

# **Scania CV AB (publ.)**

Swedish corporate identity number 556084-0976

## **Annual Report 2021**

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The Financial statements encompass pages 24-116 and were prepared in compliance with International Financial Reporting Standards (IFRS).

The Report of the Directors encompasses pages 1-23 and 116.

## REPORT OF THE DIRECTORS

Scania CV AB (publ.) is a public company (as defined by the Swedish Companies Act) with head office and domicile in Södertälje, Sweden. The address for the company is Scania CV AB, SE-151 87 Södertälje. Scania CV AB is parent company of the Scania CV Group (Scania), which consists of Scania's production, marketing and finance companies in Europe and other companies. Scania CV AB is a subsidiary of Scania AB (publ.) (Swedish corporate identity number. 556184-8564, registered office Södertälje).

### SCANIA'S OPERATIONS IN GENERAL

#### Scania 2021

- o Operating income for 2021 amounted to SEK 11 294 m. (8 887) with an operating margin of 7.7 percent (7.1).
- o Net sales in the Vehicles and Services segment, increased by 17 percent to SEK 141,305 m. (120,590) Currency rate effects had a negative impact on sales of 5 percent.
- o New vehicles sales revenue increased by 21 percent. Sales were affected posit and negative currency effects. Power solutions sales revenue increased sales revenues by 6 percent.
- o During 2021 Scania delivered 85,930 (66,899) trucks, an increase of 87 percent. Bus deliveries decreased by 14 percent to 4,436 (5,186) units. Power solution deliveries increased by 7 percent to 11,786 (10,991) units.
- o Service revenue increased by 11 percent and amounted to SEK 30,974 m. (27,132). Higher volumes related to parts and services had a positive impact, while currency effects had a negative impact.

Financial Services reported an operating income of SEK 2,194 m. (1,123). This was equivalent to 2.1 (1.1) percent of the average portfolio during the year. Negative currency effects and lower margins had a negative impact on earnings, which was partly offset by a higher average portfolio. Decreasing losses on bad debts

#### The Scania way

Being at the forefront of the transport industry for more than a century, Scania has developed key competitive advantages that will help us deal with future challenges. With a corporate culture that stands solid on our core values, flow thinking firmly rooted in our way of working and with employees continuously challenging and improving the order of things, Scania is well equipped to drive the transformation of the transport system.

#### Our core values

Our core values form the basis for all we do at Scania. They have been firmly anchored and integrated in Scania's operations for generations. Our core values reflect and embody our thinking, our way of carrying out work and how we relate to each other and to others we meet outside the company – customers, suppliers, partners and society at large. The core values guide our actions, support us in creating value for the company's stakeholders and ultimately, in the aim to be a leader in the shift towards a sustainable transport system. Based on the core values and the main principles, the management system (our common way of working) together with the Thinking model (our common way of thinking) form the basis of our corporate culture – "The Scania Way".

Scania's core values are Customer first, Respect for the individual, Elimination of waste, Determination, Team spirit and Integrity.

#### The business model

Scania's core value 'Customer First' is the point of departure for our own profitability. Our success is built on our ability to provide our customers with profitable and sustainable transport solutions that enable the success of their businesses. Scania's business model, our principles, working methods and

approach to sustainable transport will continue to be the platform for how we create value for our stakeholders, now and in the future.

### **Activities subject to permission**

Scania CV AB conducts activities that require permission in those places where manufacturing is conducted. The activities for which permission is required is affecting the environment through emissions to air and water, noise and use of energy. Scania CV AB holds all the necessary permits and is constantly reviewing them and renew them if necessary.

## **MARKET TRENDS AND PERFORMANCE 2021**

2021 saw a resurgent truck market but also significant supply chain disruption, partly caused by the ongoing COVID-19 pandemic. The resulting semiconductor shortage had a severe impact on Scania's production. The pandemic also continued to affect the bus and coach market, with demand remaining at unusually low levels. Highlights during the year included the launch of Scania SUPER, our new powertrain range, and the establishment of a new production arm in China.

### **Vehicles and services**

Scania's vehicle deliveries increased by 25 percent in 2021 compared to 2020. Truck deliveries increased by 28 percent to a total of 85,930 units and bus and coach deliveries decreased by 14 percent to 4,436 units. Power solutions deliveries increased by 7 percent to 11,786 units. Service sales increased by 11 percent to SEK 30,074 m.

