

## Scania Interim Report January–June 2021

### Summary of the first six months of 2021

- Net sales increased by 28 percent to SEK 74,776 m. (58,469)
- Operating income increased by 246 percent to SEK 9,733 m. (2,813)
- Cash flow amounted to SEK 3,661 m. (1,867) in Vehicles and Services
- In the second quarter of 2021, net sales increased by 54 percent to SEK 39,068 m. (25,418) and operating income increased to SEK 5,076 m. (-192).

### Comments by Christian Levin, President and CEO

“The recovery has continued during the second quarter of 2021 and both order intake and deliveries rose sharply compared to the previous year. Scania delivered strong earnings with an operating margin of 13.0 percent, both in the second quarter and in the first half of 2021.

Scania has managed to avoid unplanned production stoppages also during the second quarter, despite a very strained situation with a shortage of components in the supply chain. The collaboration among suppliers, employees and the trade unions – all with Scania’s core value “customer first” in full focus – has been successful and thanks to a good dialogue with our customers, we have found solutions to minimise the negative impact on deliveries to them. Unfortunately, we do not expect the shortage of semiconductors to end in the short term but it is something we have to continue to deal with.

We see that our customers' transport activity is high, both from measuring operating data from connected vehicles as well as in the order books for trucks. In the global bus and coach market, the low level of activity continues due to the pandemic and it is reflected in demand for tourist buses and coaches. In Power Solutions, demand is still high. The service business is continuing to grow and Scania has managed to keep the majority of workshops open for our customers during both the second and third waves of the pandemic. In Financial Services, the trend in the number of new financed vehicles is positive and also as regards our customers' ability to pay.

We have passed a milestone in the second quarter with more than 500,000 connected vehicles. The majority of Scania’s vehicle fleet rolling in around 100 markets is now connected. Data gathered from such a large vehicle

population provides a valuable insight into customer behaviour and enables analysis of our products in operation. This information is crucial for Scania’s ability to deliver sustainable transport solutions, not least because we can sharpen our service offering to customers, helping them to reduce their carbon emissions. We can also monitor the vehicles based on engine or fuel categories. In this way, we follow up Scania’s Science Based Targets – and our customers can also follow up their own climate targets.

Step by step, we are making new advances with regard to sustainable transport. We have communicated to our customers that a brand new, even more fuel-efficient platform for combustion engines is coming in the near future. To focus on energy efficiency in conventional powertrains and increase the share of biofuels, while we intensify sales of electric vehicles is the way forward for achieving our climate targets. The rollout of Scania’s fully-electric trucks is ongoing and we have now integrated our production of electric vehicles on the same assembly lines as the combustion engine vehicles.

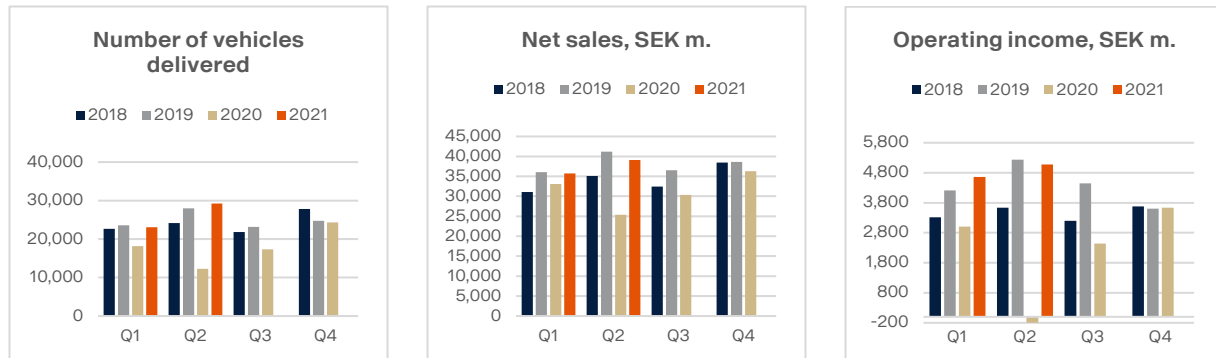
Our owner TRATON GROUP has recently together with Daimler Truck and Volvo Group signed a memorandum of understanding with the plan to install and operate a high-performance public charging network for battery electric heavy-duty long-haul trucks and coaches across Europe. Through partnerships like this we can accelerate the shift towards a sustainable transport. However, a piece of the puzzle that still requires more work and support on the policy side is power supply from renewable energy sources and expansion of the electrical grid.”

### Financial overview

	H1			Q2			
	2021	2020	Change, %	2021	2020	Change, %	
<b>Trucks and buses, units</b>							
Order intake	<b>75,437</b>	34,273	120	<b>38,493</b>	13,602	183	
Deliveries	<b>49,229</b>	30,437	62	<b>26,196</b>	12,253	114	
<b>Net sales and earnings</b>	<i>EUR m.*</i>						
<b>Net sales, Scania Group, SEK m.</b>	<i>7,393</i>	<b>74,776</b>	58,469	28	<b>39,068</b>	25,418	54
Operating income, Vehicles and Services, SEK m.	<i>862</i>	<b>8,720</b>	2,337	273	<b>4,585</b>	-391	-
Operating income, Financial Services, SEK m.	<i>100</i>	<b>1,013</b>	476	113	<b>491</b>	199	147
Operating income, SEK m.	<i>962</i>	<b>9,733</b>	2,813	246	<b>5,076</b>	-192	-
<b>Income before taxes, SEK m.</b>	<i>958</i>	<b>9,694</b>	1,987		<b>5,089</b>	-458	-
<b>Net income for the period, SEK m.</b>	<i>715</i>	<b>7,234</b>	1,239		<b>3,765</b>	-544	-
Operating margin, %		<b>13.0</b>	4.8		<b>13.0</b>	-0.8	
Return on capital employed, Vehicles and Services, %		<b>21.2</b>	14.7				
Cash flow, Vehicles and Services, SEK m.	<i>362</i>	<b>3,661</b>	1,867		<b>799</b>	426	

Unless otherwise stated, all comparisons refer to the corresponding period of the preceding year. \* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 10.11 = EUR 1.00. This interim report has not been subject to review by the company’s auditors. This report is also available on [www.scania.com](http://www.scania.com)

## Business overview



### Sales performance

During the first half of 2021, total vehicle deliveries increased by 62 percent to 49,229 (30,437) units, compared to the year-earlier period. Net sales increased by 28 percent to SEK 74,776 (58,469).

