96,917</b>	<b>6</b>	<b>5</b>	<b>372,216</b>	<b>338,446</b>	<b>10</b>	<b>15</b>
<b>Volvo Group excluding UD Trucks</b>	<b>102,378</b>	<b>90,397</b>	<b>13</b>	<b>12</b>	<b>366,778</b>	<b>315,742</b>	<b>16</b>	<b>21</b>

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

<sup>2</sup> For more information, please see Appendix UD Trucks.

<sup>3</sup> The operations of Nova Bus have been reclassified from the "Buses" segment into the segment "Group Functions and Other" as of October 1, 2021. To facilitate comparability, financial numbers for 2020 and 2021 have been restated in this report. For more information, please see Appendix Nova Bus.

Adjusted operating income <sup>1</sup> SEK M	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Trucks	<b>6,924</b>	8,045	-14	<b>25,567</b>	17,251	48
Construction Equipment	<b>2,396</b>	2,321	3	<b>12,228</b>	10,071	21
Buses <sup>3</sup>	<b>-42</b>	-25	-68	<b>59</b>	-452	113
Volvo Penta	<b>330</b>	25	1,220	<b>2,092</b>	1,448	44
Group Functions & Other <sup>3</sup>	<b>-461</b>	30	-1,637	<b>-2,265</b>	-1,375	-65
Eliminations	<b>54</b>	17	-	<b>53</b>	12	-
<b>Industrial Operations</b>	<b>9,202</b>	<b>10,413</b>	<b>-12</b>	<b>37,733</b>	<b>26,955</b>	<b>40</b>
Financial Services	<b>858</b>	521	65	<b>3,279</b>	1,606	104
Reclassifications and eliminations	<b>0</b>	1	-	<b>2</b>	2	-
<b>Volvo Group adjusted operating income <sup>2</sup></b>	<b>10,060</b>	<b>10,934</b>	<b>-8</b>	<b>41,015</b>	<b>28,564</b>	<b>44</b>
Adjustments <sup>1</sup>	<b>159</b>	1,280	-88	<b>2,059</b>	-1,081	290
<b>Volvo Group operating income</b>	<b>10,219</b>	<b>12,215</b>	<b>-16</b>	<b>43,074</b>	<b>27,484</b>	<b>57</b>

<sup>1</sup> For more information on adjusted operating income, please see note 7.

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

<sup>3</sup> The operations of Nova Bus have been reclassified from the "Buses" segment into the segment "Group Functions and Other" as of October 1, 2021. To facilitate comparability, financial numbers for 2020 and 2021 have been restated in this report. For more information, please see Appendix Nova Bus.

Adjusted operating margin %	Fourth quarter		Year	
	2021	2020	2021	2020
Trucks	<b>10.3</b>	13.0	<b>11.1</b>	8.3
Construction Equipment	<b>11.0</b>	11.2	<b>13.3</b>	12.4
Buses <sup>1</sup>	<b>-1.0</b>	-0.5	<b>0.4</b>	-3.1
Volvo Penta	<b>9.1</b>	0.8	<b>14.5</b>	12.2
<b>Industrial Operations</b>	<b>9.2</b>	<b>11.1</b>	<b>10.5</b>	<b>8.3</b>
<b>Volvo Group adjusted operating margin</b>	<b>9.8</b>	<b>11.3</b>	<b>11.0</b>	<b>8.4</b>
<b>Volvo Group operating margin</b>	<b>10.0</b>	<b>12.6</b>	<b>11.6</b>	<b>8.1</b>

<sup>1</sup> The operations of Nova Bus have been reclassified from the "Buses" segment into the segment "Group Functions and Other" as of October 1, 2021. To facilitate comparability, financial numbers for 2020 and 2021 have been restated in this report. For more information, please see Appendix Nova Bus.

## TRUCKS

## Strong performance despite supply chain challenges

- » Net sales in Q4 increased by 21% excluding UD Trucks
- » Adjusted operating income:
  - SEK 6,924 M (8,045) for Q4 2021
  - SEK 25,567 M (17,251) for FY 2021
- » In Q4, order intake decreased by 16% while deliveries increased by 18%



### Market development

In Q4 2021, demand for both new and used trucks continued to be strong in Europe and North America. High freight volumes and freight rates support customer profitability and utilization of truck fleets is high, which drives demand for services.

In Brazil, demand continued to be strong, mainly driven by the mining and agriculture segments as well as a continued need to replace an aging truck fleet.

The recovery of the Indian truck market continued in Q4. The market is modernizing, which gradually opens opportunities to sell European trucks also in the highway segment.

The Chinese truck market slowed down in the second half of 2021 as a consequence of a weakening economy and a strong first half driven by a pre-buy ahead of the CN6 emission legislation, which was implemented on July 1.

### Orders and deliveries

Demand was strong as customers in many markets were looking to both replace old trucks and expand their fleets. However, this was not fully reflected in the order intake, as the Group's truck brands have been restrictive with order placement due to already large order books and long delivery times.

In Q4, total net order intake, excluding UD Trucks, decreased by 16% to 68,333 trucks, compared to an extraordinary high level in 2020. On the other hand,

deliveries, excluding UD Trucks, increased by 18% to 60,360 trucks.

In Europe, order intake for heavy- and medium-duty trucks declined by 12% to 27,990 vehicles while deliveries increased by 18% to 26,292 vehicles. For the full year, Volvo Trucks' heavy-duty market share increased to 16.5% (16.3) while the electric heavy-duty market share increased to 42.2% (39.8). Renault Trucks' heavy-duty market share market share was flat on 8.8% (8.8) while their electric heavy-duty market share increased to 19.4% (5.1).

Order intake in North America decreased by 33% to 16,624 trucks while deliveries increased by 29% to 14,577 vehicles. Volvo Trucks' heavy-duty truck market share increased to 9.6% (9.4) and Mack Trucks' market share increased to 7.7% (6.9).

South American order intake decreased by 16% to 8,711 trucks while deliveries increased by 41% to 8,269 vehicles. In Brazil, Volvo Trucks' market share of 22.2% in heavy-duty trucks was on par with 2020.

In Asia, order intake decreased by 1% to 4,889 vehicles and deliveries decreased by 13% to 4,243 vehicles.

In Q4, order intake of fully electric trucks amounted to 454 (39) vehicles while deliveries amounted to 144 (34) vehicles.

The Indian joint venture VECV increased order intake by 23% to 15,107 vehicles and deliveries by 24% to 14,934 vehicles.

Deliveries from the Chinese joint venture, DFCV, declined by 63% to 28,045 vehicles.

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

Total market development	Year		Change %	Forecast 2022	Change vs. previous forecast
	2021	2020			
Registrations, number of trucks					
Europe 29 <sup>1</sup> heavy-duty	247,565	205,876	20	-	-
Europe 30 <sup>1</sup> heavy-duty	277,015	231,220	20	300,000	unchanged
North America heavy-duty (retail)	270,022	234,898	15	300,000	unchanged
Brazil heavy-duty	98,331	67,412	46	100,000	unchanged
China heavy-duty	1,395,290	1,618,932	-14	970,000	unchanged
China medium-duty	178,755	159,113	12	130,000	unchanged
India heavy-duty	153,833	86,725	77	200,000	unchanged
India medium-duty	99,714	56,657	76	100,000	unchanged

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

Net order intake	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Number of trucks						
<b>Net order intake excluding UD Trucks</b>						
Europe	34,814	37,922	-8	135,287	95,706	41
Heavy- and medium-duty	27,990	31,634	-12	108,990	78,618	39
Light-duty	6,824	6,288	9	26,297	17,088	54
North America	16,624	24,903	-33	68,296	46,228	48
South America	8,711	10,394	-16	25,358	24,959	2
Asia	4,889	4,963	-1	16,380	16,327	0
Africa and Oceania	3,295	3,213	3	12,535	9,201	36
<b>Total order intake excluding UD Trucks</b>	<b>68,333</b>	<b>81,395</b>	<b>-16</b>	<b>257,856</b>	<b>192,421</b>	<b>34</b>
UD Trucks <sup>1</sup>	-	4,674	N/A	5,017	16,084	N/A
<b>Total order intake</b>	<b>68,333</b>	<b>86,069</b>	<b>-21</b>	<b>262,873</b>	<b>208,505</b>	<b>26</b>
<b>Net order intake excluding UD Trucks</b>						
Heavy-duty (>16 tons)	57,905	71,812	-19	211,853	165,395	28
Medium-duty (7-16 tons)	3,524	3,196	10	19,426	9,762	99
Light-duty (<7 tons)	6,904	6,387	8	26,577	17,264	54
<b>Total order intake excluding UD Trucks</b>	<b>68,333</b>	<b>81,395</b>	<b>-16</b>	<b>257,856</b>	<b>192,421</b>	<b>34</b>
UD Trucks <sup>1</sup>	-	4,674	N/A	5,017	16,084	N/A
<b>Total order intake</b>	<b>68,333</b>	<b>86,069</b>	<b>-21</b>	<b>262,873</b>	<b>208,505</b>	<b>26</b>
Volvo	42,566	54,504	-22	145,843	123,110	18
UD Trucks <sup>1</sup>	-	4,674	N/A	5,017	16,084	N/A
Renault Trucks	17,506	19,052	-8	71,687	49,915	44
Heavy- and medium-duty	10,602	12,665	-16	45,110	32,651	38
Light-duty	6,904	6,387	8	26,577	17,264	54
Mack	7,786	7,839	-1	38,587	19,396	99
Other brands	475	-	N/A	1,739	-	N/A
<b>Total order intake</b>	<b>68,333</b>	<b>86,069</b>	<b>-21</b>	<b>262,873</b>	<b>208,505</b>	<b>26</b>
<b>Non-consolidated operations</b>						
VE Commercial Vehicles (Eicher)	15,107	12,250	23	51,765	30,644	69

<sup>1</sup>For more information, please see Appendix UD Trucks.

Deliveries	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Number of trucks						
<b>Deliveries excluding UD Trucks</b>						
Europe	30,797	27,154	13	98,600	79,814	24
Heavy- and medium-duty	26,292	22,297	18	80,804	65,036	24
Light-duty	4,505	4,857	-7	17,796	14,778	20
North America	14,577	11,342	29	47,613	32,019	49
South America	8,269	5,872	41	28,609	17,440	64
Asia	4,243	4,898	-13	14,814	14,585	2
Africa and Oceania	2,474	2,044	21	8,828	7,525	17
<b>Total deliveries excluding UD Trucks</b>	<b>60,360</b>	<b>51,310</b>	<b>18</b>	<b>198,464</b>	<b>151,383</b>	<b>31</b>
UD Trucks <sup>1</sup>	-	5,024	N/A	3,994	15,458	N/A
<b>Total deliveries</b>	<b>60,360</b>	<b>56,334</b>	<b>7</b>	<b>202,458</b>	<b>166,841</b>	<b>21</b>
<b>Deliveries excluding UD Trucks</b>						
Heavy-duty (>16 tons)	51,874	43,419	19	167,290	128,471	30
Medium-duty (7-16 tons)	3,936	2,991	32	13,136	8,041	63
Light-duty (<7 tons)	4,550	4,900	-7	18,038	14,871	21
<b>Total deliveries excluding UD Trucks</b>	<b>60,360</b>	<b>51,310</b>	<b>18</b>	<b>198,464</b>	<b>151,383</b>	<b>31</b>
UD Trucks <sup>1</sup>	-	5,024	N/A	3,994	15,458	N/A
<b>Total deliveries</b>	<b>60,360</b>	<b>56,334</b>	<b>7</b>	<b>202,458</b>	<b>166,841</b>	<b>21</b>
Volvo	39,090	31,901	23	122,525	93,846	31
UD Trucks <sup>1</sup>	-	5,024	N/A	3,994	15,458	N/A
Renault Trucks	14,688	13,572	8	51,460	41,117	25
Heavy- and medium-duty	10,138	8,672	17	33,422	26,246	27
Light-duty	4,550	4,900	-7	18,038	14,871	21
Mack	6,310	5,837	8	23,631	16,420	44
Other brands	272	-	N/A	848	-	N/A
<b>Total deliveries</b>	<b>60,360</b>	<b>56,334</b>	<b>7</b>	<b>202,458</b>	<b>166,841</b>	<b>21</b>
<b>Non-consolidated operations</b>						
VE Commercial Vehicles (Eicher)	14,934	12,046	24	51,777	30,192	71
Dongfeng Commercial Vehicle Company (Dongfeng Trucks)	28,045	75,543	-63	177,430	221,217	-20

<sup>1</sup>For more information, please see Appendix UD Trucks.