### **The truck market**

to pick up strongly after the drop-off in the first half of the previous year. However, the production issues we experienced as a result of the semiconductor crisis led to a decrease in planned deliveries during the year.

The fourth quarter saw the launch of Scania SUPER, our new powertrain platform, including a series of updates and services. Delivering fuel savings of at least eight percent for long-haul customers, the new platform is a sustainability milestone for Scania, and will make a major contribution to achieving our science-based climate targets. In the same quarter we also introduced our new series of hybrid trucks. An important stepping stone to full electrification, the trucks can be fitted with different powertrain and charging options to suit a wide range of applications.

### **Europe**

Order intake in Europe increased by 48 percent to 64,575 (43,494). Demand increased in several major European markets such as Great Britain, France and Poland.

Scania's deliveries in Europe increased by 15 percent to 42,365 (36,747).

For the fifth year running, Scania won Germany's coveted Green Truck title for transport efficiency. Scania's entry this year was an R410 tractor, which outperformed its competitors for fuel consumption and performance under a range of driving conditions.

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 about 20 percent to about 277,400 units in 2021 (231,000). Scania truck registrations amounted to some 42,900 units, equivalent to a market share of about 15.5 (16.2) percent

### **Latin America**

Order intake in Latin America amounted to 23,626 (20,707) trucks, an increase of 14 percent.

Scania's truck registrations in Brazil amounted to some 15,700 units, equivalent to a market share of about 15.9 percent.

Scania's truck deliveries in Latin America increased by 74 percent and amounted to 21,291 (12,173) trucks.

### **Eurasia, Asia, Africa and Oceania**

In Eurasia, order intake decreased by 38 percent to 6,256 (10,049) trucks, primarily related to Russia. Deliveries increased by 50 percent to 7,724 (5,148) trucks.

In Asia, order intake increased by 6 percent to 10,840 (10,250) trucks. The increase was related to Turkey, Indonesia and Hong Kong. Deliveries increased by 6 percent to 9,649 (9,072) trucks.

In Africa and Oceania, order intake increased by 75 percent to 7,705 (4,408) trucks, mainly related to South Africa, Australia and New Zealand. Deliveries increased by 33 percent to 4,991 (3,759) trucks.

### **The bus and coach market**

The bus and coach market The global bus and coach market has been severely affected by the pandemic and demand for coaches and tourist buses has remained on low levels throughout most of 2021, while demand for urban traffic and public transport has picked up.

Order intake for buses and coaches decreased by 6 percent to 3,796 (4,032). Deliveries decreased by 14 percent to 4,436 (5,186). In Europe, deliveries decreased by 12 percent to (1,606) 1,827 units. In Latin America, deliveries decreased by 30 percent to 1,526 (2,182 units). In Asia, deliveries decreased by 40 percent to 350 (582) units, while deliveries of buses and coaches in Africa and Oceania increased by 79 percent to 914 (511) units. Deliveries to Eurasia decreased by 52 percent to 40 (84) units.

In Europe, Scania's market share for buses and coaches was around 5.7 percent in 2021 compared with a 6.5 percent share in 2020.

Production highlights during the year included the introduction of Scania's new 13-litre gas engine for travel operations. Capable of running on both natural gas and biogas, the engine allows customers to switch easily to sustainable biofuels with relatively little investment. We also launched the next generation of Scania Touring, a new coach with an improved driver environment, enhanced passenger comfort and significantly reduced fuel consumption.

The year also saw the introduction of the first international biogas bus. A collaboration between Scania, mobility provider Flixbus and gas supplier Gasum, the long-distance coach operates between Stockholm and Oslo.

### **Power Solutions**

In Power Solutions, the business area formerly known as Engines, demand remained strong in 2021. Order intake increased by 50 percent to 15,712 (10,508).

Deliveries in 2021 totalled 11,786 (10,991), an increase of 8 percent. The increase was primarily related to Germany and Italy

### **Services**

Scania's service business was strong in 2021, with sales amounting to SEK 30,074 m. (27,132) an increase of 11 percent. In local currencies, revenue increased by 14 percent.

In Europe, service revenue increased by 9 percent compared to SEK 21,239 m. (19,419). In Latin and North America service revenue increased by 22 percent to SEK 3,109 m. (2,554). In Eurasia it increased by 29 percent to SEK 1,070 m. (829), in Asia it decreased by 2 percent to SEK 2,543 m. (2,606) and in Africa and Oceania it increased by 23 percent to SEK 2,113 m. (1,724).