### Strong demand

Order intake was significantly stronger compared to the previous year's low levels which was a period when great uncertainty prevailed in relation to the spread of the coronavirus. Total order intake for new trucks and buses and coaches increased by 120 percent during the first six months of 2021 compared to 2020 to 75,437 (34,273) vehicles. Order intake for trucks increased by 133 percent compared to the year-earlier period and buses and coaches decreased by 27 percent. In the second quarter of 2021, order intake for new vehicles increased by 183 percent, compared to the second quarter last year to 38,493 (13,602) vehicles.

## The truck market

### Order intake

Scania's order intake increased sharply during the second quarter of 2021 and totalled 37,412 (13,369) trucks.

Order intake in Europe increased by 174 percent to 22,586 (8,229) units, compared to the second quarter of 2020. Demand increased primarily in France, Great Britain and the Netherlands. Order intake in Latin America increased during the second quarter of 2021 to 8,566 (1,351) trucks, mainly related to increased volume in Brazil, Chile and Peru. In Eurasia, order intake rose by 11 percent during the second quarter and amounted to 1,230 (1,108) trucks, an upturn that was primarily related to Ukraine. In Asia, order intake rose by 66 percent to 3,229 (1,942) trucks during the second quarter. The upturn was primarily related to Turkey, South Korea and Indonesia. In Africa and Oceania, order intake increased by 144 percent compared to the second quarter of 2020 to 1,801 (739) units, mainly related to South Africa, New Zealand and Morocco.

### Deliveries

Scania's total truck deliveries increased by 128 percent to 25,249 (11,050) units during the second quarter compared to the year-earlier period.

Deliveries in Europe increased by 110 percent to 11,992 (5,707) units compared to the second quarter of 2020. In Eurasia, deliveries increased by 251 percent to 2,848 (811) trucks. Deliveries in Latin America increased by 140 percent to 5,739 (2,394) units compared to the second quarter of 2020. In Asia, deliveries increased by 133 percent compared to the second quarter of 2020 to 3,289 (1,413) trucks. Deliveries in Africa and Oceania increased by 90 percent to 1,381 (725) trucks.

### Net sales

Net sales of trucks increased by 56 percent to SEK 47,637 m. (30,462) during the first half of 2021. During the second quarter, sales increased by 112 percent to SEK 25,577 m. (12,081).

### The total European market for heavy trucks

The total market for heavy trucks in 27 of the European Union member countries (all EU countries except Malta) plus Norway, Great Britain, Switzerland and Iceland increased by around 38 percent to about 146,900 (106,300) units during the first half of 2021. Scania truck registrations amounted to some 25,300 (18,000) units, equivalent to a market share of about 17.3 (17.0) percent.

## Scania trucks

	Order intake			Deliveries		
	6 months 2021	6 months 2020	Change, %	6 months 2021	6 months 2020	Change, %
Europe	46,664	18,982	146	23,798	15,885	50
Eurasia	3,673	2,653	38	4,585	1,433	220
America*	12,700	3,507	262	10,357	5,084	104
Asia	6,395	4,571	40	6,126	3,722	65
Africa and Oceania	3,917	1,714	129	2,406	1,531	57
<b>Total</b>	<b>73,349</b>	<b>31,427</b>	<b>133</b>	<b>47,272</b>	<b>27,655</b>	<b>71</b>

\*Refers to Latin America

## The bus and coach market

### Order intake

The global bus and coach market has been severely affected by the restrictions brought about by the spread of the coronavirus and the demand situation is particularly difficult to judge for coaches and tourist buses.

Order intake for buses and coaches during the second quarter of 2021 increased by 464 percent to 1,081 (233) compared to the second quarter of 2021.

In Europe, order intake increased by 111 percent and amounted to 469 (222) units during the second quarter. Order intake increased mainly in Sweden, Spain and Great Britain. In Latin America, order intake amounted to 209 buses and coaches, compared to cancelled orders equivalent to 62 buses and coaches last year, an increase primarily related to Chile, Argentina and Mexico. In Asia, order intake increased to 230 buses and coaches, compared to last year's cancelled orders equivalent to 10 buses and coaches, related to Taiwan, Israel and Indonesia. Order intake in Eurasia increased to 12 (2) units compared to the year-earlier period, related to Russia. Order intake in Africa and Oceania increased by 99 percent to 161 (81) buses and coaches, related to Australia, Morocco and South Africa.

### Deliveries

Scania's bus and coach deliveries decreased by 21 percent and totalled 947 (1,203) units during the second quarter of 2021. In Europe, deliveries decreased by 28 percent to 432 (602) units compared to the second quarter of 2020. In Latin America, deliveries decreased by 2 percent to 294 (301). In Asia, deliveries decreased by 70 percent to 44 (148), while deliveries of buses and coaches in Africa and Oceania increased by 20 percent during the second quarter to 173 (144) units. Deliveries to Eurasia decreased by 50 percent to 4 (8) units.

Scania's market share in buses and coaches in Europe amounted to around 5.9 percent in the first six months of 2021 compared to 8.7 percent during the year-earlier period.

### Net sales

Net sales of buses and coaches fell by 37 percent during the first half of 2021 to SEK 3,380 m. (5,327). During the second quarter, sales decreased by 38 percent to SEK 1,591 m. (2,565).