Net sales and operating income SEK M	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
<b>Net sales excluding UD Trucks</b>						
Europe	32,157	27,832	16	107,794	92,113	17
North America	19,394	15,509	25	65,281	51,941	26
South America	7,194	4,693	53	23,527	15,715	50
Asia	5,015	4,871	3	16,609	15,224	9
Africa and Oceania	3,405	2,491	37	12,233	10,567	16
<b>Total net sales excluding UD Trucks</b>	<b>67,164</b>	<b>55,396</b>	<b>21</b>	<b>225,444</b>	<b>185,559</b>	<b>21</b>
<b>Of which:</b>						
Vehicles	52,863	42,547	24	172,163	136,048	27
Services	14,301	12,849	11	53,281	49,512	8
UD Trucks <sup>2</sup>	-	6,521	N/A	5,438	22,703	N/A
<b>Total net sales</b>	<b>67,164</b>	<b>61,917</b>	<b>8</b>	<b>230,881</b>	<b>208,262</b>	<b>11</b>
<b>Adjusted operating income <sup>1</sup></b>	<b>6,924</b>	<b>8,045</b>	<b>-14</b>	<b>25,567</b>	<b>17,251</b>	<b>48</b>
Adjustments	128	821	-84	1,781	-1,486	220
<b>Operating income</b>	<b>7,052</b>	<b>8,866</b>	<b>-20</b>	<b>27,349</b>	<b>15,764</b>	<b>73</b>
Adjusted operating margin, %	10.3	13.0		11.1	8.3	
Operating margin, %	10.5	14.3		11.8	7.6	

<sup>1</sup> For more information on adjusted operating income, please see note 7.

<sup>2</sup> For more information, please see Appendix UD Trucks.

### Net sales and operating income

In Q4 2021, the truck operation's net sales amounted to SEK 67,164 M (61,917). Excluding currency effects and UD Trucks, net sales increased by 21% with sales of vehicles increasing by 24% and sales of services by 10%.

In Q4 2021, adjusted operating income amounted to SEK 6,924 M (8,045), corresponding to an adjusted operating margin of 10.3% (13.0).

Compared with Q4 2020, the lower adjusted operating income is an effect of higher material costs, lower earnings in joint ventures, an unfavorable product and market mix as well as higher R&D expenses. This was partly offset by effects from price realization, increased vehicle and service volumes as well as improved earnings in the used truck business.

Compared with Q4 2020, currency movements had a negative impact of SEK 163 M. In Q4 2020, income included a positive effect of SEK 322 M from a correction of actuarial calculations of the Group's pension liabilities. UD Trucks had a marginally positive impact on adjusted operating income in Q4 2020. For more information on adjusted operating income, please see Note 7.

Reported operating income amounted to SEK 7,052 M (8,866).

For the full year 2021, net sales amounted to SEK 230,881 M (208,262). Adjusted operating income amounted to SEK 25,567 M (17,251), corresponding to an adjusted operating margin of 11.1% (8.3). Reported operating income amounted to SEK 27,349 M (15,764).

### Important events

In Q4, the agreement to create a joint venture together with Daimler Truck and Traton Group to establish a pan-European high-performance charging network for trucks and buses aiming for 1,700 charging points across strategic locations was finalized. The creation of the joint venture is subject to regulatory approvals.

In Germany, a fully-loaded Volvo FH heavy-duty electric truck was put through an independent energy-efficiency test. The truck exceeded its official range and used 50% less energy than its diesel counterpart.

In January 2022, the electrification journey in North America continued with the launch of an upgraded version of the Volvo VNR heavy-duty electric truck. The new truck features an increased range of up to 440 km (275 miles), faster charging and more configurations than the prior model.

Net order intake of fully electric trucks	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Number of trucks						
Volvo	208	-	-	440	-	-
Renault Trucks	244	39	526	613	79	676
Heavy- and medium-duty	128	8	1,500	290	21	1,281
Light-duty	116	31	274	323	58	457
Mack	2	-	-	9	-	-
<b>Total order intake</b>	<b>454</b>	<b>39</b>	<b>1,064</b>	<b>1,062</b>	<b>79</b>	<b>1,244</b>

Deliveries of fully electric trucks	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Number of trucks						
Volvo	54	17	218	121	24	404
Renault Trucks	89	17	424	249	43	479
Heavy- and medium-duty	20	6	233	64	10	540
Light-duty	69	11	527	185	33	461
Mack	1	-	-	1	-	-
<b>Total deliveries</b>	<b>144</b>	<b>34</b>	<b>324</b>	<b>371</b>	<b>67</b>	<b>454</b>



## CONSTRUCTION EQUIPMENT

**Continued good profitability**

- » In Q4, net sales increased by 5%
- » Adjusted operating income:
  - SEK 2,396 M (2,321) for Q4 2021
  - SEK 12,228 M (10,071) for FY 2021
- » Service sales increased by 17%



First shipment of the 20-ton EC230 electric excavator.

**Market development**

Overall, the total market outside China sustained its growth in Q4, supported by investments in infrastructure and high demand in the commodity segment.

The European market showed a continuation of solid growth with strong business sentiment, high level of infrastructure investments and recovery in rental segment.

In North America, market demand kept growing, with strong housing construction as well as investments in commercial real estate.

The South American market remained strong, primarily driven by high demand for commodities.

In China, the world's largest construction equipment market, the steep decline continued due to a saturated market for excavators post last years' high sales levels in combination with a general slowdown in construction and infrastructure investments. The pricing pressure, primarily on excavators, continued.

In Asia, excluding China, demand in key markets such as Korea and Southeast Asia continued to be good.

**Orders and deliveries**

In Q4 2021, order intake decreased by 24%. Compared with Q4 2020, order intake was primarily impacted by the decline in the Chinese market. Order intake also declined in Europe, primarily as an effect of large order books with long delivery times, whereas it increased in North America.

Deliveries decreased by 18% in Q4, driven by the decline in China. However, there was a good momentum in all other regions, with machine deliveries increasing.

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

Total market development Change in % measured in units	Year-to-date November		Forecast 2022	Previous forecast 2022
	2021			
Europe	27		0% to +10%	0% to +10%
North America	23		+5% to +15%	+5% to +15%
South America	65		+5% to +15%	+5% to +15%
Asia excl. China	19		0% to +10%	0% to +10%
China	-1		-30% to -20%	-25% to -15%

Net order intake Number of construction equipment	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Europe	6,232	7,054	-12	26,071	17,930	45
North America	2,381	2,095	14	13,216	5,234	153
South America	1,162	1,305	-11	5,810	3,357	73
Asia	11,620	18,462	-37	66,015	68,609	-4
Africa and Oceania	1,126	903	25	3,883	2,857	36
<b>Total orders</b>	<b>22,521</b>	<b>29,819</b>	<b>-24</b>	<b>114,995</b>	<b>97,987</b>	<b>17</b>
Large and medium construction equipment	16,832	21,878	-23	85,281	69,424	23
Compact construction equipment	5,689	7,941	-28	29,714	28,563	4
Of which fully electric	92	-	-	353	-	-
<b>Total orders</b>	<b>22,521</b>	<b>29,819</b>	<b>-24</b>	<b>114,995</b>	<b>97,987</b>	<b>17</b>
<b>Of which:</b>						
Volvo	11,571	14,344	-19	55,027	42,339	30
SDLG	10,895	15,426	-29	59,753	55,504	8
Of which in China	8,745	13,758	-36	51,819	50,901	2

Deliveries	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Number of construction equipment						
Europe	5,019	4,033	24	20,453	15,762	30
North America	1,312	998	31	6,217	5,025	24
South America	1,221	863	41	4,263	2,335	83
Asia	11,611	18,108	-36	65,635	68,232	-4
Africa and Oceania	1,009	730	38	3,303	2,406	37
<b>Total deliveries</b>	<b>20,172</b>	<b>24,732</b>	<b>-18</b>	<b>99,871</b>	<b>93,760</b>	<b>7</b>
Large and medium construction equipment	14,781	18,391	-20	73,144	65,959	11
Compact construction equipment	5,391	6,341	-15	26,727	27,802	-4
Of which fully electric	53	12	342	321	12	2,575
<b>Total deliveries</b>	<b>20,172</b>	<b>24,732</b>	<b>-18</b>	<b>99,871</b>	<b>93,760</b>	<b>7</b>
<b>Of which:</b>						
Volvo	9,222	9,257	-0	39,903	38,112	5
SDLG	10,895	15,426	-29	59,753	55,504	8
Of which in China	8,745	13,758	-36	51,819	50,901	2

Net sales and operating income SEK M	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Europe	7,631	6,038	26	29,524	23,191	27
North America	4,077	2,814	45	16,583	13,020	27
South America	1,138	742	53	3,951	2,245	76
Asia	7,269	9,978	-27	36,427	39,095	-7
Africa and Oceania	1,696	1,239	37	5,546	3,902	42
<b>Total net sales</b>	<b>21,812</b>	<b>20,810</b>	<b>5</b>	<b>92,031</b>	<b>81,453</b>	<b>13</b>
<b>Of which:</b>						
Construction equipment	18,437	17,918	3	79,390	70,146	13
Services	3,374	2,892	17	12,641	11,306	12
<b>Adjusted operating income <sup>1</sup></b>	<b>2,396</b>	<b>2,321</b>	<b>3</b>	<b>12,228</b>	<b>10,071</b>	<b>21</b>
Adjustments	0	140	-100	0	-488	100
<b>Operating income</b>	<b>2,396</b>	<b>2,460</b>	<b>-3</b>	<b>12,228</b>	<b>9,583</b>	<b>28</b>
Adjusted operating margin, %	11.0	11.2		13.3	12.4	
Operating margin, %	11.0	11.8		13.3	11.8	

<sup>1</sup> For more information on adjusted operating income, please see note 7.

### Net sales and operating income

In Q4 2021, net sales increased by 5% to SEK 21,812 M (20,810). Adjusted for currency movements net sales increased by 2%, of which net sales of machines were flat and service sales increased by 14%.

In Q4 2021, adjusted operating income amounted to SEK 2,396 M (2,321), corresponding to an adjusted operating margin of 11.0% (11.2).

Earnings were positively impacted by a favorable product and market mix, price realization and higher service volumes, which were offset by higher material costs, lower machine volumes and capacity utilization as well as increased R&D expenses. Compared with Q4 2020, currency movements had a positive impact of SEK 220 M. For more information on adjusted operating income, please see Note 7.

Reported operating income amounted to SEK 2,396 M (2,460).

For the full year 2021, net sales amounted to SEK 92,031 M (81,453). Adjusted operating income increased to SEK 12,228 M (10,071), corresponding to an adjusted operating margin of 13.3% (12.4%). Reported operating income amounted to SEK 12,228 M (9,583).

### Important events

The quarter saw the first shipment of the 20-ton EC230 electric excavator from the factory in South Korea, yet another milestone in the company's electric journey.

Sales of compact electric machines increased in many key markets. In total Volvo CE delivered 321 compact electric machines in 2021.

Also in the quarter, Volvo CE showed a new concept machine, the LX03 fully autonomous electric wheel loader.

## BUSES

## Improved order intake and service sales

- » Order intake increased by 43% in Q4
- » Adjusted operating income:
  - SEK -42 M (-25) for Q4 2021
  - SEK 59 M (-452) for FY 2021
- » Service sales increased by 21% in Q4



Demand for new buses is still low in many markets due to the covid-19 development. Low activity level is especially noticed for coaches, but with some improvement in North America. Demand for city buses is more stable and requests for electric buses are increasing.

Compared with Q4 2020, net order intake increased by 43% to 1,050 units, primarily supported by coach orders in North America and city bus orders in the Nordic area. The transition towards electric vehicles in city traffic continues and an order for 61 electric buses for Helsinki, Finland was confirmed in Q4.

Deliveries in Q4 decreased by 37% to 1,350 units, primarily as a consequence of high deliveries in 2020.

In Q4, net sales decreased by 19% to SEK 4,157 M (5,106). Adjusted for currency, net sales decreased 20%, whereof vehicle sales decreased 27% and service sales increased by 19%.

Adjusted operating income amounted to SEK -42 M (-25), corresponding to an adjusted operating margin of -1.0% (-0.5). Lower deliveries and higher material costs impacted negatively, while a positive customer mix and

higher service earnings had a positive impact. Compared with Q4 2020, currency movements had a negative impact of SEK 18 M. For more information on adjusted operating income, please see Note 7. Reported operating income amounted to SEK -22 M (-9).

For the full year 2021, net sales amounted to SEK 13,652 M (14,712). Adjusted operating income amounted to SEK 59 M (-452), corresponding to an adjusted operating margin of 0.4% (-3.1). Reported operating income amounted to SEK 78 M (-529).

The operations of Nova Bus have been reclassified from the "Buses" segment into the segment "Group Functions and Other" as of October 1, 2021. To facilitate comparability, financial numbers for 2020 and 2021 have been restated in this report. For more information, please see Appendix Nova Bus.