Service demand is boosted by the data from more than 560,000 connected vehicles, which allows Scania to keep tailoring service packages to customers, based on how they use their vehicles. About 64 percent of the 10-year rolling fleet of Scania trucks and buses are connected.

## **Financial services**

The impact of the pandemic was mainly visible in the first half of 2020 and the number of customers in need of rescheduling their financial contracts increased. During the third and fourth quarters 2020, the rescheduling returned to normal levels and the vast majority of Scania's customers returned to previous payment plans and has remained there throughout 2021.

At the end of the fourth quarter of 2021, the size of Scania's customer finance portfolio amounted to SEK 108.9 billion, which was SEK 13.4 billion higher than the end of 2020. In local currencies, the portfolio increased by SEK 9.9 billion.

The penetration rate for new vehicles was 44 (41) percent in 2021 in those markets where Scania has its own financing operations.

Operating income in Financial Services increased to an all time high level of SEK 2,194 m. (1,123) during 2021, compared to the same period in 2020. A larger portfolio and higher margins impacted positively, which was partly offset by negative currency effects and increased costs.

Bad debt expenses decreased mainly related to an expected improved payment ability among customers.

Most of Scania's portfolio consists of customers in European markets. The financing portfolio is well diversified in terms of customer geography and type, as well as their size, economic sector and vehicle applications. Scania reduces its risk by pursuing a conservative credit policy and a refinancing profile that matches borrowing to lending. Close collaboration between Financial Services and Scania's sales organisation is a major explanation for Scania's expanding financing portfolio. This collaboration allows both operations to mutually benefit from insights concerning customers and their businesses. Experience shows that brand loyalty is higher among customers that select financing, insurance and maintenance contracts with Scania.

## **Our employees**

All Scania managers are committed to ensuring that our employees feel valued and satisfied at work, and that their well-being is supported, regardless of their job and location. We believe that diverse and inclusive working groups, reflecting diversity in areas such as gender, ethnicity, background and skills, are key to our success. We therefore aim to increase the diversity of our workforce across all of our operations. Our Employee Satisfaction Barometer survey, which is part of our efforts to monitor job satisfaction, includes three questions to gauge employees views of Scania's performance in diversity and inclusion.

Scania has a long history of engaging in social dialogue, and in 2021 we began the rollout of our global labour relations principles and improvement program.

The safety and health of all Scania employees is a top priority. We strive to create safe and healthy workplaces, preventing work-related injuries and ill health and promoting well-being through cooperation and continuous improvements. In this way, Scania has been able to maintain low levels of employee turnover and to keep healthy attendance at a consistently high level for many years. Throughout 2021, healthy attendance was 95.4 (96.4) percent.

As the COVID-19 pandemic continued in 2021, we remained focused on safeguarding our employees, minimising the risk of virus transmission while ensuring they could continue to work safely, either on site or from home. Our health care centre in Södertälje has contributed to Sweden's vaccine roll-out programme since February 2021. By the end of the year we had vaccinated a total of 63,236 people.

## **Production**

At the start of the year, Scania had planned for a high production capacity level to cope with our large order book – the result of the impact of COVID-19 in 2020. However, by the end of the first quarter, our production output had already started to be affected by supply shortages, mainly due to the semiconductor crisis. In February, the already constrained situation was worsened by a winter storm in Texas, which heavily affected the supply chain of one important supplier. In the beginning of the second quarter, a combination of events including the obstruction of the Suez canal and a large fire in a semiconductor supplier's facility in Japan put the supply chain under even more strain. By the end of the quarter, we brought forward planned vacation and added stop days due to the shortage of components. During the vacation period we worked intensely across functions to resolve the situation, and this led to production restarting as planned. However, at the same time, the pandemic forced some of the main semiconductor suppliers in Asia to stop production, forcing Scania's production pace to be reduced again. In the second half of 2021, production was successively impacted by shortages that affected our capacity to deliver

according to customer needs. During the autumn we launched Scania SUPER, our new powertrain range with superior properties and added customer value. To meet these extremely tough product requirements, Scania updated its production facilities and introduced new manufacturing processes that improved both the efficiency and sustainability of our production operations. Sustainability has been the guiding principle throughout the project, as improving the sustainability of our production processes is vital to achieving our science-based climate targets. During 2021 Scania continued our expansion into the Asian market, with the establishment of a wholly-owned truck production facility in Rugao in Jiangsu Province, 200 km north-west of Shanghai. Construction began at the end of 2021 and will continue during 2022. The investment is part of Scania's strategy to expand operations in China into a full-scale unit in the company's global production and supplier structure.