## Scania buses and coaches

	Order intake			Deliveries		
	6 months 2021	6 months 2020	Change, %	6 months 2021	6 months 2020	Change, %
Europe	868	682	27	640	1,035	-38
Eurasia	23	63	-63	16	64	-75
America*	586	1,600	-63	659	1,002	-34
Asia	333	134	149	150	395	-62
Africa and Oceania	278	367	-24	492	286	72
<b>Total</b>	<b>2,088</b>	<b>2,846</b>	<b>-27</b>	<b>1,957</b>	<b>2,782</b>	<b>-30</b>

\*Refers to Latin America

## Power Solutions

### Order intake

In the Power solutions business area, the positive trend in demand is continuing. Demand is strong in China, stable at a high level in Brazil and has increased in Europe.

Order intake in Power Solutions rose by 65 percent during the first half of 2021, mainly due to South Korea, Brazil and Great Britain. During the second quarter of 2021, order intake increased by 59 percent compared to the year-earlier period.

### Deliveries

Power Solutions deliveries increased by 16 percent to 5,508 (4,753) units during the first half of 2021. The increase was mainly attributable to South Korea, Germany and China.

### Net sales

During the first half of 2021, sales increased by 6 percent to SEK 1,152 m. (1,082). Net sales in the second quarter amounted to SEK 600 m. (440), an increase of 36 percent.

## Services

Service revenue amounted to SEK 14,509 m. (13,538) during the first half of 2021, an increase of 7 percent. In local currencies, revenue increased by 14 percent.

In Europe, service revenue increased by 9 percent to SEK 10,356 m. (9,539) compared to the first half of 2020. In Latin America, revenue increased by 8 percent to SEK 1,390 m. (1,293) and service revenue in Eurasia increased by 8 percent to SEK 475 m. (433) compared to the first half of 2020. Service revenue in Asia decreased by 10 percent compared to the previous year to SEK 1,271 (1,417). In Africa and Oceania, service revenue increased by 19 percent to SEK 1,016 m. (857).

## Earnings

### Vehicles and Services

#### The first half of 2021

Operating income in Vehicles and Services totalled SEK 8,720 m. (2,337) during the first half of 2021. Higher vehicle and service volume impacted earnings positively. Compared to the first half of 2020, the total currency rate effect was negative and amounted to about SEK 2,134 m.

Scania's research and development expenditures amounted to SEK 3,662 m. (3,361). After adjusting for SEK 883 m. (885) in capitalised expenditures, and SEK 456 m. (345) in amortisation of previously capitalised expenditures, recognised expenses increased to SEK 3,285 m. (2,821).

#### Second quarter

Operating income in Vehicles and Services totalled SEK 4,585 m. (-391) during the second quarter of 2021. Higher vehicle and service volume impacted earnings positively. Compared to the second quarter of 2020, the total currency rate effect was negative and amounted to about SEK 1,059 m.

Scania's research and development expenditures amounted to SEK 1,854 m. (1,636). After adjusting for SEK 441 m. (414) in capitalised expenditures, and SEK 233 m. (168) in amortisation of previously capitalised expenditures, recognised expenses increased to SEK 1,646 m. (1,390).

## Financial Services

### Customer finance portfolio

At the end of the second quarter of 2021, the size of Scania's customer finance portfolio amounted to SEK 104.1 billion, which was SEK 8.6 billion higher than the end of 2020. In local currencies, the portfolio increased by SEK 6.2 billion.

### Penetration rate

The penetration rate for new trucks was 43 (41) percent during the first half of 2021 in those markets where Scania has its own financing operations.

## Operating income

Operating income in Financial Services increased to SEK 1,013 m. (476) during the first half of 2021, compared to the same period in 2020. A larger portfolio and higher margins impacted earnings positively, which was partly offset by negative currency effects. Provisions for bad debt expenses decreased during the period.

## Scania Group

During the first six months of 2021, Scania's operating income amounted to SEK 9,733 m. (2,813). Operating margin amounted to 13.0 (4.8) percent. Scania's net financial items amounted to SEK -39 m. (-826).

The Scania Group's tax expense amounted to SEK 2,460 m. (748), equivalent to 25.4 (37.6) percent of income before taxes. Net income for the period totalled SEK 7,234 m. (1,239), equivalent to a net margin of 9.7 (2.1) percent.

## Cash flow

### Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 3,661 m. (1,867) during the first half of 2021. Net investments amounted to SEK 4,026 m. (4,399), including SEK 833 m. (885) in capitalisation of development expenditure. At the end of the first half of 2021, the net cash position in Vehicles and Services amounted to SEK 23,563 m. compared to a net cash position of SEK 21,824 m. at the end of 2020.

### Scania Group

Scania's cash flow in Financial Services amounted to SEK negative 5,313 m. (positive 2,021) during the first half of 2021 due to an increase in the size of the customer finance portfolio. Together with the positive cash flow in Vehicles and Services, the Group's net debt increased by about SEK 5.5 billion compared to the end of 2020.

## Parent Company

The assets of the Parent Company, Scania AB, consist of shares in Scania CV AB. Scania CV AB is the Parent Company of the Group that comprises all production and sales and service companies as well as other companies. Income before taxes of Scania AB totalled SEK 0 m. (0) during the first six months of 2021.

## Miscellaneous

### Number of employees

At the end of the second quarter of 2021, the number of employees totalled 53,307, compared to 50,011 on the same date in 2020.

### Material risks and uncertainties

During 2020 Scania continuously assessed the impact of the COVID-19 outbreak and will continue to assess potential impacts on future development and/or risks that can affect the future financial position.

It is difficult to assess the impact, and dependent on how COVID-19 develops and which measures different countries take to handle the situation, this can lead to:

- Decreased market demand in the short and medium term in several important markets for Scania, leading to decreased sales of vehicles and services and also price pressure on new and used vehicles. This, in turn, also can lead to needs to make write-downs in vehicle inventory and changed estimates of residual value on buy-back commitments.
- The supplier network could be unable to deliver components and parts, leading to shorter or longer periods of close down of Scania's global production system.
- Customers facing financial problems leading to deteriorating ability to pay outstanding receivables to Scania.
- Impairment of goodwill and other intangible assets.