As the first European manufacturer, Volvo Buses has signed a partnership agreement with Zero Emission Bus Rapid-Deployment Accelerator (ZEBRA), to accelerate the deployment of zero emission buses in major Latin American cities.

Net order intake and deliveries <sup>1</sup>	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Number of buses						
Total orders	1,050	733	43	4,197	4,411	-5
Of which fully electric	61	44	39	223	287	-22
Of which hybrids	63	4	1,475	185	174	6
Total deliveries	1,350	2,150	-37	4,522	5,425	-17
Of which fully electric	20	193	-90	211	223	-5
Of which hybrids	76	12	533	232	83	180

Net sales and operating income <sup>1</sup>	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
SEK M						
Europe	1,669	2,434	-31	5,886	5,765	2
North America	1,654	1,092	51	4,089	3,223	27
South America	247	578	-57	882	1,793	-51
Asia	237	610	-61	1,371	2,397	-43
Africa and Oceania	351	391	-10	1,423	1,535	-7
<b>Total net sales</b>	<b>4,157</b>	<b>5,106</b>	<b>-19</b>	<b>13,652</b>	<b>14,712</b>	<b>-7</b>
<b>Of which:</b>						
Vehicles	3,272	4,376	-25	10,459	11,794	-11
Services	885	729	21	3,192	2,919	9
<b>Adjusted operating income <sup>2</sup></b>	<b>-42</b>	<b>-25</b>	<b>-68</b>	<b>59</b>	<b>-452</b>	<b>113</b>
Adjustments	20	16	25	20	-77	126
<b>Operating income</b>	<b>-22</b>	<b>-9</b>	<b>-144</b>	<b>78</b>	<b>-529</b>	<b>115</b>
Adjusted operating margin, %	-1.0	-0.5		0.4	-3.1	
Operating margin, %	-0.5	-0.2		0.6	-3.6	

<sup>1</sup> Financial numbers for 2020 and 2021 have been restated. For more information, please see Appendix Nova Bus.

<sup>2</sup> For more information on adjusted operating income, please see note 7.

## VOLVO PENTA

## Good growth in sales and earnings

- » In Q4, net sales increased by 22%
- » Adjusted operating income:
  - SEK 330 M (25) for Q4 2021
  - SEK 2,092 M (1,448) for FY 2021
- » Prototype of terminal tractor with electric driveline delivered

Demand in the marine leisure market continued to be strong in Q4. The marine commercial market has recovered and investments in new vessels, that were postponed due to covid-19, have restarted with an increasing interest in more sustainable solutions.

There has been a continued positive development in the market for industrial off-road engines, driven by the construction, material handling and mining sectors.

Net order intake increased by 1% to 11,820 units and deliveries increased by 8% to 10,301 units.

In Q4, net sales increased by 22% to SEK 3,634 M (2,985). Adjusted for currency movements, net sales increased by 21%, of which sales of engines increased by 22% and sales of services by 21%.

Adjusted operating income amounted to SEK 330 M (25), corresponding to an adjusted operating margin of 9.1% (0.8). Earnings were positively impacted by increased engine and service volumes, a positive product mix and price realization. This was partly offset by higher material costs, lower industrial productivity due to supply chain disruptions and increased R&D expenses. Compared with Q4 2020, the currency impact on



operating income was positive in an amount of SEK 20 M. For more information on adjusted operating income, please see Note 7. Reported operating income amounted to SEK 330 M (37).

In Q4 2020, operating income included SEK 177 M in restructuring cost related to the decision to discontinue the outboard business.

For the full year 2021, net sales amounted to SEK 14,437 M (11,891). Adjusted operating income amounted to SEK 2,092 M (1,448) with an adjusted operating margin of 14.5% (12.2). Reported operating income amounted to SEK 2,092 M (1,402).

During Q4, the first terminal tractor prototypes powered by Volvo Penta's electric driveline were delivered to the customer TICO.

Further, Volvo Penta entered into a partnership agreement with Danfoss Editron with the aim to deliver robust, reliable, and efficient electrification packages to the marine commercial market. A pilot project for developing an advanced hybrid solution for Hurtigruten Svalbard's new sightseeing vessel, was also announced.

Net order intake and deliveries	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Number of Engines						
Total orders	11,820	11,716	1	50,092	37,642	33
Of which fully electric	-3	-	-	45	-	-
Total deliveries	10,301	9,538	8	41,988	35,286	19
Of which fully electric	12	-	-	39	-	-

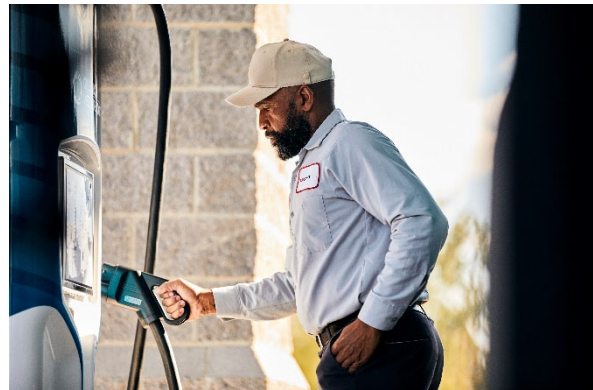
Net sales and operating income SEK M	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Europe	1,838	1,555	18	7,464	6,064	23
North America	713	584	22	2,949	2,562	15
South America	128	117	9	474	345	37
Asia	739	539	37	2,698	2,228	21
Africa and Oceania	216	190	14	851	691	23
<b>Total net sales</b>	<b>3,634</b>	<b>2,985</b>	<b>22</b>	<b>14,437</b>	<b>11,891</b>	<b>21</b>
<b>Of which:</b>						
Engines	2,704	2,218	22	10,282	8,365	23
Services	930	767	21	4,155	3,526	18
<b>Adjusted operating income <sup>1</sup></b>	<b>330</b>	<b>25</b>	<b>1,220</b>	<b>2,092</b>	<b>1,448</b>	<b>44</b>
Adjustments	0	12	-100	0	-46	100
<b>Operating income</b>	<b>330</b>	<b>37</b>	<b>792</b>	<b>2,092</b>	<b>1,402</b>	<b>49</b>
Adjusted operating margin, %	9.1	0.8		14.5	12.2	
Operating margin, %	9.1	1.2		14.5	11.8	

<sup>1</sup> For more information on adjusted operating income, please see note 7.

## FINANCIAL SERVICES

### Good growth in both portfolio and profits

- » New volume up 18% in Q4 2021, currency adjusted
- » Adjusted operating income:
  - SEK 858 M (521) for Q4 2021
  - SEK 3,279 M (1,606) for FY 2021
- » Good portfolio performance



In Q4 2021, new business volume increased by 18% on a currency adjusted basis due to higher deliveries of Group products and geographic expansion. Adjusted for currency and the divestment of UD Trucks, the credit portfolio grew by 10% on a year over year basis.

In Q4, adjusted operating income increased to SEK 858 M (521). This was primarily a result of lower credit provisions and profitable portfolio growth which were partially offset by higher operating expenses. Reported operating income amounted to SEK 867 M (523).

For the full year 2021, adjusted operating income increased to SEK 3,279 M (1,606) and the return on

shareholders' equity reached 18.0% (8.3). For more information on adjusted operating income, please see Note 7. Reported operating income amounted to SEK 3,289 M (1,564).

With few exceptions, almost all customers who were granted payment relief are now back to making full payments and overall portfolio performance continued to be good during Q4 due to strong activity in the transportation and construction industries globally.

Financial Services SEK M	Fourth quarter		Year	
	2021	2020	2021	2020
Number of financed units, 12 months rolling			69,556	61,047
Total penetration rate, 12 months rolling, % <sup>1</sup>			30	30
New retail financing volume, SEK billion	25.8	21.5	85.1	74.1
Credit portfolio net, SEK billion			172	152
Credit provision expenses	92	356	299	1,892
Adjusted operating income <sup>2</sup>	858	521	3,279	1,606
Adjustments <sup>2</sup>	9	2	9	-43
Operating income	867	523	3,289	1,564
Credit reserves, % of credit portfolio			1.82	2.07
Return on equity, 12 months rolling, %			18.0	8.3

<sup>1</sup> Share of unit sales financed by Volvo Financial Services in relation to the total number of units sold by the Volvo Group in markets where financial services are offered.

<sup>2</sup> For more information on adjustments, please see note 7.

## IMPORTANT EVENTS FOR THE VOLVO GROUP

### Joint venture agreement for European high-performance charging network

In December, the Volvo Group, Daimler Truck and the Traton Group signed a binding agreement to create a joint venture to install and operate a high-performance public charging network for battery electric, heavy-duty long-haul trucks and coaches across Europe. The JV creation is subject to regulatory approvals.

### 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.

- Volvo Group and Isuzu Motors completed the UD Trucks transaction as part of the strategic alliance.
- SBTi-approval of Volvo Group's industry-leading climate targets.
- Extraordinary General Meeting in AB Volvo decided on extra dividend.
- Volvo Trucks agrees to acquire heavy-duty truck manufacturing operation in China. Completion of the transaction is subject to regulatory approvals.

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

## CONSOLIDATED INCOME STATEMENT FOURTH QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Net sales</b>	<b>99,747</b>	94,047	<b>3,579</b>	3,369	<b>-948</b>	-498	<b>102,378</b>	96,917
Cost of sales	<b>-77,841</b>	-71,595	<b>-2,048</b>	-1,975	<b>948</b>	498	<b>-78,941</b>	-73,071
<b>Gross income</b>	<b>21,905</b>	<b>22,452</b>	<b>1,531</b>	<b>1,394</b>	<b>0</b>	<b>1</b>	<b>23,436</b>	<b>23,847</b>
Research and development expenses	<b>-4,803</b>	-4,314	-	-	-	-	<b>-4,803</b>	-4,314
Selling expenses	<b>-5,517</b>	-6,268	<b>-631</b>	-540	-	-	<b>-6,148</b>	-6,808
Administrative expenses	<b>-1,447</b>	-1,250	<b>-3</b>	-3	-	-	<b>-1,450</b>	-1,252
Other operating income and expenses	<b>-132</b>	454	<b>-29</b>	-328	-	-	<b>-161</b>	125
Income/loss from investments in joint ventures and associated companies	<b>-668</b>	615	-	-	-	-	<b>-668</b>	615
Income/loss from other investments	<b>13</b>	3	<b>0</b>	0	-	-	<b>13</b>	3
<b>Operating income</b>	<b>9,352</b>	<b>11,691</b>	<b>867</b>	<b>523</b>	<b>0</b>	<b>1</b>	<b>10,219</b>	<b>12,215</b>
Interest income and similar credits	<b>99</b>	93	-	-	<b>-5</b>	-8	<b>94</b>	86
Interest expenses and similar charges	<b>-320</b>	-341	<b>0</b>	0	<b>5</b>	8	<b>-315</b>	-334
Other financial income and expenses	<b>204</b>	-90	-	-	-	-	<b>204</b>	-90
<b>Income after financial items</b>	<b>9,334</b>	<b>11,353</b>	<b>867</b>	<b>523</b>	<b>0</b>	<b>1</b>	<b>10,202</b>	<b>11,877</b>
Income taxes	<b>-1,928</b>	-2,376	<b>-208</b>	-141	<b>-0</b>	0	<b>-2,136</b>	-2,517
<b>Income for the period *</b>	<b>7,407</b>	<b>8,977</b>	<b>659</b>	<b>382</b>	<b>0</b>	<b>0</b>	<b>8,066</b>	<b>9,360</b>

\* Attributable to:

Owners of AB Volvo							<b>7,995</b>	9,202
Non-controlling interest							<b>72</b>	158
							<b>8,066</b>	<b>9,360</b>

Basic earnings per share, SEK							<b>3.93</b>	4.53
Diluted earnings per share, SEK							<b>3.93</b>	4.53

### Key ratios, %

Gross margin	<b>22.0</b>	23.9	-	-	-	-	<b>22.9</b>	24.6
Research and development expenses as % of net sales	<b>4.8</b>	4.6	-	-	-	-	<b>4.7</b>	4.5
Selling expenses as % of net sales	<b>5.5</b>	6.7	-	-	-	-	<b>6.0</b>	7.0
Administrative expenses as % of net sales	<b>1.5</b>	1.3	-	-	-	-	<b>1.4</b>	1.3
Operating margin	<b>9.4</b>	12.4	-	-	-	-	<b>10.0</b>	12.6