### **Research and development**

improve productivity and profitability in customer operations based on low fuel consumption, high vehicle uptime and low service costs, combined with good performance. Scania puts significant investment and resources into research and development, which is concentrated at the Scania Technical Centre in Södertälje. In 2021, key projects resulting from our research and development investments included the new Scania SUPER powertrain range, as well as the construction of a new battery assembly plant, which began during the year. In total, Scania invested SEK 7.5 bn in research and development (6.5) in 2021, and R&D expenses corresponded to 5.1 percent of net sales.

Scania benefits from the synergies as part of the TRATON GROUP. The group's deep pool of technical expertise boosts innovation and drives cost efficiency, while its financial muscle means Scania can invest early in new innovations and bring ideas to market quickly.

## **RISK AND RISK MANAGEMENT**

### **The purpose of risk management within Scania**

As a company, Scania is continuously exposed to risks that, if not properly managed, may impact the opportunity to drive the shift towards a sustainable transport system, to execute its strategies and to achieve our objectives. Such matters pose risks to Scania and may involve a broad range of topics spanning from cyber security to supplier capacity, climate, product launch and matters related to responsible business e.g. environment, governance and social issues. Negative impacts can be avoided, or at least minimised, if they are proactively identified and properly managed. A systematic approach to risk management enables Scania to maintain focus on its core business, its customers and identify opportunities while spending less time and effort on remediating unwanted situations.

The risk management process also enables informed decision-making and effective risk management and risk reporting.

### **How we drive risk management within Scania**

On behalf of Scania's Board of Directors, the Executive Board has the overall responsibility for risk management, including sustainability and climate-related risks. However, as the business operations are exposed to risks that need to be managed, they are responsible for identifying and assessing key risks, assuming risk ownership and managing risks, as well as periodically reporting risks to the Executive Board via the central support function Group Risk Management.

Scania Group promotes a risk awareness culture which is characterised by openness and encourages people throughout the organisation to speak up and discuss the risks the Group is facing. Transparency is fundamental for dealing effectively with risks and avoiding blind spots, i.e. risk which remain undetected and therefore are not addressed properly. As a principle, all management across the organisation is responsible for managing risks within its area of responsibility.

Risk management at Scania should be performed in accordance with the Scania Group Policy on Risk management and supporting instructions.

### **Risk process**

The risk process ensures that Scania has a transparent, systematic and hands on approach to risk management.

The aim of the risk process is for each entity within Scania to gain a greater understanding of what their important risks are, and how such risks are managed. The purpose is also to establish a shared view of important short-, medium- and long-term risks throughout the Scania Group

To ensure consistency in the assessment of the risks identified, pre-defined risk categories (Strategic, Financial, Legal & Compliance and Business risks), sub-categories and risk assessment criteria are established that help organise consistent identification, assessment, analysis, and monitoring of risks.

The recurrent risk process consists of four phases: identify, assess, respond, and follow-up and report. The first step, **identify**, involves identifying risks of targets not being achieved and emerging risks. Secondly, the identified risks shall be **assessed** in terms of probability of occurrence and potential financial, reputational and legal impact in order for the appointed risk owner to be able to prioritise risks for further analysis. The following analysis is the basis for evaluating response options as part of the third step, **respond**, as well as to design and implement risk response plans. The final step, **follow-up and report**, is to monitor the implementation and status of the risks to ensure that the risks response is effective (see page 18, Internal control). The process runs through an annual workshop and additionally updates and reports on a quarterly basis.

### Climate-related risks

Climate-related risks refer to events or developments arising from climate change that may have a negative impact on achieving company and divisional targets and/or on adherence to or the viability of company processes. Climate risk could also include events stemming from Scania's operations that contribute to the adverse effects of climate change. Sustainability and climate-related risks are included in and reported as part of existing sub-risk categories.

Scania has set ambitious CO<sub>2</sub> reduction targets to limit global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1,5°C, in line with the Science Based Targets initiative (SBTi). This represents a radical leap in our carbon reduction targets, as the targets encompass not only emissions from our direct operations, but also from our customers' vehicles when in use.