The text above is not an exhaustive list and one or several of them can occur independently or in combination and could have a negative impact on the Scania Groups' business and financial development and performance.

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report describes Scania's strategic, operational, legal and financial risks. Note 2 of the same report provides a detailed account of key judgements and estimates. Note 27 of the same report describes the financial risks, such as currency risk and interest rate risk. The risks that have the greatest impact on financial performance and on reporting for the Group and the Parent Company are summarised as follows:

## a) Sales with obligations

About 9 percent of the vehicles Scania sells are delivered with repurchase obligations. These are recognised as operating lease contracts, with the consequence that recognition of revenue and earnings is allocated over the life of the obligation (contract).

## b) Credit risks

In its Financial Service operations, Scania has an exposure in the form of contractual future payments. This exposure is reduced by the collateral Scania has in the form of the right to repossess the underlying vehicle. In case the market value of the collateral does not cover the exposure to the customer, Scania runs a credit risk. Reserves for probable losses in Financial Service operations are set aside in the estimated amounts required.

## c) Legal risks

In 2011, Scania became subject of an investigation by the European Commission (EC) into allegedly inappropriate cooperation with other European truck manufacturers. A Statement of Objections was served on Scania by the EC in November 2014. In light of such statement and other developments in the investigation and in accordance with relevant accounting principles, Scania made a provision with an amount of SEK 3,800 m. in June 2016. Scania always cooperated fully with the EC, while all through the investigation contesting the EC's view that Scania would have participated in a pan-European cartel during 1997-2011 on pricing and delayed introductions of emissions related technology. Scania were served with a final decision by the EC in October 2017, holding Scania liable for such scope of a cartel in the amount of around SEK 8.4 bn. (EUR 881 m.) in fines. Scania have appealed against this decision in its entirety, and has in January 2018 provided a guarantee as security for the fines pending the outcome of such appeal. Scania is also the subject of related civil claims by direct or indirect customers of Scania, and may face additional similar claims. However, at this stage it is not possible to give any meaningful indication as to Scania's risk associated with private damages. Scania's appeal against the EU Commission decision before the General Court is still pending and there is also great uncertainty around the extent to which claims will be made against Scania. In addition, risk assessment around claims that have already been made is associated with significant uncertainties, and investigations are in their initial stages only.

## Accounting principles

Scania applies International Financial Reporting Standards (IFRSs) as adopted by the EU. The accounting policies and definitions are consistently applied with those described in Scania's Annual and Sustainability Report 2020. This Interim Report for the Scania Group has been prepared in accordance with IAS 34, "Interim Financial Reporting" and the Annual Accounts Act.

## Parent Company

The Interim Report for the Parent Company, Scania AB, has been prepared in accordance with the Annual Accounts Act and recommendation RFR 2, "Accounting for Legal Entities" of the Swedish Financial Reporting Board.

## Dividend and Annual General Meeting

Scania's Annual General Meeting for the financial year 2020 was held on 6 May 2021 in Södertälje, Sweden. The Annual General Meeting decided on a dividend as proposed by the Board of directors of SEK 2,700 m. as ordinary dividend, which represents 50 percent of the net income SEK 5,400 m. for 2020. The dividend has been distributed to the shareholders as cash dividend.

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## Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	First half		Change in %	Q2		
	EUR m.*	2021		2020	2021	2020
Revenue	7,393	74,776	58,469	28	39,068	25,418
Cost of goods sold and services rendered	-5,467	-55,299	-45,842	21	-28,946	-20,821
<b>Gross income</b>	1,926	19,477	12,627	54	10,122	4,597
Research and development expenses	-325	-3,285	-2,821	16	-1,646	-1,390
Selling expenses	-534	-5,406	-5,930	-9	-2,803	-2,916
Administrative expenses	-107	-1,081	-1,033	5	-600	-474
Other operating income	17	171	70	144	85	34
Other operating expenses	-14	-143	-100	43	-82	-43
<b>Operating income</b>	963	9,733	2,813	246	5,076	-192
Interest income	29	298	217	37	132	101
Interest expenses	-40	-406	-424	-4	-186	-219
Share of income from associated companies and joint ventures	3	35	18	94	39	-2
Other financial income	47	477	575	-17	196	160
Other financial expenses	-44	-443	-1,212	-63	-168	-306
<b>Total financial items</b>	-5	-39	-826	-95	13	-266
<b>Income before taxes</b>	958	9,694	1,987		5,089	-458
Taxes	-243	-2,460	-748	229	-1,324	-86
<b>Net income for the period</b>	715	7,234	1,239		3,765	-544
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Translation differences	113	1,157	-2,423		455	-1,981
Income tax	2	18	49		3	41
	115	1,175	-2,374		458	-1,940
<b>Items that will not be reclassified to profit or loss</b>						
Re-measurement defined benefit plans <sup>1)</sup>	99	997	104		46	-772
Translation adjustment	0	0	0		0	0
Fair value adjustment equity instruments	40	402	0		402	0
Income tax	-28	-288	-23		-92	158
	111	1,111	81		356	-614
<b>Other comprehensive income for the period</b>	226	2,286	-2,293		814	-2,554
<b>Total comprehensive income for the period</b>	941	9,520	-1,054		4,579	-3,098
Net income attributable to:						
Scania shareholders	715	7,232	1,238		3,763	-544
Non-controlling interest	0	2	1		2	0
Total comprehensive income attributable to:						
Scania shareholders	941	9,518	-1,055		4,577	-3,098
Non-controlling interest	0	2	1		2	0
Operating income includes depreciation of	-544	-5,500	-5,515		-2,724	-2,790
Operating margin, percent		13.0	4.8		13.0	-0.8

1) Discount rate in calculating the Swedish pension liability is 1.75% and inflation 1.75%.

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 10.11 = EUR 1.00.