## CONSOLIDATED OTHER COMPREHENSIVE INCOME FOURTH QUARTER

SEK M	2021	2020
<b>Income for the period</b>	<b>8,066</b>	9,360
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	<b>1,578</b>	-205
Remeasurements of holding of shares at fair value	<b>8</b>	2
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	<b>1,663</b>	-4,733
Share of OCI related to joint ventures and associated companies	<b>514</b>	-716
Accumulated translation difference reversed to income	-	50
<b>Other comprehensive income, net of income taxes</b>	<b>3,763</b>	<b>-5,702</b>
<b>Total comprehensive income for the period *</b>	<b>11,829</b>	<b>3,658</b>
* Attributable to:		
Owners of AB Volvo	<b>11,624</b>	3,674
Non-controlling interest	<b>206</b>	-15
	<b>11,829</b>	<b>3,658</b>

## CONSOLIDATED INCOME STATEMENT YEAR

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Net sales</b>	<b>361,062</b>	326,472	<b>13,437</b>	13,960	<b>-2,283</b>	-1,987	<b>372,216</b>	338,446
Cost of sales	<b>-277,048</b>	-252,933	<b>-7,700</b>	-8,375	<b>2,285</b>	1,989	<b>-282,463</b>	-259,319
<b>Gross income</b>	<b>84,013</b>	<b>73,539</b>	<b>5,738</b>	<b>5,586</b>	<b>2</b>	<b>2</b>	<b>89,753</b>	<b>79,127</b>
Research and development expenses	<b>-18,027</b>	-16,798	-	-	-	-	<b>-18,027</b>	-16,798
Selling expenses	<b>-21,575</b>	-24,284	<b>-2,384</b>	-2,226	-	-	<b>-23,959</b>	-26,510
Administrative expenses	<b>-4,859</b>	-4,611	<b>-11</b>	-9	-	-	<b>-4,870</b>	-4,621
Other operating income and expenses	<b>300</b>	-3,673	<b>-54</b>	-1,786	-	-	<b>246</b>	-5,459
Income/loss from investments in joint ventures and associated companies	<b>-54</b>	1,749	-	-	-	-	<b>-54</b>	1,749
Income/loss from other investments	<b>-15</b>	-4	<b>0</b>	0	-	-	<b>-15</b>	-3
<b>Operating income</b>	<b>39,783</b>	<b>25,919</b>	<b>3,289</b>	<b>1,564</b>	<b>2</b>	<b>2</b>	<b>43,074</b>	<b>27,484</b>
Interest income and similar credits	<b>362</b>	372	-	-	<b>-4</b>	-73	<b>358</b>	299
Interest expenses and similar charges	<b>-1,172</b>	-1,422	<b>0</b>	0	<b>4</b>	73	<b>-1,167</b>	-1,349
Other financial income and expenses	<b>926</b>	-518	-	-	-	-	<b>926</b>	-518
<b>Income after financial items</b>	<b>39,899</b>	<b>24,351</b>	<b>3,289</b>	<b>1,564</b>	<b>2</b>	<b>2</b>	<b>43,190</b>	<b>25,917</b>
Income taxes	<b>-9,140</b>	-5,439	<b>-807</b>	-404	<b>-0</b>	0	<b>-9,947</b>	-5,843
<b>Income for the period *</b>	<b>30,759</b>	<b>18,912</b>	<b>2,482</b>	<b>1,160</b>	<b>1</b>	<b>2</b>	<b>33,243</b>	<b>20,074</b>
* Attributable to:								
Owners of AB Volvo							<b>32,787</b>	19,318
Non-controlling interest							<b>456</b>	755
							<b>33,243</b>	<b>20,074</b>
Basic earnings per share, SEK							<b>16.12</b>	9.50
Diluted earnings per share, SEK							<b>16.12</b>	9.50

### Key ratios, %

Gross margin	<b>23.3</b>	22.5	-	-	-	-	<b>24.1</b>	23.4
Research and development expenses as % of net sales	<b>5.0</b>	5.1	-	-	-	-	<b>4.8</b>	5.0
Selling expenses as % of net sales	<b>6.0</b>	7.4	-	-	-	-	<b>6.4</b>	7.8
Administrative expenses as % of net sales	<b>1.3</b>	1.4	-	-	-	-	<b>1.3</b>	1.4
Operating margin	<b>11.0</b>	7.9	-	-	-	-	<b>11.6</b>	8.1

## CONSOLIDATED OTHER COMPREHENSIVE INCOME YEAR

SEK M	2021	2020
<b>Income for the period</b>	<b>33,243</b>	20,074
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	<b>6,091</b>	-1,901
Remeasurements of holding of shares at fair value	<b>48</b>	-6
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	<b>5,775</b>	-9,741
Share of OCI related to joint ventures and associated companies	<b>1,349</b>	-939
Accumulated translation difference reversed to income	<b>-324</b>	-50
<b>Other comprehensive income, net of income taxes</b>	<b>12,938</b>	<b>-12,637</b>
<b>Total comprehensive income for the period *</b>	<b>46,182</b>	<b>7,437</b>
* Attributable to:		
Owners of AB Volvo	<b>45,354</b>	6,895
Non-controlling interest	<b>828</b>	542
	<b>46,182</b>	<b>7,437</b>

## CONSOLIDATED BALANCE SHEET

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020
<b>Assets</b>								
<b>Non-current assets</b>								
Intangible assets	36,971	34,423	98	154	-	-	37,070	34,577
<i>Tangible assets</i>								
Property, plant and equipment	54,356	49,045	48	68	-	-	54,405	49,113
Assets under operating leases	32,150	29,460	19,658	19,155	-11,838	-10,653	39,969	37,962
<i>Financial assets</i>								
Investments in Joint Ventures and associated companies	20,685	13,160	-	-	-	-	20,685	13,160
Other shares and participations	524	262	15	15	-	-	539	276
Non-current customer-financing receivables	1,669	1,061	83,774	70,773	-2,057	-1,287	83,386	70,547
Net pension assets	2,372	1,712	-	-	-	-	2,372	1,712
Non-current interest-bearing receivables	1,747	4,603	74	-	-70	-410	1,752	4,193
Other non-current receivables	9,211	9,228	187	157	-170	-815	9,227	8,569
Deferred tax assets	9,744	9,505	1,203	1,089	0	1	10,947	10,595
<b>Total non-current assets</b>	<b>169,430</b>	<b>152,458</b>	<b>105,058</b>	<b>91,411</b>	<b>-14,135</b>	<b>-13,164</b>	<b>260,352</b>	<b>230,705</b>
<b>Current assets</b>								
Inventories	63,715	47,273	202	352	-	-	63,916	47,625
<i>Current receivables</i>								
Customer-financing receivables	868	635	68,352	58,096	-1,102	-746	68,118	57,985
Tax assets	1,336	1,659	373	528	-	-	1,708	2,187
Interest-bearing receivables	1,976	1,698	0	4	-26	-15	1,950	1,686
Internal funding	16,672	10,925	-	-	-16,672	-10,925	-	-
Accounts receivable	39,321	34,278	1,455	1,383	-	-	40,776	35,660
Other receivables	18,103	17,105	1,840	1,361	-3,201	-3,208	16,742	15,258
Marketable securities	167	213	-	-	-	-	167	213
Cash and cash equivalents	59,435	81,973	3,913	4,680	-1,223	-1,448	62,126	85,206
Assets held for sale	-	29,362	-	4,934	-	-	-	34,296
<b>Total current assets</b>	<b>201,593</b>	<b>225,121</b>	<b>76,135</b>	<b>71,337</b>	<b>-22,223</b>	<b>-16,342</b>	<b>255,504</b>	<b>280,116</b>
<b>Total assets</b>	<b>371,022</b>	<b>377,579</b>	<b>181,193</b>	<b>162,748</b>	<b>-36,359</b>	<b>-29,506</b>	<b>515,856</b>	<b>510,821</b>
<b>Equity and liabilities</b>								
Equity attributable to owners of AB Volvo	126,546	132,280	14,500	13,018	-2	-3	141,045	145,295
Non-controlling interest	3,073	2,847	-	-	-	-	3,073	2,847
<b>Total equity</b>	<b>129,619</b>	<b>135,127</b>	<b>14,500</b>	<b>13,018</b>	<b>-2</b>	<b>-3</b>	<b>144,118</b>	<b>148,142</b>
<i>Non-current provisions</i>								
Provisions for post-employment benefits	12,095	18,282	82	148	-	-	12,177	18,430
Provisions for deferred taxes	2,774	1,166	2,153	2,099	-	-	4,926	3,265
Other provisions	10,610	10,217	49	238	557	464	11,216	10,918
<i>Non-current liabilities</i>								
Bond loans	79,365	66,391	-	-	-	-	79,365	66,391
Other loans	16,488	18,053	10,148	11,905	-1,823	-1,182	24,812	28,775
Internal funding	-82,734	-58,839	74,223	59,412	8,512	-573	-	-
Other liabilities	42,978	38,094	1,557	1,371	-7,705	-8,041	36,831	31,424
Current provisions	11,535	12,411	36	225	383	517	11,954	13,153
<i>Current liabilities</i>								
Bond loans	21,747	30,904	-	-	-	-	21,747	30,904
Other loans	21,230	17,055	7,432	10,968	-962	-669	27,700	27,354
Internal funding	-36,176	-38,547	63,141	51,050	-26,964	-12,503	-	-
Trade payables	76,079	59,013	666	598	-	-	76,745	59,611
Tax liabilities	3,720	3,885	567	714	-	-	4,287	4,599
Other liabilities	61,693	57,730	6,639	6,354	-8,354	-7,515	59,978	56,569
Liabilities held for sale	-	6,638	-	4,649	-	-	-	11,286
<b>Total equity and liabilities</b>	<b>371,022</b>	<b>377,579</b>	<b>181,193</b>	<b>162,748</b>	<b>-36,359</b>	<b>-29,506</b>	<b>515,856</b>	<b>510,821</b>
<b>Key ratios, %</b>								
Equity ratio	34.9	35.8	8.0	8.0	0.0	0.0	27.9	29.0
Equity attributable to owners of AB Volvo, per share in SEK	-	-	-	-	-	-	69.4	71.5
Return on operating capital <sup>1</sup>	51.9	29.4	-	-	-	-	-	-
Return on capital employed <sup>1</sup>	25.3	14.7	-	-	-	-	-	-
Return on total equity <sup>1</sup>	-	-	18.0	8.3	-	-	23.4	13.8

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



## CONSOLIDATED CASH FLOW STATEMENT FOURTH QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Operating activities</b>								
Operating income	9,352	11,691	867	523	1	1	10,219	12,215
Amortization intangible assets	699	760	8	37	-	-	706	797
Depreciation tangible assets	1,847	1,917	7	7	-	-	1,854	1,924
Depreciation leasing vehicles	1,110	1,450	1,149	1,134	0	-23	2,259	2,561
Other non-cash items	996	-1,618	124	414	-3	-31	1,117	-1,234
Total change in working capital whereof	17,027	5,424	-7,853	-4,403	236	209	9,410	1,231
<i>Change in accounts receivables</i>	-211	-2,110	7	-1	-	-	-204	-2,111
<i>Change in customer-financing receivables</i>	-43	-176	-7,287	-4,331	229	203	-7,100	-4,304
<i>Change in inventories</i>	-367	656	67	21	-	-	-299	677
<i>Change in trade payables</i>	15,592	8,665	-73	107	-	-	15,519	8,772
<i>Other changes in working capital</i>	2,056	-1,611	-568	-198	7	6	1,495	-1,803
Dividends received from joint ventures and associated companies	-	519	-	-	-	-	-	519
Interest and similar items received	120	98	0	-	13	-6	133	92
Interest and similar items paid	-131	-144	-1	-	-10	40	-142	-104
Other financial items	-91	-118	-	-	-	-	-91	-118
Income taxes paid	-2,295	-380	-379	-320	-	-	-2,674	-700
<b>Cash flow from operating activities</b>	<b>28,633</b>	<b>19,600</b>	<b>-6,078</b>	<b>-2,608</b>	<b>237</b>	<b>190</b>	<b>22,791</b>	<b>17,182</b>
<b>Investing activities</b>								
Investments in intangible assets	-1,235	-1,070	4	-2	-	-	-1,231	-1,072
Investments in tangible assets	-3,858	-2,046	-2	0	-	-	-3,860	-2,046
Investment in leasing vehicles	-6	-11	-2,617	-2,465	5	-	-2,618	-2,476
Disposals of in-/tangible assets and leasing vehicles	45	194	1,374	1,460	-5	-10	1,415	1,644
<b>Operating cash flow</b>	<b>23,579</b>	<b>16,668</b>	<b>-7,319</b>	<b>-3,616</b>	<b>237</b>	<b>180</b>	<b>16,497</b>	<b>13,232</b>
Investments of shares							-73	-249
Acquired operations							-	-10
Divested operations							326	257
Interest-bearing receivables incl. marketable securities							-65	296
<b>Cash flow after net investments</b>							<b>16,685</b>	<b>13,526</b>
<b>Financing activities</b>								
New borrowings							28,769	34,840
Repayments of borrowings							-19,835	-47,181
Dividend to non-controlling interest							-214	-768
Other							-31	24
<b>Change in cash and cash equivalents excl. translation differences</b>							<b>25,374</b>	<b>441</b>
Translation difference on cash and cash equivalents							574	-1,448
<b>Change in cash and cash equivalents</b>							<b>25,948</b>	<b>-1,007</b>