Climate-related risks within Scania are divided into transition- and physical risks. With Scania's sustainability and climate targets, the transition risks are considered most material to Scania in the short- and medium term. Transition risks identified by Scania include risks relevant to the technology shift, such as the adaptation to battery electric vehicles (BEV), the cost of the transition to lower emissions technologies, customer expectations and availability of components and raw materials, as well as risks that policy actions such as CO<sub>2</sub> emission legislation, carbon pricing, alternative infrastructure roll-out, and that other climate regulations do not go hand in hand with technology developments. Physical risks include risks related to extreme weather events and long-term shifts in climate patterns, causing business interruptions and/or damage to physical assets. Physical risks are considered material to Scania in the long-term.

To assess the resilience of the Scania 2025 strategy, including the effects of climate-related risks, Scania is using a scenario-based approach to strategy, technology and competence planning. This way of working is well established in parts of the company and by broadening of the scope, Scania builds a deep and shared understanding of the changing business environment and its conditions, strengthens the resilience of the strategy, and the ability for fast and adaptive strategy deployment

### The riskprocess in 2021

Scania's risk overview for 2021 is characterised by an increasingly complex business environment that is changing fast and where managing high uncertainty is the new normal. Scania is adapting to this new business environment, managing risks related to for example new business models, expanding production capacity, finding sustainable solutions for sourcing, secure supply chains and the technology shift related to climate changes.

This year Scania has seen risk materialise with respect to lack of materials and components, this has caused disturbances in production, logistics and sales networks. There are continued challenges in the supply chain, especially with regards to semiconductors, electrical components and the impact from COVID-19 on general supplier capacity, causing longer lead times and delays in production.

There are several risks that will continue to have a potential impact on Scania. A selection of these risks as well as management actions are presented on the following pages



## RISK OVERVIEW

## Corporate targets

Driving the shift - L

Customers - K

People and planet - B

Profitability and flow - %

Growth and transformation – V

Risk category	Corporate targets	Context/ potential impact	Management action/ Mitigation
<b>Strategic risks</b>			
<b>Geopolitical risks</b>	L % V	As a global company Scania might operate in markets with political volatility, conflict and social unrest which may impact Scania's ability to trade in concerned markets/ areas. In 2021 this includes for examples quarantines and other restrictions due to COVID-19 pandemics an escalation of the US-China tensions and Brexit.	As geopolitical events can influence market conditions it requires more from Scania to uphold standards to manage adverse environmental and social effects. Assessing and understanding the risks through the conduct of effective risk assessments helps mitigate risk exposure. For example, Scania has established a cross-functional organisation for BREXIT to ensure awareness and that preparations are undertaken to mitigate the risk
<b>Business development risks</b>	L K %	The transport industry is facing new technologies, business models, competitors, and global trends such as digitalisation which combined create a highly disruptive environment. These factors are drivers in transforming Scania from being a heavy commercial vehicle manufacturer into a provider of transport and logistics solutions. Hence there is a risk related to the ability to respond to specific customer needs with tailored products and services, and the availability of technological innovations that respond to the major trends of the industry (i.e. Connected, Autonomous and Electrified vehicles). The complex supply chain related to battery production involve increased social risks for example human right violations, labour issues and discrimination.	Risks associated with business development and long-term planning are mainly managed through Scania's cross-functional meeting structure, which brings together various departments for decision-making of a strategic and tactical nature, and also through the annual process established by Scania for strategic planning. Such planning is not a static process and is in fact discussed and challenged throughout the company, based on external and internal considerations. All units and levels of the company are involved in the strategic process.  Through a culture of integrity and "speak up", all unclarities and queries are to be identified and discussed openly. It also means that the risk of uncertainty and lack of clarity concerning the company's strategy and business development can be managed in a precise and efficient way. In addition to this Scania continuously investigates new areas that may be of interest connected to the future development of the ecosystem of transport and logistics. Research and development projects are also revised continuously, based on each project's technological and commercial relevance
<b>Business model and strategy related risks</b>	L K B % V	There might be a risk that the current business model and strategy will not support Scania to protect, create value or to further strengthen the value proposition for stakeholders and in our commitment to climate and people. There is also a risk that Scania is not able to act as fast as needed to reach our potential opportunities..	Scania is regularly monitoring, evaluating and challenging our business model and strategy in order to ensure Scania achieving our ambition to drive the shift towards a sustainable transport system and our commitment to the Paris Agreement. Aspects of uncertainty, complexity, volatility are important to stay relevant to the society, customer, capital market and other stakeholders today and in the future.
<b>Corporate governance and policy-related risks</b>	L K B % V	As Scania operates globally in volatile contexts it is important to effectively manage and develop the business in the right direction, otherwise there would be a risk of the company not achieving our ambition and targets.	The Executive Board has overall responsibility for managing corporate governance and policy-related risks. All units of the company work according to a management system that meets Scania's requirements, guidelines and policies, and this system is well documented. Management systems are continuously being improved, through day-to-day work and through regular review internally and by third parties. The central support function Governance, Risk and Compliance (GRC) is in place to support both Executive Board and line managers in reducing risks by providing knowledge in terms of governance, trainings and advice. For further information see Corporate Governance report
<b>Climate transition risks</b>	L K	With a central role in the ecosystem of transport and as a global player Scania is exposed to risks stemming from the transition towards a low carbon economy. Transition risks identified by Scania include risks relevant to the technology shift,	Scania's Driving the shift strategy builds on the risks and opportunities related to climate change. The realisation of the consequences of climate change and related mitigation actions on legislation, business and technology have a profound impact on Scania's strategic direction. These risks are mainly managed