## Revenue and deliveries, Vehicles and Services

Amounts in SEK m. unless otherwise stated	First half		2020	Change in %	Q2	
	EUR m.	2021			2021	2020
<b>Revenue</b>						
Trucks	4,709	<b>47,637</b>	30,462	56	<b>25,577</b>	12,081
Buses*	334	<b>3,380</b>	5,327	-37	<b>1,591</b>	2,565
Power Solutions	114	<b>1,152</b>	1,082	6	<b>600</b>	440
Service-related products	1,435	<b>14,509</b>	13,538	7	<b>7,235</b>	6,029
Used vehicles	409	<b>4,134</b>	3,723	11	<b>2,059</b>	1,750
Miscellaneous	234	<b>2,369</b>	1,876	26	<b>1,231</b>	805
Delivery sales value	7,235	<b>73,181</b>	56,008	31	<b>38,293</b>	23,670
Revenue deferrals <sup>1)</sup>	-67	<b>-678</b>	109		<b>-400</b>	637
Revenue	7,168	<b>72,503</b>	56,117	29	<b>37,893</b>	24,307

<b>Revenue<sup>2)</sup></b>						
Europe	4,412	<b>44,618</b>	36,376	23	<b>22,595</b>	15,894
Eurasia	491	<b>4,971</b>	2,239	122	<b>3,040</b>	1,156
America**	1,000	<b>10,114</b>	7,506	35	<b>5,532</b>	3,056
Asia	772	<b>7,811</b>	6,251	25	<b>4,140</b>	2,465
Africa and Oceania	493	<b>4,989</b>	3,745	33	<b>2,586</b>	1,736
Revenue	7,168	<b>72,503</b>	56,117	29	<b>37,893</b>	24,307

### Total delivery volume, units

Trucks	<b>47,272</b>	27,655	71	<b>25,249</b>	11,050
Buses*	<b>1,957</b>	2,782	-30	<b>947</b>	1,203
Power Solutions	<b>5,508</b>	4,753	16	<b>2,935</b>	1,836

<sup>1)</sup> Refers to the difference between sales value based on deliveries and revenue recognised as income

<sup>2)</sup> Revenues from external customers by location of customers

\* Including body-built buses and coaches

\*\* Refers mainly to Latin America



## Consolidated balance sheets, condensed

Amounts in SEK m. unless otherwise stated	2021		2020	
	EUR m.	30 Jun	31 Dec	30 Jun
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	1,276	12,903	12,513	12,304
Tangible assets	3,928	39,733	38,254	38,224
Lease assets	2,712	27,425	27,460	29,015
Shares and participations	235	2,380	1,248	1,014
Interest-bearing receivables	5,470	55,322	48,004	49,314
Other receivables <sup>1)</sup>	761	7,697	8,698	7,791
<b>Current assets</b>				
Inventories	2,524	25,528	21,105	24,026
Interest-bearing receivables	3,257	32,945	30,817	29,524
Other receivables	1,678	16,968	14,960	15,774
Current investments	5	52	54	54
Cash and cash equivalents	2,760	27,917	32,268	30,626
<b>Total assets</b>	<b>24,606</b>	<b>248,870</b>	<b>235,381</b>	<b>237,666</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Scania shareholders	6,758	68,353	61,535	59,815
Non-controlling interest	1	12	12	19
<b>Total equity</b>	<b>6,759</b>	<b>68,365</b>	<b>61,547</b>	<b>59,834</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	5,739	58,038	53,564	60,564
Provisions for pensions	1,152	11,649	12,384	12,297
Other provisions <sup>2)</sup>	707	7,148	6,865	6,640
Other liabilities <sup>1)</sup>	1,649	16,680	16,297	17,373
<b>Current liabilities</b>				
Interest-bearing liabilities	3,867	39,113	42,478	40,829
Provisions	431	4,362	3,962	3,827
Other liabilities	4,302	43,515	38,284	36,302
<b>Total equity and liabilities</b>	<b>24,606</b>	<b>248,870</b>	<b>235,381</b>	<b>237,666</b>
<sup>1)</sup> Including deferred tax				
<sup>2)</sup> Including provision related to the European Commission's competition investigation				
<b>Equity/assets ratio, percent</b>		<b>27.5</b>	26.1	25.2

## Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	First half		
	EUR m.	2021	2020
Equity, 1 January	6,085	<b>61,547</b>	60,888
Net income for the period	715	<b>7,234</b>	1,239
Other comprehensive income for the period	226	<b>2,286</b>	-2,293
Dividend to shareholders	-267	<b>-2,700</b>	-
Capital contribution	-	-	-
Change in non-controlling interest	0	<b>-2</b>	0
<b>Total equity at the end of the period</b>	<b>6,759</b>	<b>68,365</b>	59,834
Attributable to:			
Scania AB shareholders	6,758	<b>68,353</b>	59,815
Non-controlling interest	1	<b>12</b>	19

## Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	First half			Q2	
	EUR m.	2021	2020	2021	2020
<b>Operating activities</b>					
Income before tax	958	<b>9,694</b>	1,987	<b>5,089</b>	-458
Items not affecting cash flow	533	<b>5,394</b>	6,554	<b>2,517</b>	2,589
Taxes paid	-233	<b>-2,356</b>	-1,652	<b>-1,191</b>	-669
<b>Cash flow from operating activities before change in working capital</b>	1,258	<b>12,732</b>	6,889	<b>6,415</b>	1,462
Change in working capital	-1,053	<b>-10,649</b>	1,738	<b>-7,750</b>	2,293
<b>Cash flow from operating activities</b>	205	<b>2,083</b>	8,627	<b>-1,335</b>	3,755
<b>Investing activities</b>					
Net investments	-399	<b>-4,040</b>	-4,413	<b>-2,257</b>	-2,054
<b>Cash flow from investing activities attributable to operating activities</b>	-399	<b>-4,040</b>	-4,413	<b>-2,257</b>	-2,054
<b>Cash flow after investing activities attributable to operating activities</b>	-194	<b>-1,957</b>	4,214	<b>-3,592</b>	1,701
Investments in securities and loans	0	<b>3</b>	762	<b>3</b>	876
<b>Cash flow from investing activities</b>	-399	<b>-4,037</b>	-3,651	<b>-2,254</b>	-1,178
<b>Cash flow before financing activities</b>	-194	<b>-1,954</b>	4,976	<b>-3,589</b>	2,577
<b>Financing activities</b>					
Change in debt from financing activities	3	<b>27</b>	4,705	<b>5,012</b>	5,336
Dividend	-267	<b>-2,700</b>	-	<b>-2,700</b>	-
Dividends paid to non-controlling interests in subsidiaries	0	<b>-2</b>	-	<b>0</b>	-
<b>Cash flow from financing activities</b>	-264	<b>-2,675</b>	4,705	<b>2,312</b>	5,336
<b>Cash flow for the period</b>	-458	<b>-4,629</b>	9,681	<b>-1,277</b>	7,913
<b>Cash and cash equivalents at beginning of period</b>	3,191	<b>32,268</b>	20,981	<b>29,185</b>	22,826
<b>Exchange rate differences in cash and cash equivalents</b>	27	<b>278</b>	-36	<b>9</b>	-113
<b>Cash and cash equivalents at end of period</b>	2,760	<b>27,917</b>	30,626	<b>27,917</b>	30,626
<b>Cash flow statement, Vehicles and services</b>					
Cash flow from operating activities before change in working capital	1,202	<b>12,153</b>	6,247	<b>6,280</b>	1,576
Change in working capital	-442	<b>-4,466</b>	19	<b>-3,233</b>	903
Cash flow from operating activities	760	<b>7,687</b>	6,266	<b>3,047</b>	2,479
Cash flow from investing activities attributable to operating activities	-398	<b>-4,026</b>	-4,399	<b>-2,248</b>	-2,053
Cash flow after investing activities attributable to operating activities	362	<b>3,661</b>	1,867	<b>799</b>	426

## Fair value of financial instruments

Amounts in SEK m. unless otherwise stated

In Scania's balance sheet, items carried at fair value are mainly derivatives and current investments. Fair value is established according to various levels, defined in IFRS 13, that reflect the extent to which market values have been utilised. Current investments are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 106 m. (130). Other assets that are carried at fair value refer to derivatives. These assets are carried according to Level 2, which is based on data other than the quoted prices that are part of Level 1 and refer to directly or indirectly observable market data, such as discount rate and credit risk. These items are carried under Other non-current receivables SEK 1,105 m. (2,565), Other current receivables SEK 877 m. (826), Other non-current liabilities SEK 437 m. (355) and Other current liabilities SEK 485 m. (350). Equity instrument assets are carried according to Level 3 based on unobservable data and amount to SEK 1,202 m. (341).

For financial assets that are carried at amortised cost, book value amounts to SEK 124,264 m. (117,997) and fair value to SEK 124,478 m. (118,181). For financial liabilities that are carried at amortised cost, book value amounts to SEK 108,913 m. (105,091) and fair value to SEK 109,333 m. (106,225). Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at amortised cost minus any impairment losses, is regarded as coinciding with the carrying amount.

For further information about financial instruments, see Note 28 Financial instruments in Scania's Annual Report for 2020.

## Quarterly data, units by geographic area

	2021		2020				
	Q2	Q1	Full year	Q4	Q3	Q2	Q1
<b>Order bookings, trucks</b>							
Europe	22,586	24,078	43,494	14,436	10,076	8,229	10,753
Eurasia	1,230	2,443	10,049	4,601	2,795	1,108	1,545
America *	8,566	4,134	20,707	8,517	8,683	1,351	2,156
Asia	3,229	3,166	10,250	2,805	2,874	1,942	2,629
Africa and Oceania	1,801	2,116	4,408	1,644	1,050	739	975
<b>Total</b>	<b>37,412</b>	<b>35,937</b>	<b>88,908</b>	<b>32,003</b>	<b>25,478</b>	<b>13,369</b>	<b>18,058</b>
<b>Trucks delivered</b>							
Europe	11,992	11,806	36,747	12,787	8,075	5,707	10,178
Eurasia	2,848	1,737	5,148	2,061	1,654	811	622
America*	5,739	4,618	12,173	4,430	2,659	2,394	2,690
Asia	3,289	2,837	9,072	3,066	2,284	1,413	2,309
Africa and Oceania	1,381	1,025	3,759	1,112	1,116	725	806
<b>Total</b>	<b>25,249</b>	<b>22,023</b>	<b>66,899</b>	<b>23,456</b>	<b>15,788</b>	<b>11,050</b>	<b>16,605</b>
<b>Order bookings, buses**</b>							
Europe	469	399	1,329	473	174	222	460
Eurasia	12	11	80	12	5	2	61
America *	209	377	1,831	141	90	-62	1,662
Asia	230	103	286	72	80	-10	144
Africa and Oceania	161	117	506	32	107	81	286
<b>Total</b>	<b>1,081</b>	<b>1,007</b>	<b>4,032</b>	<b>730</b>	<b>456</b>	<b>233</b>	<b>2,613</b>
<b>Buses delivered**</b>							
Europe	432	208	1,827	396	396	602	433
Eurasia	4	12	84	19	1	8	56
America *	294	365	2,182	260	920	301	701
Asia	44	106	582	75	112	148	247
Africa and Oceania	173	319	511	144	81	144	142
<b>Total</b>	<b>947</b>	<b>1,010</b>	<b>5,186</b>	<b>894</b>	<b>1,510</b>	<b>1,203</b>	<b>1,579</b>

\* Refers mainly to Latin America

\*\* Including body-built buses and coaches.

## Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	First half		
	EUR m.	2021	2020
<b>Income statement</b>			
Financial income and expenses	0	0	0
<b>Net income for the period</b>	0	0	0
		<b>2021</b>	<b>2020</b>
	EUR m.	30 Jun	30 Jun
<b>Balance sheet</b>			
<b>Assets</b>			
<b>Financial non-current assets</b>			
Shares in subsidiaries	834	8,435	8,435
<b>Current assets</b>			
Due from subsidiaries	346	3,501	6,201
<b>Total assets</b>	1,180	11,936	14,636
<b>Equity</b>			
Equity	1,180	11,936	14,636
<b>Total shareholders' equity</b>	1,180	11,936	14,636
<b>Total equity and liabilities</b>	1,180	11,936	14,636
		<b>2021</b>	<b>2020</b>
	EUR m.	30 Jun	30 Jun
<b>Statement of changes in equity</b>			
Equity, 1 January	1,447	14,636	14,636
Total comprehensive income	0	0	0
Dividend	-267	-2,700	-
Capital injection	-	-	-
<b>Equity</b>	1,180	11,936	14,636

## Note 1 Segment Reporting

### Income statements

#### Vehicles and Services

Amounts in SEK m. unless otherwise stated	2021	2020	2021	2020
	First half	First half	Q2	Q2
Revenue	72,503	56,117	37,893	24,307
Cost of goods sold	-54,661	-45,099	-28,614	-20,484
<b>Gross income</b>	17,842	11,018	9,279	3,823
Research and development expenses	-3,285	-2,821	-1,646	-1,390
Selling expenses	-4,756	-4,827	-2,448	-2,350
Administrative expenses	-1,081	-1,033	-600	-474
<b>Operating income</b>	8,720	2,337	4,585	-391
Interest income	298	217	132	101
Interest expenses	-406	-424	-186	-219
Share of income in associated companies and joint ventures	35	18	39	-2
Dividends in between segments	67	-	67	-
Other financial income	477	575	196	160
Other financial expenses	-443	-1,212	-168	-306
<b>Total financial items</b>	28	-826	80	-266
<b>Income before taxes</b>	8,748	1,511	4,665	-657
Taxes	-2,200	-590	-1,194	-10
<b>Net income for the period</b>	6,548	921	3,471	-667

#### Financial Services

Amounts in SEK m. unless otherwise stated	2021	2020	2021	2020
Interest and lease income	4,091	4,246	2,082	2,015
Insurance commission	152	154	84	80
Interest and prepaid expenses	-2,608	-2,791	-1,323	-1,321
Interest surplus and insurance commission	1,635	1,609	843	774
Other income	171	70	85	34
Other expenses	-143	-100	-82	-43
<b>Gross income</b>	1,663	1,579	846	765
Selling and administration expenses	-672	-635	-350	-297
Bad debt expenses, realised and anticipated	22	-468	-5	-269
<b>Operating income</b>	1,013	476	491	199
<b>Income before tax</b>	1,013	476	491	199
Taxes	-255	-164	-128	-82
<b>Net income for the period</b>	758	312	363	117

### Reconciliation of segments to the Scania Group

January-June	Vehicles & Services		Financial Services		Eliminations		Scania Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Amounts in SEK m. unless otherwise stated	First half	First half	First half	First half	First half	First half	First half	First half
Revenue	72,503	56,117	4,243	4,400	-1,970	-2,048	74,776	58,469
Cost of sales	-54,661	-45,099	-2,608	-2,791	1,970	2,048	-55,299	-45,842
<b>Gross income</b>	17,842	11,018	1,635	1,609	0	0	19,477	12,627
Research and development expenses	-3,285	-2,821	-	-	-	-	-3,285	-2,821
Selling expenses	-4,756	-4,827	-650	-1,103	-	-	-5,406	-5,930
Administrative expenses	-1,081	-1,033	-	-	-	-	-1,081	-1,033
Other operating income	-	-	171	70	-	-	171	70
Other operating expenses	-	-	-143	-100	-	-	-143	-100
<b>Operating income</b>	8,720	2,337	1,013	476	-	-	9,733	2,813
Interest income	298	217	-	-	-	-	298	217
Interest expenses	-406	-424	-	-	-	-	-406	-424
Share of income in associated companies and joint ventures	35	18	-	-	-	-	35	18
Dividends in between segments	67	-	-	-	-67	-	0	-
Other financial income	477	575	-	-	-	-	477	575
Other financial expenses	-443	-1,212	-	-	-	-	-443	-1,212
<b>Total financial items</b>	28	-826	-	-	-67	-	-39	-826
<b>Income before taxes</b>	8,748	1,511	1,013	476	-67	-	9,694	1,987
Taxes	-2,200	-590	-255	-164	-5	6	-2,460	-748
<b>Net income for the period</b>	6,548	921	758	312	-72	6	7,234	1,239



April-June

	Vehicles & Services		Financial Services		Eliminations		Scania Group	
	2021 Q2	2020 Q2	2021 Q2	2020 Q2	2021 Q2	2020 Q2	2021 Q2	2020 Q2
Amounts in SEK m. unless otherwise stated								
Revenue	37,893	24,307	2,166	2,095	-991	-984	39,068	25,418
Cost of sales	-28,614	-20,484	-1,323	-1,321	991	984	-28,946	-20,821
<b>Gross income</b>	9,279	3,823	843	774	0	0	10,122	4,597
Research and development expenses	-1,646	-1,390	-	-	-	-	-1,646	-1,390
Selling expenses	-2,448	-2,350	-355	-566	-	-	-2,803	-2,916
Administrative expenses	-600	-474	-	-	-	-	-600	-474
Other operating income	-	-	85	34	-	-	85	34
Other operating expenses	-	-	-82	-43	-	-	-82	-43
<b>Operating income</b>	4,585	-391	491	199	-	-	5,076	-192
Interest income	132	101	-	-	-	-	132	101
Interest expenses	-186	-219	-	-	-	-	-186	-219
Share of income in associated companies and joint ventures	39	-2	-	-	-	-	39	-2
Dividends in between segments	67	-	-	-	-67	-	0	-
Other financial income	196	160	-	-	-	-	196	160
Other financial expenses	-168	-306	-	-	-	-	-168	-306
<b>Total financial items</b>	80	-266	-	-	-67	-	13	-266
<b>Income before taxes</b>	4,665	-657	491	199	-67	-	5,089	-458
Taxes	-1,194	-10	-128	-82	-2	6	-1,324	-86
<b>Net income for the period</b>	3,471	-667	363	117	-69	6	3,765	-544

## **Note 2 Government grants**

During the first half of 2021 Scania has received grants related to COVID-19 of SEK 0 m. (744). In 2020, Scania received government grants amounting to SEK 953 m. attributable to operating expenses of SEK 14,144 m., whereof SEK 873 m related to short-term allowances of employees due to COVID-19.