## CONSOLIDATED CASH FLOW STATEMENT YEAR

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Operating activities</b>								
Operating income	39,783	25,919	3,289	1,564	2	2	43,074	27,484
Amortization intangible assets	2,757	3,067	36	76	-	-	2,793	3,143
Depreciation tangible assets	7,238	7,569	26	27	-	-	7,264	7,596
Depreciation leasing vehicles	4,301	5,292	4,361	4,569	0	0	8,663	9,860
Other non-cash items	-1,444	-818	453	2,019	-7	16	-998	1,217
Total change in working capital whereof	-2,270	-10,961	-16,054	-3,051	853	330	-17,471	-13,682
Change in accounts receivables	-1,999	-1,970	-64	-60	-	-	-2,062	-2,030
Change in customer-financing receivables	-623	-332	-15,619	-4,068	871	289	-15,370	-4,112
Change in inventories	-12,438	2,351	151	114	-	-	-12,287	2,465
Change in trade payables	13,137	-4,397	37	372	-	-	13,174	-4,025
Other changes in working capital	-347	-6,612	-559	592	-19	41	-925	-5,979
Dividends received from joint ventures and associated companies	769	1,070	-	-	-	-	769	1,070
Interest and similar items received	347	382	0	0	18	-96	365	286
Interest and similar items paid	-854	-1,191	6	0	-6	88	-854	-1,102
Other financial items	-307	-336	-	-	-	-	-307	-336
Income taxes paid	-8,657	-4,132	-994	-796	-	-	-9,651	-4,927
<b>Cash flow from operating activities</b>	<b>41,664</b>	<b>25,862</b>	<b>-8,877</b>	<b>4,408</b>	<b>860</b>	<b>340</b>	<b>33,647</b>	<b>30,610</b>
<b>Investing activities</b>								
Investments in intangible assets	-3,737	-2,972	15	-51	-	-	-3,722	-3,023
Investments in tangible assets	-8,806	-5,730	-3	-3	-	-	-8,809	-5,733
Investment in leasing vehicles	-37	-23	-9,291	-9,425	21	885	-9,308	-8,564
Disposals of in-/tangible assets and leasing vehicles	356	1,409	5,495	5,833	-15	-895	5,837	6,346
<b>Operating cash flow</b>	<b>29,440</b>	<b>18,545</b>	<b>-12,662</b>	<b>761</b>	<b>866</b>	<b>330</b>	<b>17,645</b>	<b>19,636</b>
Investments of shares							-7,384	-475
Divestments of shares							-	13
Acquired operations							-789	-10
Divested operations <sup>1</sup>							22,773	435
Interest-bearing receivables incl. marketable securities							-87	1,070
<b>Cash flow after net investments</b>							<b>32,158</b>	<b>20,668</b>
<b>Financing activities</b>								
New borrowings							89,141	128,453
Repayments of borrowings							-96,113	-121,132
Dividend to owners of AB Volvo							-49,820	-
Dividend to non-controlling interest							-631	-778
Other							-132	-99
<b>Change in cash and cash equivalents excl. translation differences</b>							<b>-25,396</b>	<b>27,113</b>
Translation difference on cash and cash equivalents							2,316	-3,368
<b>Change in cash and cash equivalents</b>							<b>-23,080</b>	<b>23,745</b>

<sup>1</sup>The 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	
	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	83.4	70.5
Non-current interest-bearing receivables	1.7	4.6	1.8	4.2
Current interest-bearing assets				
Customer-financing receivables	-	-	68.1	58.0
Interest-bearing receivables	2.0	1.7	2.0	1.7
Internal funding	16.7	10.9	-	-
Marketable securities	0.2	0.2	0.2	0.2
Cash and cash equivalents	59.4	82.0	62.1	85.2
Assets held for sale	-	0.0	-	4.7
<b>Total interest-bearing financial assets</b>	<b>80.0</b>	<b>99.4</b>	<b>217.5</b>	<b>224.5</b>
Non-current interest-bearing liabilities				
Bond loans	-79.4	-66.4	-79.4	-66.4
Other loans	-12.0	-13.6	-20.3	-24.3
Internal funding	82.7	58.8	-	-
Current interest-bearing liabilities				
Bond loans	-21.7	-30.9	-21.7	-30.9
Other loans	-19.6	-15.5	-26.1	-25.8
Internal funding	36.2	38.5	-	-
Liabilities held for sale	-	4.3	-	-0.0
<b>Total interest-bearing financial liabilities excl. lease liabilities</b>	<b>-13.8</b>	<b>-24.7</b>	<b>-147.5</b>	<b>-147.5</b>
<b>Net financial position excl. post-employment benefits and lease liabilities</b>	<b>66.2</b>	<b>74.7</b>	<b>70.0</b>	<b>77.0</b>

Provisions for post-employment benefits and lease liabilities, net SEK bn	Industrial Operations		Volvo Group	
	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020
Non-current lease liabilities	-4.5	-4.5	-4.5	-4.4
Current lease liabilities	-1.7	-1.6	-1.6	-1.6
Provisions for post-employment benefits, net	-9.7	-16.6	-9.8	-16.7
Liabilities held for sale	-	-1.1	-	-1.1
<b>Provisions for post-employment benefits and lease liabilities, net</b>	<b>-15.9</b>	<b>-23.7</b>	<b>-15.9</b>	<b>-23.8</b>

Net financial position incl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020
Net financial position excl. post-employment benefits and lease liabilities	66.2	74.7	70.0	77.0
Provisions for post-employment benefits and lease liabilities, net	-15.9	-23.7	-15.9	-23.8
<b>Net financial position incl. post-employment benefits and lease liabilities</b>	<b>50.4</b>	<b>51.0</b>	<b>54.1</b>	<b>53.2</b>

## CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	Fourth quarter 2021	Year 2021
<b>Net financial position excl. post-employment benefits and lease liabilities at the end of previous period</b>	<b>42.5</b>	<b>74.7</b>
Operating cash flow	23.6	29.4
Investments and divestments of shares, net	-0.1	-7.4
Acquired and divested operations, net <sup>1</sup>	0.3	17.9
Capital injections to/from Financial Services	-	1.6
Currency effect	0.9	3.0
Dividend to owners of AB Volvo	-	-49.8
Other changes	-1.0	-3.2
<b>Net financial position excl. post-employment benefits and lease liabilities at the end of period</b>	<b>66.2</b>	<b>66.2</b>
<b>Provisions for post-employment benefits and lease liabilities at the end of previous period</b>	<b>-17.9</b>	<b>-23.7</b>
Pension payments, included in operating cash flow	0.7	1.8
Remeasurements of defined post-employment benefits	1.9	7.7
Service costs and other pension costs	-0.4	-2.0
Investments, remeasurements and amortizations of lease contracts	0.1	0.3
Transfer pensions and lease liabilities to UD Trucks	-	1.1
Currency effect	-0.2	-0.7
Other changes	-0.1	-0.4
<b>Provisions for post-employment benefits and lease liabilities at the end of period</b>	<b>-15.9</b>	<b>-15.9</b>
<b>Net financial position incl. post-employment benefits and lease liabilities at the end of period</b>	<b>50.4</b>	<b>50.4</b>

<sup>1</sup>Includes 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.

## CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK bn	Dec 31 2021	Dec 31 2020
<b>Total equity at the end of previous period</b>	<b>148.1</b>	<b>141.7</b>
<b>Equity attributable to shareholders of AB Volvo at the end of previous period</b>	<b>145.3</b>	<b>138.6</b>
Income for the period	32.8	19.3
Other comprehensive income	12.6	-12.4
<b>Total comprehensive income</b>	<b>45.4</b>	<b>6.9</b>
Dividend to AB Volvo shareholders	-49.8	0.0
Other changes	0.2	-0.2
<b>Equity attributable to shareholders of AB Volvo at the end of period</b>	<b>141.0</b>	<b>145.3</b>
<b>Non-controlling interest at the end of previous period</b>	<b>2.8</b>	<b>3.1</b>
Income for the period	0.5	0.8
Other comprehensive income	0.4	-0.2
<b>Total comprehensive income</b>	<b>0.8</b>	<b>0.5</b>
Dividend to non-controlling interest	-0.6	-0.8
Other changes	0.0	0.0
<b>Non-controlling interest at the end of period</b>	<b>3.1</b>	<b>2.8</b>
<b>Total equity at the end of period</b>	<b>144.1</b>	<b>148.1</b>

## QUARTERLY FIGURES

Income Statements, Volvo Group							
SEK M unless otherwise stated	4/2021	3/2021	2/2021	1/2021	4/2020	Year 2021	Year 2020
<b>Net sales</b>	<b>102,378</b>	<b>85,258</b>	<b>90,561</b>	<b>94,018</b>	<b>96,917</b>	<b>372,216</b>	<b>338,446</b>
Cost of sales	-78,941	-64,357	-68,843	-70,322	-73,071	-282,463	-259,319
<b>Gross income</b>	<b>23,436</b>	<b>20,902</b>	<b>21,718</b>	<b>23,696</b>	<b>23,847</b>	<b>89,753</b>	<b>79,127</b>
Research and development expenses	-4,803	-4,074	-4,780	-4,370	-4,314	-18,027	-16,798
Selling expenses	-6,148	-5,597	-5,965	-6,249	-6,808	-23,959	-26,510
Administrative expenses	-1,450	-991	-1,274	-1,156	-1,252	-4,870	-4,621
Other operating income and expenses	-161	-482	1,393	-503	125	246	-5,459
Income/loss from investments in Joint Ventures and associated companies	-668	-322	290	645	615	-54	1,749
Income/loss from other investments	13	-32	2	3	3	-15	-3
<b>Operating income</b>	<b>10,219</b>	<b>9,403</b>	<b>11,384</b>	<b>12,067</b>	<b>12,215</b>	<b>43,074</b>	<b>27,484</b>
Interest income and similar credits	94	99	88	76	86	358	299
Interest expenses and similar charges	-315	-291	-264	-296	-334	-1,167	-1,349
Other financial income and expenses	204	222	57	443	-90	926	-518
<b>Income after financial items</b>	<b>10,202</b>	<b>9,433</b>	<b>11,265</b>	<b>12,290</b>	<b>11,877</b>	<b>43,190</b>	<b>25,917</b>
Income taxes	-2,136	-2,325	-2,202	-3,286	-2,517	-9,947	-5,843
<b>Income for the period *</b>	<b>8,066</b>	<b>7,109</b>	<b>9,064</b>	<b>9,004</b>	<b>9,360</b>	<b>33,243</b>	<b>20,074</b>
* Attributable to:							
Owners of AB Volvo	7,995	7,052	8,900	8,841	9,202	32,787	19,318
Non-controlling interest	72	56	164	164	158	456	755
	<b>8,066</b>	<b>7,109</b>	<b>9,064</b>	<b>9,004</b>	<b>9,360</b>	<b>33,243</b>	<b>20,074</b>
<b>Key ratios, Volvo Group, %</b>							
Gross margin	22.9	24.5	24.0	25.2	24.6	24.1	23.4
Research and development expenses as % of net sales	4.7	4.8	5.3	4.6	4.5	4.8	5.0
Selling expenses as % of net sales	6.0	6.6	6.6	6.6	7.0	6.4	7.8
Administrative expenses as % of net sales	1.4	1.2	1.4	1.2	1.3	1.3	1.4
Operating margin	10.0	11.0	12.6	12.8	12.6	11.6	8.1
<b>Key ratios, Industrial Operations, %</b>							
Gross margin	22.0	23.6	23.2	24.4	23.9	23.3	22.5
Research and development expenses as % of net sales	4.8	5.0	5.4	4.8	4.6	5.0	5.1
Selling expenses as % of net sales	5.5	6.1	6.1	6.2	6.7	6.0	7.4
Administrative expenses as % of net sales	1.5	1.2	1.4	1.3	1.3	1.3	1.4
Operating margin	9.4	10.4	11.9	12.5	12.4	11.0	7.9
<b>EBITDA margin, Industrial Operations</b>							
<b>Operating income Industrial Operations</b>	<b>9,352</b>	<b>8,576</b>	<b>10,471</b>	<b>11,384</b>	<b>11,691</b>	<b>39,783</b>	<b>25,919</b>
Product and software development, amortization	676	666	687	594	666	2,622	2,733
Other intangible assets, amortization	23	40	32	40	94	135	334
Tangible assets, depreciation	2,957	3,017	2,736	2,830	3,368	11,540	12,861
<b>Total depreciation and amortization</b>	<b>3,655</b>	<b>3,724</b>	<b>3,454</b>	<b>3,464</b>	<b>4,128</b>	<b>14,297</b>	<b>15,928</b>
<b>Operating income before depreciation and amortization (EBITDA)</b>	<b>13,007</b>	<b>12,301</b>	<b>13,925</b>	<b>14,847</b>	<b>15,820</b>	<b>54,080</b>	<b>41,847</b>
EBITDA margin, %	13.0	14.9	15.9	16.3	16.8	15.0	12.8
<b>Net capitalization of research and development</b>							
Capitalization	1,199	620	591	621	559	3,031	2,163
Amortization	-637	-628	-653	-561	-574	-2,479	-2,548
<b>Net capitalization and amortization</b>	<b>562</b>	<b>-7</b>	<b>-63</b>	<b>60</b>	<b>-15</b>	<b>552</b>	<b>-385</b>
Return on operating capital in Industrial Operations, % <sup>1</sup>	51.9	54.9	49.8	35.0	29.4		
Return on capital employed in Industrial Operations, % <sup>1</sup>	25.3	25.6	23.4	17.1	14.7		

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

## QUARTERLY FIGURES

Net sales							Year	Year
SEK M	4/2021	3/2021	2/2021	1/2021	4/2020	2021	2020	
Trucks	67,164	53,401	51,945	58,372	61,917	230,881	208,262	
Construction Equipment	21,812	19,638	25,839	24,742	20,810	92,031	81,453	
Buses <sup>1</sup>	4,157	3,306	3,811	2,378	5,106	13,652	14,712	
Volvo Penta	3,634	3,428	3,967	3,409	2,985	14,437	11,891	
Group Functions & Other <sup>1</sup>	3,973	3,271	3,001	3,214	3,983	13,459	12,949	
Eliminations	-993	-748	-752	-906	-754	-3,398	-2,796	
<b>Industrial Operations</b>	<b>99,747</b>	<b>82,296</b>	<b>87,810</b>	<b>91,209</b>	<b>94,047</b>	<b>361,062</b>	<b>326,472</b>	
Financial Services	3,579	3,368	3,233	3,257	3,369	13,437	13,960	
Reclassifications and eliminations	-948	-406	-482	-447	-498	-2,283	-1,987	
<b>Volvo Group</b>	<b>102,378</b>	<b>85,258</b>	<b>90,561</b>	<b>94,018</b>	<b>96,917</b>	<b>372,216</b>	<b>338,446</b>	

<sup>1</sup> For more information, please see Appendix Nova Bus.

Operating income							Year	Year
SEK M	4/2021	3/2021	2/2021	1/2021	4/2020	2021	2020	
Trucks	7,052	5,814	7,004	7,479	8,866	27,349	15,764	
Construction Equipment	2,396	2,635	3,374	3,822	2,460	12,228	9,583	
Buses <sup>1</sup>	-22	124	-9	-15	-9	78	-529	
Volvo Penta	330	501	617	643	37	2,092	1,402	
Group Functions & Other <sup>1</sup>	-459	-515	-514	-530	318	-2,017	-315	
Eliminations	54	17	-2	-15	18	53	12	
<b>Industrial Operations</b>	<b>9,352</b>	<b>8,576</b>	<b>10,471</b>	<b>11,384</b>	<b>11,691</b>	<b>39,783</b>	<b>25,919</b>	
Financial Services	867	826	913	682	523	3,289	1,564	
Reclassifications and eliminations	0	1	0	1	1	2	2	
<b>Volvo Group</b>	<b>10,219</b>	<b>9,403</b>	<b>11,384</b>	<b>12,067</b>	<b>12,215</b>	<b>43,074</b>	<b>27,484</b>	

<sup>1</sup> For more information, please see Appendix Nova Bus.

Adjusted operating income <sup>1</sup>							Year	Year
SEK M	4/2021	3/2021	2/2021	1/2021	4/2020	2021	2020	
Trucks	6,924	5,814	5,350	7,479	8,045	25,567	17,251	
Construction Equipment	2,396	2,635	3,374	3,822	2,321	12,228	10,071	
Buses <sup>2</sup>	-42	124	-9	-15	-25	59	-452	
Volvo Penta	330	501	617	643	25	2,092	1,448	
Group Functions & Other <sup>2</sup>	-461	-515	-514	-776	30	-2,265	-1,375	
Eliminations	54	17	-2	-15	17	53	12	
<b>Industrial Operations</b>	<b>9,202</b>	<b>8,576</b>	<b>8,817</b>	<b>11,138</b>	<b>10,413</b>	<b>37,733</b>	<b>26,955</b>	
Financial Services	858	826	913	682	521	3,279	1,606	
Reclassifications and eliminations	0	1	0	1	1	2	2	
<b>Volvo Group adjusted operating income</b>	<b>10,060</b>	<b>9,403</b>	<b>9,730</b>	<b>11,821</b>	<b>10,934</b>	<b>41,015</b>	<b>28,564</b>	

<sup>1</sup> For more information on adjusted operating income, please see note 7.

<sup>2</sup> For more information, please see Appendix Nova Bus.

Operating margin							Year	Year
%	4/2021	3/2021	2/2021	1/2021	4/2020	2021	2020	
Trucks	10.5	10.9	13.5	12.8	14.3	11.8	7.6	
Construction Equipment	11.0	13.4	13.1	15.4	11.8	13.3	11.8	
Buses <sup>1</sup>	-0.5	3.8	-0.2	-0.6	-0.2	0.6	-3.6	
Volvo Penta	9.1	14.6	15.6	18.9	1.2	14.5	11.8	
<b>Industrial Operations</b>	<b>9.4</b>	<b>10.4</b>	<b>11.9</b>	<b>12.5</b>	<b>12.4</b>	<b>11.0</b>	<b>7.9</b>	
<b>Volvo Group</b>	<b>10.0</b>	<b>11.0</b>	<b>12.6</b>	<b>12.8</b>	<b>12.6</b>	<b>11.6</b>	<b>8.1</b>	

<sup>1</sup> For more information, please see Appendix Nova Bus.

Adjusted operating margin							Year	Year
%	4/2021	3/2021	2/2021	1/2021	4/2020	2021	2020	
Trucks	10.3	10.9	10.3	12.8	13.0	11.1	8.3	
Construction Equipment	11.0	13.4	13.1	15.4	11.2	13.3	12.4	
Buses <sup>1</sup>	-1.0	3.8	-0.2	-0.6	-0.5	0.4	-3.1	
Volvo Penta	9.1	14.6	15.6	18.9	0.8	14.5	12.2	
<b>Industrial Operations</b>	<b>9.2</b>	<b>10.4</b>	<b>10.0</b>	<b>12.2</b>	<b>11.1</b>	<b>10.5</b>	<b>8.3</b>	
<b>Volvo Group adjusted operating margin</b>	<b>9.8</b>	<b>11.0</b>	<b>10.7</b>	<b>12.6</b>	<b>11.3</b>	<b>11.0</b>	<b>8.4</b>	

<sup>1</sup> For more information, please see Appendix Nova Bus.

## QUARTERLY FIGURES

Share data	4/2021	3/2021	2/2021	1/2021	4/2020	Year 2021	Year 2020
Earnings per share, SEK <sup>1</sup>	3.93	3.47	4.38	4.35	4.53	16.12	9.50
Earnings per share, SEK <sup>1</sup> , 12 months rolling	16.12	16.72	16.07	11.55	9.50	-	-
Diluted earnings per share, SEK	3.93	3.47	4.38	4.35	4.53	16.12	9.50
Number of outstanding shares in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Average number of shares before dilution in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Average number of shares after dilution in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Number of own shares in millions	0	0	0	0	0	0	0
Average number of own shares in millions	0	0	0	0	0	0	55

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

### NOTE 1 | ACCOUNTING POLICIES

The Volvo Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies and definitions are consistently applied with those described in the Volvo Group Annual and Sustainability Report 2020 (available at [www.volvogroup.com](http://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 are effective from January 1, 2021 and relates to the interest rate benchmark reform - phase 2 which provides guidance on how to account for the effects of the reform. The reform refers to the transition from current interest reference rate to new benchmark interest rates. The transition implies that

contract terms for certain financial instruments will change and shall be accounted for as an adjustment of variable interest. The Volvo Group closely follows the transition which will take place at different points in time for different interest rates during the coming years. Hence, the amendments to IFRS 7, IFRS 9 and IFRS 16 will be applied when new interest rate benchmarks are incorporated in the underlying contracts. Meanwhile, the Volvo Group performs system and process updates to ensure new benchmark interest rates can be managed. During 2021, the GBP LIBOR has been replaced by SONIA. The Volvo Group had a limited number of interest derivative contracts linked to GBP LIBOR which have been cancelled with an insignificant effect in the income statement.

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 and inflationary pressure

Our ability to deliver according to market demand depends significantly on obtaining a timely and adequate supply of materials, components and other vital services, as well as on our ability to properly utilize the capacity in the Group's different production and services facilities. At present, our supply chain and industrial system are strained in many

areas due to e.g. shortages of semiconductors and other materials and components, shortages of transport services and developments of the covid-19 pandemic and response measures taken. There will be supply chain disturbances and stoppages in production going forward. Such disturbances could lead to higher costs and interruptions in production and delivery of Group products and services, that could have a material negative impact on the Group's financial performance.

The Group is experiencing higher input costs from increased prices on e.g. purchased material, freight and energy as well as higher labor costs. If the Group is unable to compensate for the higher input costs through increased prices on products and services sold, this could have a negative impact on the Group's financial performance.

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

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

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

#### **Accounts receivable**

Due to the prevailing business model in the construction equipment industry in China, with long payment terms to customers, a substantial part of the Volvo Group's accounts receivable are normally related to customers in this market. 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 the Volvo Group's risk exposure. Total contingent liabilities as of December 31, 2021, amounted to SEK 18.0 billion, an increase of SEK 4.1 billion compared to December 31, 2020. The gross exposure of SEK 18.0 billion is partly reduced by counter guarantees and collaterals.

#### **Legal proceedings**

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

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

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



### NOTE 3 | 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, repairs, extended coverage, connectivity solutions 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, connectivity solutions 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

The Volvo Group has not made any acquisitions or divestments of operations during Q4 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 3.5 billion (6.6) and derivatives with negative fair values amounted to SEK 2.4 billion (1.4) as of December 31, 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 151.5 billion (152.8) in reported carrying value with a fair value of SEK 152.9 billion (155.7). In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 2.2 billion (0.6).