## **Note 3 Financial risk management**

### ***Credit risk Vehicles and Services***

During 2020 the second quarter the Vehicles and Services segment applied a risk premium of 20% based on the valuation allowance by means of which the expected credit loss (ECL) on trade receivables due to COVID-19. This resulted in an increased loss allowance of SEK 18 m. for the full year 2020. From the second quarter 2021 the risk premium has ceased. For the first half of 2021 the risk premium has resulted in a loss allowance of SEK 0 m. (20).

### ***Credit risk Financial Services***

Scania is continuously assessing the credit risk and during the first half of 2020 Scania rescheduled a number of its finance contracts in the Financial Services operation. The underlying reason for agreed reschedulings was temporary liquidity constraints with our customers due to the COVID-19. During the second half of 2020 the reschedulings returned to normal levels, which is still valid during the first half of 2021.

## Key financial ratios and figures

In the Interim report, Scania presents certain performance measures that are used to explain relevant trends and performance of the group, of which not all are defined under IFRS. As these performance measures are not uniformly defined by all companies, these are not always comparable with the measures used by other companies. These performance measures should therefore not be viewed as substitutes for IFRS-defined measures. The following are the performance measures used by Scania that are not defined under IFRS, unless otherwise stated.

### DEFINITIONS

#### **Operating margin**

Operating income as a percentage of revenue.

#### **Net margin**

Net income as a percentage of revenue.

#### **Net debt, net cash excluding provision for pensions**

Current and non-current interest borrowings (excluding pension liabilities) less cash and cash equivalents, current investments and non-current intra-group loans to Volkswagen entities.

#### **Capital employed <sup>1)</sup>**

Total assets excluding shares and participations in group companies less operating liabilities.

#### **Return on capital employed <sup>1) 2)</sup>**

Operating income plus financial income as a percentage of capital employed.

<sup>1)</sup> Calculations are based on average capital employed for the thirteen most recent months.

<sup>2)</sup> Operating income is calculated on rolling 12 months.

Amounts in SEK m. unless otherwise stated

### Scania Group

<b>Operating and net income</b>	<b>First half</b>			<b>Q2</b>	
	<i>EUR m.</i>	<b>2021</b>	2020	<b>2021</b>	2020
<i>Revenue</i>	7,393	<b>74,776</b>	58,469	<b>39,068</b>	25,418
<i>Operating income</i>	962	<b>9,733</b>	2,813	<b>5,076</b>	-192
<i>Net income for the period</i>	715	<b>7,234</b>	1,239	<b>3,765</b>	-544
<i>Operating margin, % (Operating income/Revenue)</i>		<b>13.0</b>	4.8	<b>13.0</b>	-0.8
<i>Net margin, % (Net income/Revenue)</i>		<b>9.7</b>	2.1	<b>9.6</b>	-2.1

## RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

### Scania Group

#### Net debt, excluding provision for pensions

<b>Assets</b>	<i>EUR m.</i>	<b>30 Jun</b>	31 Dec
Current investments	5	<b>52</b>	54
Cash and cash equivalents	2,760	<b>27,917</b>	32,268
Loans to Volkswagen entities	0	<b>4</b>	4
Accrued interest in current investments	0	<b>-2</b>	-1
	2,765	<b>27,971</b>	32,325

#### Liabilities

Interest-bearing liabilities, non-current	5,739	<b>58,038</b>	53,564
Interest-bearing liabilities, current	3,867	<b>39,113</b>	42,478
Accrued interest in interest-bearing liabilities	-27	<b>-276</b>	-361
	9,579	<b>96,875</b>	95,681

<b>Net debt</b>	6,814	<b>68,904</b>	63,356
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### Vehicles and Services

2021 2020

#### Net debt, excluding provision for pensions

<b>Assets</b>	<i>EUR m.</i>	<b>30 Jun</b>	31 Dec
Current investments	169	<b>1,705</b>	54
Cash and cash equivalents	2,679	<b>27,095</b>	31,535
Accrued interest in current investments	0	<b>-2</b>	0
	2,848	<b>28,798</b>	31,589

#### Liabilities

Interest-bearing liabilities, non-current	420	<b>4,252</b>	3,837
Interest-bearing liabilities, current	97	<b>983</b>	5,928
	517	<b>5,235</b>	9,765

<b>Net debt</b>	-2,331	<b>-23,563</b>	-21,824
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### Capital employed

2021 2020

	<i>EUR m.</i>	<b>30 Jun</b>	30 Jun
Total assets, excl. shares and participations in group companies	15,382	<b>155,582</b>	153,770
Operating liabilities			
Other provisions, non-current and current	691	<b>6,989</b>	6,645
Other liabilities, non-current and current	7,057	<b>71,381</b>	74,198
Net derivatives	177	<b>1,790</b>	-880
<b>Capital employed</b>	7,457	<b>75,422</b>	73,807

### Return on capital employed

2021 2020

	<i>EUR m.</i>	<b>30 Jun</b>	30 Jun
Operating income	1,445	<b>14,611</b>	9,612
Financial income	138	<b>1,392</b>	1,236
Capital employed	7,457	<b>75,422</b>	73,807
<b>Return on capital employed</b>		<b>21.2%</b>	14.7%