Currency effect on operating income, Volvo Group SEK M	Compared to fourth quarter 2020		
	Fourth quarter 2021	Fourth quarter 2020	Change
Net flow in foreign currency			310
Realized and unrealized gains and losses on derivatives	-1	-3	2
Unrealized gains and losses on receivables and liabilities in foreign currency	21	318	-297
Translation effect on operating income in foreign subsidiaries			47
<b>Total currency effect on operating income, Volvo Group</b>			<b>62</b>

Applicable currency rates	Quarterly exchange rates		Close rates	
	Fourth quarter 2021	Fourth quarter 2020	Dec 31 2021	Dec 31 2020
BRL	1.59	1.59	1.59	1.57
CNY	1.39	1.30	1.42	1.25
EUR	10.13	10.28	10.23	10.04
GBP	11.93	11.38	12.18	11.09
USD	8.85	8.63	9.04	8.19
KRW	0.0075	0.0077	0.0076	0.0075

## NOTE 6 | TRANSACTIONS WITH RELATED PARTIES

	Sales of goods, services and other income		Purchases of goods, services and other expenses	
	Fourth quarter 2021	Fourth quarter 2020	Fourth quarter 2021	Fourth quarter 2020
SEK M				
Associated companies	208	278	28	5
Joint ventures	523	800	255	220

	Receivables		Payables	
	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020
SEK M				
Associated companies	48	242	30	24
Joint ventures	353	330	69	71

## NOTE 7 | RECONCILIATION OF ADJUSTED OPERATING INCOME

Adjusted operating income							
SEK M	4/2021	3/2021	2/2021	1/2021	4/2020	Year 2021	Year 2020
Trucks	6,924	5,814	5,350	7,479	8,045	25,567	17,251
Construction Equipment	2,396	2,635	3,374	3,822	2,321	12,228	10,071
Buses <sup>1</sup>	-42	124	-9	-15	-25	59	-452
Volvo Penta	330	501	617	643	25	2,092	1,448
Group Functions & Other <sup>1</sup>	-461	-515	-514	-776	30	-2,265	-1,375
Eliminations	54	17	-2	-15	17	53	12
<b>Industrial Operations</b>	<b>9,202</b>	<b>8,576</b>	<b>8,817</b>	<b>11,138</b>	<b>10,413</b>	<b>37,733</b>	<b>26,955</b>
Financial Services	858	826	913	682	521	3,279	1,606
Reclassifications and eliminations	0	1	0	1	1	2	2
<b>Volvo Group adjusted operating income</b>	<b>10,060</b>	<b>9,403</b>	<b>9,730</b>	<b>11,821</b>	<b>10,934</b>	<b>41,015</b>	<b>28,564</b>

Adjustments							
SEK M	4/2021	3/2021	2/2021	1/2021	4/2020	Year 2021	Year 2020
<b>Adjustment items (segment)</b>							
Depreciation of Assets held for sale (Group functions & Other)	-	-	-	246	287	246	1,128
Restructuring charges related to headcount reductions:							
Trucks	128	-	-	-	821	128	-1,486
Construction Equipment	0	-	-	-	140	0	-488
Buses	20	-	-	-	16	20	-77
Volvo Penta	0	-	-	-	12	0	-46
Group Functions & Other	2	-	-	-	1	2	-69
Financial Services	9	-	-	-	2	9	-43
Divestment of UD Trucks (Trucks)	-	-	1,653	-	-	1,653	-

Total adjustments							
Trucks	128	-	1,653	-	821	1,781	-1,486
Construction Equipment	0	-	-	-	140	0	-488
Buses <sup>1</sup>	20	-	-	-	16	20	-77
Volvo Penta	0	-	-	-	12	0	-46
Group Functions & Other <sup>1</sup>	2	-	-	246	288	248	1,059
<b>Industrial Operations</b>	<b>150</b>	<b>-</b>	<b>1,653</b>	<b>246</b>	<b>1,278</b>	<b>2,049</b>	<b>-1,037</b>
Financial Services	9	-	-	-	2	9	-43
Reclassifications and eliminations	-0	-0	-	-	-	0	-
<b>Volvo Group</b>	<b>159</b>	<b>-</b>	<b>1,653</b>	<b>246</b>	<b>1,280</b>	<b>2,059</b>	<b>-1,081</b>

Operating income							
SEK M	4/2021	3/2021	2/2021	1/2021	4/2020	Year 2021	Year 2020
Trucks	7,052	5,814	7,004	7,479	8,866	27,349	15,764
Construction Equipment	2,396	2,635	3,374	3,822	2,460	12,228	9,583
Buses <sup>1</sup>	-22	124	-9	-15	-9	78	-529
Volvo Penta	330	501	617	643	37	2,092	1,402
Group Functions & Other <sup>1</sup>	-459	-515	-514	-530	318	-2,017	-315
Eliminations	54	17	-2	-15	18	53	12
<b>Industrial Operations</b>	<b>9,352</b>	<b>8,576</b>	<b>10,471</b>	<b>11,384</b>	<b>11,691</b>	<b>39,783</b>	<b>25,919</b>
Financial Services	867	826	913	682	523	3,289	1,564
Reclassifications and eliminations	0	1	0	1	1	2	2
<b>Volvo Group</b>	<b>10,219</b>	<b>9,403</b>	<b>11,384</b>	<b>12,067</b>	<b>12,215</b>	<b>43,074</b>	<b>27,484</b>

<sup>1</sup> For more information, please see Appendix No va Bus.

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

## PARENT COMPANY

Income from investments in Group companies for the fourth quarter includes dividends amounting to SEK 33,277 M (884). No impairment or reversal of impairment of shares in Group companies has been made (-715). Income from investments in joint ventures and associated companies includes dividends amounting to SEK 2 M (508). Appropriations include group contributions net, of SEK 13,813 M (1,020).

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 42,877 M (7,565) at the end of the fourth quarter.

Income Statement	Fourth quarter		Year	
	2021	2020	2021	2020
SEK M				
<b>Net sales<sup>1</sup></b>	<b>63</b>	<b>94</b>	<b>266</b>	<b>327</b>
Cost of sales <sup>1</sup>	-282	-94	-485	-327
<b>Gross income</b>	<b>-219</b>	<b>0</b>	<b>-219</b>	<b>0</b>
Operating expenses <sup>1</sup>	-472	-295	-1,228	-1,057
<b>Operating income (loss)</b>	<b>-691</b>	<b>-295</b>	<b>-1,447</b>	<b>-1,057</b>
Income from investments in Group companies	33,278	169	44,931	413
Income from investments in joint ventures and associated companies	2	508	787	1,058
Income from investments, other shares and participations	-1	-1	-1	-1
Interest income and expenses	-147	-70	-545	-587
Other financial income and expenses	-14	-6	-17	-19
<b>Income after financial items</b>	<b>32,427</b>	<b>305</b>	<b>43,708</b>	<b>-193</b>
Appropriations	13,813	1,020	15,813	1,020
Income taxes	-2,731	-280	-3,190	653
<b>Income for the period</b>	<b>43,509</b>	<b>1,045</b>	<b>56,331</b>	<b>1,480</b>

<sup>1</sup> Of net sales in the fourth quarter, SEK 55 M (84) pertained to Group companies, while purchases from Group companies amounted to SEK 107 M (66).

Other comprehensive income				
Income for the period	43,509	1,045	56,331	1,480
Other comprehensive income, net of income taxes	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>43,509</b>	<b>1,045</b>	<b>56,331</b>	<b>1,480</b>

<b>Balance Sheet</b>		
SEK M	Dec 31 2021	Dec 31 2020
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	7	7
Financial assets		
Shares and participations in Group companies	67,683	71,857
Investments in joint ventures and associated companies	8,946	8,946
Other shares and participations	1	1
Other long-term receivables	487	-
Deferred tax assets	242	298
<b>Total non-current assets</b>	<b>77,366</b>	<b>81,109</b>
<b>Current assets</b>		
Current receivables from Group companies	56,546	1,735
Other current receivables	1,235	85
<b>Total current assets</b>	<b>57,781</b>	<b>1,820</b>
<b>Total assets</b>	<b>135,147</b>	<b>82,929</b>
<b>Equity and liabilities</b>		
Equity		
Restricted equity	9,899	9,899
Unrestricted equity	61,311	54,800
<b>Total Equity</b>	<b>71,210</b>	<b>64,699</b>
Untaxed reserves	10,000	10,000
Provisions	275	271
Non-current liabilities <sup>1</sup>	5,745	5,595
Current liabilities <sup>2</sup>	47,917	2,364
<b>Total equity and liabilities</b>	<b>135,147</b>	<b>82,929</b>

<sup>1</sup> Of which SEK 5,739 M (5,589) pertains to Group companies.

<sup>2</sup> Of which SEK 45,414 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 fourth quarter 2021 that are expected to have a substantial effect on the Volvo Group.

#### Proposed ordinary dividend of SEK 6.50 per share and an extra dividend of SEK 6.50 per share

For the full year 2021, the Board proposes an ordinary dividend of SEK 6.50 per share (6.00). In addition, the Board proposes an extra dividend of SEK 6.50 per share (9.00).

Gothenburg, January 28, 2022  
AB Volvo (publ)

The Board of Directors

This report has not been reviewed by AB Volvo's auditors.

## NET ORDER INTAKE

Net order intake of trucks	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Number of trucks						
<b>Net order intake excluding UD Trucks</b>						
Europe	<b>34,814</b>	37,922	-8	<b>135,287</b>	95,706	41
Heavy- and medium-duty	<b>27,990</b>	31,634	-12	<b>108,990</b>	78,618	39
Light-duty	<b>6,824</b>	6,288	9	<b>26,297</b>	17,088	54
North America	<b>16,624</b>	24,903	-33	<b>68,296</b>	46,228	48
South America	<b>8,711</b>	10,394	-16	<b>25,358</b>	24,959	2
Asia	<b>4,889</b>	4,963	-1	<b>16,380</b>	16,327	0
Africa and Oceania	<b>3,295</b>	3,213	3	<b>12,535</b>	9,201	36
<b>Total order intake excluding UD Trucks</b>	<b>68,333</b>	<b>81,395</b>	<b>-16</b>	<b>257,856</b>	<b>192,421</b>	<b>34</b>
UD Trucks	-	4,674	N/A	<b>5,017</b>	16,084	N/A
<b>Total order intake</b>	<b>68,333</b>	<b>86,069</b>	<b>-21</b>	<b>262,873</b>	<b>208,505</b>	<b>26</b>
Heavy-duty (>16 tons)	<b>57,905</b>	71,812	-19	<b>211,853</b>	165,395	28
Medium-duty (7-16 tons)	<b>3,524</b>	3,196	10	<b>19,426</b>	9,762	99
Light-duty (<7 tons)	<b>6,904</b>	6,387	8	<b>26,577</b>	17,264	54
<b>Total order intake excluding UD Trucks</b>	<b>68,333</b>	<b>81,395</b>	<b>-16</b>	<b>257,856</b>	<b>192,421</b>	<b>34</b>
UD Trucks	-	4,674	N/A	<b>5,017</b>	16,084	N/A
<b>Total order intake</b>	<b>68,333</b>	<b>86,069</b>	<b>-21</b>	<b>262,873</b>	<b>208,505</b>	<b>26</b>
<b>Net order intake of trucks by brand</b>						
<b>Volvo</b>						
Europe	<b>19,288</b>	21,200	-9	<b>69,905</b>	51,845	35
North America	<b>9,421</b>	17,590	-46	<b>31,694</b>	28,009	13
South America	<b>8,306</b>	9,994	-17	<b>23,949</b>	24,147	-1
Asia	<b>3,827</b>	3,828	-	<b>12,802</b>	13,499	-5
Africa and Oceania	<b>1,724</b>	1,892	-9	<b>7,493</b>	5,610	34
<b>Total Volvo</b>	<b>42,566</b>	<b>54,504</b>	<b>-22</b>	<b>145,843</b>	<b>123,110</b>	<b>18</b>
Heavy-duty (>16 tons)	<b>41,499</b>	53,643	-23	<b>141,873</b>	120,397	18
Medium-duty (7-16 tons)	<b>1,067</b>	861	24	<b>3,970</b>	2,713	46
<b>Total Volvo</b>	<b>42,566</b>	<b>54,504</b>	<b>-22</b>	<b>145,843</b>	<b>123,110</b>	<b>18</b>
<b>Renault Trucks</b>						
Europe	<b>15,526</b>	16,722	-7	<b>65,382</b>	43,861	49
Heavy- and medium-duty	<b>8,702</b>	10,434	-17	<b>39,085</b>	26,773	46
Light-duty	<b>6,824</b>	6,288	9	<b>26,297</b>	17,088	54
North America	<b>44</b>	37	19	<b>147</b>	112	31
South America	<b>84</b>	182	-54	<b>649</b>	373	74
Asia	<b>1,062</b>	1,135	-6	<b>3,578</b>	2,828	27
Africa and Oceania	<b>790</b>	976	-19	<b>1,931</b>	2,741	-30
<b>Total Renault Trucks</b>	<b>17,506</b>	<b>19,052</b>	<b>-8</b>	<b>71,687</b>	<b>49,915</b>	<b>44</b>
Heavy-duty (>16 tons)	<b>8,828</b>	10,947	-19	<b>37,856</b>	27,018	40
Medium-duty (7-16 tons)	<b>1,774</b>	1,718	3	<b>7,254</b>	5,633	29
Light-duty (<7 tons)	<b>6,904</b>	6,387	8	<b>26,577</b>	17,264	54
<b>Total Renault Trucks</b>	<b>17,506</b>	<b>19,052</b>	<b>-8</b>	<b>71,687</b>	<b>49,915</b>	<b>44</b>
<b>Mack</b>						
North America	<b>7,159</b>	7,276	-2	<b>36,455</b>	18,107	101
South America	<b>299</b>	218	37	<b>674</b>	439	54
Africa and Oceania	<b>328</b>	345	-5	<b>1,458</b>	850	72
<b>Total Mack</b>	<b>7,786</b>	<b>7,839</b>	<b>-1</b>	<b>38,587</b>	<b>19,396</b>	<b>99</b>
Heavy-duty (>16 tons)	<b>7,182</b>	7,222	-1	<b>30,790</b>	17,980	71
Medium-duty (7-16 tons)	<b>604</b>	617	-2	<b>7,797</b>	1,416	451
<b>Total Mack</b>	<b>7,786</b>	<b>7,839</b>	<b>-1</b>	<b>38,587</b>	<b>19,396</b>	<b>99</b>

## DELIVERIES

Deliveries of trucks	Fourth quarter		Change %	Year		Change %
	2021	2020		2021	2020	
Number of trucks						
<b>Deliveries excluding UD Trucks</b>						
Europe	30,797	27,154	13	98,600	79,814	24
Heavy- and medium-duty	26,292	22,297	18	80,804	65,036	24
Light-duty	4,505	4,857	-7	17,796	14,778	20
North America	14,577	11,342	29	47,613	32,019	49
South America	8,269	5,872	41	28,609	17,440	64
Asia	4,243	4,898	-13	14,814	14,585	2
Africa and Oceania	2,474	2,044	21	8,828	7,525	17
<b>Total deliveries excluding UD Trucks</b>	<b>60,360</b>	<b>51,310</b>	<b>18</b>	<b>198,464</b>	<b>151,383</b>	<b>31</b>
UD Trucks	-	5,024	N/A	3,994	15,458	N/A
<b>Total deliveries</b>	<b>60,360</b>	<b>56,334</b>	<b>7</b>	<b>202,458</b>	<b>166,841</b>	<b>21</b>
Heavy-duty (>16 tons)	51,874	43,419	19	167,290	128,471	30
Medium-duty (7-16 tons)	3,936	2,991	32	13,136	8,041	63
Light-duty (<7 tons)	4,550	4,900	-7	18,038	14,871	21
<b>Total deliveries excluding UD Trucks</b>	<b>60,360</b>	<b>51,310</b>	<b>18</b>	<b>198,464</b>	<b>151,383</b>	<b>31</b>
UD Trucks	-	5,024	N/A	3,994	15,458	N/A
<b>Total deliveries</b>	<b>60,360</b>	<b>56,334</b>	<b>7</b>	<b>202,458</b>	<b>166,841</b>	<b>21</b>
<b>Deliveries of trucks by brand</b>						
<b>Volvo</b>						
Europe	17,737	15,115	17	52,618	43,253	22
North America	8,621	5,764	50	24,962	16,630	50
South America	7,927	5,626	41	27,594	16,651	66
Asia	3,323	4,161	-20	11,801	12,668	-7
Africa and Oceania	1,482	1,235	20	5,550	4,644	20
<b>Total Volvo</b>	<b>39,090</b>	<b>31,901</b>	<b>23</b>	<b>122,525</b>	<b>93,846</b>	<b>31</b>
Heavy-duty (>16 tons)	38,169	30,995	23	119,544	91,185	31
Medium-duty (7-16 tons)	921	906	2	2,981	2,661	12
<b>Total Volvo</b>	<b>39,090</b>	<b>31,901</b>	<b>23</b>	<b>122,525</b>	<b>93,846</b>	<b>31</b>
<b>Renault Trucks</b>						
Europe	13,060	12,039	8	45,982	36,561	26
Heavy- and medium-duty	8,555	7,182	19	28,186	21,783	29
Light-duty	4,505	4,857	-7	17,796	14,778	20
North America	15	37	-59	125	227	-45
South America	195	107	82	466	200	133
Asia	920	737	25	3,013	1,916	57
Africa and Oceania	498	652	-24	1,874	2,213	-15
<b>Total Renault Trucks</b>	<b>14,688</b>	<b>13,572</b>	<b>8</b>	<b>51,460</b>	<b>41,117</b>	<b>25</b>
Heavy-duty (>16 tons)	8,475	6,992	21	27,475	21,328	29
Medium-duty (7-16 tons)	1,663	1,680	-1	5,947	4,918	21
Light-duty (<7 tons)	4,550	4,900	-7	18,038	14,871	21
<b>Total Renault Trucks</b>	<b>14,688</b>	<b>13,572</b>	<b>8</b>	<b>51,460</b>	<b>41,117</b>	<b>25</b>
<b>Mack</b>						
North America	5,941	5,541	7	22,526	15,162	49
South America	126	139	-9	459	589	-22
Asia	-	-	-	-	1	-
Africa and Oceania	243	157	55	646	668	-3
<b>Total Mack</b>	<b>6,310</b>	<b>5,837</b>	<b>8</b>	<b>23,631</b>	<b>16,420</b>	<b>44</b>
Heavy-duty (>16 tons)	5,049	5,432	-7	19,686	15,958	23
Medium-duty (7-16 tons)	1,261	405	211	3,945	462	754
<b>Total Mack</b>	<b>6,310</b>	<b>5,837</b>	<b>8</b>	<b>23,631</b>	<b>16,420</b>	<b>44</b>

## 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.

<b>Net sales</b>					<b>Year</b>	
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
<b>Total net sales</b>	<b>5,581</b>	<b>5,297</b>	<b>5,304</b>	<b>6,521</b>	<b>22,703</b>	<b>5,438</b>
<b>Of which:</b>						
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

<b>Certain Income Statement items of interest</b>					<b>Year</b>	
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

<b>Net order intake</b>					<b>Year</b>	
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
<b>Total net order intake</b>	<b>4,331</b>	<b>2,646</b>	<b>4,433</b>	<b>4,674</b>	<b>16,084</b>	<b>5,017</b>
<b>Of which:</b>						
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

<b>Deliveries</b>					<b>Year</b>	
Number of trucks	1/2020	2/2020	3/2020	4/2020	2020	1/2021
Europe	-	-	-	-	-	-
North America	11	-	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
<b>Total deliveries</b>	<b>3,409</b>	<b>3,184</b>	<b>3,841</b>	<b>5,024</b>	<b>15,458</b>	<b>3,994</b>
<b>Of which:</b>						
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

## APPENDIX – NOVA BUS

On October 1, 2021, the Volvo Group reorganized its bus operation whereby Nova Bus has been moved from the segment Buses to Group Functions & Other. To facilitate the comparability between the periods, the financial statements of the segments Buses and Group Functions and Other have been restated. Thus, net sales, operating income, net order intake and deliveries for the last four quarters are presented below for comparison purposes. The reorganization has not affected the total amounts for Industrial Operations and the Volvo Group.

SEK M	3/2021			2/2021			1/2021		
	Previously reported	Restatement	After restatement	Previously reported	Restatement	After restatement	Previously reported	Restatement	After restatement
<b>BUSES</b>									
<i>Net sales</i>									
Europe	1,357	-	<b>1,357</b>	1,889	-	<b>1,889</b>	971	-	<b>971</b>
North America	2,583	-1,464	<b>1,119</b>	2,217	-1,316	<b>902</b>	1,607	-1,192	<b>415</b>
South America	265	-	<b>265</b>	201	-	<b>201</b>	170	-	<b>170</b>
Asia	272	-	<b>272</b>	411	-	<b>411</b>	451	-	<b>451</b>
Africa and Oceania	293	-	<b>293</b>	408	-	<b>408</b>	371	-	<b>371</b>
<b>Total net sales</b>	<b>4,770</b>	<b>-1,464</b>	<b>3,306</b>	<b>5,126</b>	<b>-1,316</b>	<b>3,811</b>	<b>3,570</b>	<b>-1,192</b>	<b>2,378</b>
Of which vehicles	3,745	-1,254	<b>2,491</b>	4,167	-1,116	<b>3,051</b>	2,627	-982	<b>1,644</b>
Of which services	1,025	-210	<b>815</b>	960	-200	<b>760</b>	943	-210	<b>733</b>
<b>Adjusted operating income</b>	42	82	<b>124</b>	-26	17	<b>-9</b>	-64	49	<b>-15</b>
Adjustments	-	-	-	-	-	-	-	-	-
<b>Operating income</b>	<b>42</b>	<b>82</b>	<b>124</b>	<b>-26</b>	<b>17</b>	<b>-9</b>	<b>-64</b>	<b>49</b>	<b>-15</b>
Adjusted operating margin, %	0.9	5.6	<b>3.8</b>	-0.5	1.3	<b>-0.2</b>	-1.8	4.1	<b>-0.6</b>
Operating margin, %	0.9	5.6	<b>3.8</b>	-0.5	1.3	<b>-0.2</b>	-1.8	4.1	<b>-0.6</b>
<i>Net order intake and deliveries</i>									
Total orders, number of buses	1,501	-59	<b>1,442</b>	1,024	-37	<b>987</b>	871	-153	<b>718</b>
Of which fully electric	100	-1	<b>99</b>	50	-13	<b>37</b>	26	-	<b>26</b>
Of which hybrids	16	-2	<b>14</b>	41	-	<b>41</b>	71	-4	<b>67</b>
Total deliveries, number of buses	1,357	-215	<b>1,142</b>	1,270	-205	<b>1,065</b>	1,168	-203	<b>965</b>
Of which fully electric	2	-	<b>2</b>	161	-	<b>161</b>	30	-2	<b>28</b>
Of which hybrids	202	-141	<b>61</b>	188	-120	<b>68</b>	100	-73	<b>27</b>
<b>GROUP FUNCTIONS &amp; OTHER</b>									
<i>Net sales and operating income</i>									
Net sales	1,807	1,464	<b>3,271</b>	1,686	1,316	<b>3,001</b>	2,022	1,192	<b>3,214</b>
Adjusted operating income	-433	-82	<b>-515</b>	-497	-17	<b>-514</b>	-727	-49	<b>-776</b>
Adjustments	-	-	-	-	-	-	246	-	<b>246</b>
Operating income	-433	-82	<b>-515</b>	-497	-17	<b>-514</b>	-481	-49	<b>-530</b>



SEK M	4/2020			Year 2020		
	Previously reported	Restatement	After restatement	Previously reported	Restatement	After restatement
<b>BUSES</b>						
<i>Net sales</i>						
Europe	2,434	-	<b>2,434</b>	5,765	-	<b>5,765</b>
North America	2,735	-1,643	<b>1,092</b>	8,302	-5,079	<b>3,223</b>
South America	578	-	<b>578</b>	1,793	-	<b>1,793</b>
Asia	610	-	<b>610</b>	2,397	-	<b>2,397</b>
Africa and Oceania	391	-	<b>391</b>	1,535	-	<b>1,535</b>
<b>Total net sales</b>	<b>6,748</b>	<b>-1,643</b>	<b>5,106</b>	<b>19,791</b>	<b>-5,079</b>	<b>14,712</b>
Of which vehicles	5,822	-1,446	<b>4,376</b>	16,072	-4,278	<b>11,794</b>
Of which services	926	-197	<b>729</b>	3,720	-801	<b>2,919</b>
<b>Adjusted operating income</b>	-24	-1	<b>-25</b>	-445	-7	<b>-452</b>
Adjustments	16	-	<b>16</b>	-77	-	<b>-77</b>
<b>Operating income</b>	<b>-8</b>	<b>-1</b>	<b>-9</b>	<b>-522</b>	<b>-7</b>	<b>-529</b>
Adjusted operating margin, %	-0.4	-0.0	<b>-0.5</b>	-2.2	-0.1	<b>-3.1</b>
Operating margin, %	-0.1	-0.0	<b>-0.2</b>	-2.6	-0.1	<b>-3.6</b>
<i>Net order intake and deliveries</i>						
Total orders, number of buses	791	-58	<b>733</b>	5,641	-1,230	<b>4,411</b>
Of which fully electric	44	-	<b>44</b>	289	-2	<b>287</b>
Of which hybrids	4	-	<b>4</b>	714	-540	<b>174</b>
Total deliveries, number of buses	2,441	-291	<b>2,150</b>	6,215	-790	<b>5,425</b>
Of which fully electric	193	-	<b>193</b>	227	-4	<b>223</b>
Of which hybrids	65	-53	<b>12</b>	473	-390	<b>83</b>
<b>GROUP FUNCTIONS &amp; OTHER</b>						
<i>Net sales and operating income</i>						
Net sales	2,340	1,643	<b>3,983</b>	7,870	5,079	<b>12,949</b>
Adjusted operating income	29	1	<b>30</b>	-1,382	7	<b>-1,375</b>
Adjustments	288	-	<b>288</b>	1,059	-	<b>1,059</b>
Operating income	317	1	<b>318</b>	-322	7	<b>-315</b>

This is information that AB Volvo (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out in the press release concerning this report, at 07.20 CET on January 28, 2022.

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

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

#### **Financial calendar**

Annual and Sustainability report	February 25, 2022
Annual General Meeting	April 6, 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

#### **Contacts**

##### Media relations:

Claes Eliasson	+46 765 53 72 29
----------------	------------------

##### Investor Relations:

Christer Johansson	+46 739 02 25 22
Johan Bartler	+46 739 02 21 93
Anders Christensson	+46 765 53 59 66

Aktiebolaget Volvo (publ)  
556012-5790  
Investor Relations, VGHQ  
SE-405 08 Göteborg, Sweden  
Tel +46 31 66 00 00  
[www.volvogroup.com](http://www.volvogroup.com)

**V O L V O**

VOLVO GROUP