Risk category	Corporate targets	Context/ potential impact	Management action/ Mitigation
	B % V	such as the adaptation to battery electric vehicles, the cost of the transition to lower emissions technologies, customer expectations and availability of components and raw materials, as well as risks that policy actions such as CO2-emission legislation, carbon pricing, alternative infrastructure development (including charging infrastructure and renewable energy supply and availability of biofuels) and that other climate regulations do not go hand in hand with technology developments.	through Scania's crossfunctional meeting structure, which brings together various departments for decision-making of a strategic and tactical nature. Scania's decision forum Scania Sustainability Board plays a key role in identifying and taking actions to mitigate these risks. The annual process established by Scania for strategic planning is also key in identifying and taking actions. All units and levels of the company are involved in the strategic process. Scania has set carbon emission reduction targets in line with what science says is needed to reach the Paris Agreement (science-based targets). Our targets are covering own operations and customers usage of the vehicles provided by Scania. Proactive monitoring and understanding of technology, market and legislative development is a priority to reach the targets. Climate related transition risks is related to and also included within the processes for business development risks, strategic risks and legal risks
<b>Financial risks</b>			
Refinancing risks	K % V	Access to competitive funding is critical and to a large extent dependent on Scania's credit rating on the financial markets. A downgrade of Scania credit rating would increase Scania's cost of funding which in turn could affect the company's profitability.	Refinancing risks are managed in accordance with Scania Group Policy, reviewed every year by Scania Audit Committee. As part of Scania's management of refinancing risk, there are two committed credit facilities both supported by TRATON SE. For further information see Note 28.
Credit risks	K %	If Scania's contract parties fail to meet their contractual obligations as a result of their own financial situation or the political environment, Scania might thereby be exposed to financial loss.	Credit risks are managed in accordance with the Scania Group Policies – Credit Risk Governance and Treasury, reviewed every year by Scania Audit Committee. Transactions occur only within established limits and with selected, creditworthy counterparties. Scania sales are distributed among a large number of end customers with a geographic dispersion, which limits the concentration of credit risk. For further information see Note 2 and 28.
Currency and interest rate risk	%	Currency exposures result from the widely spread geographic sales of products and the more concentrated production operations. Currency and interest rate movements may result in negative effects on earnings and balance sheet items. Interest rate risk may occur from interest rate-sensitive assets and liabilities. For further information see Note 28..	Scania has central and local resources that ensure compliance with current legislation and take an active part in tax related issues and assist with tax expertise. Furthermore, in addition to statutory audits, Scania is regularly audited by tax authorities, who may disagree with Scania's tax treatments. Although Scania believes its tax estimates are correct, the final determination of tax audits or reviews could differ from our tax provisions and accruals. As a result, Scania may be subject to additional tax liabilities, interest, penalties, or any regulatory, administrative, or other sanctions relating thereto. Tax risks above a certain level are monitored and reported regularly to management. Once a year, a report is submitted to the Audit Committee of the Board
Tax risks	%	Scania is subject to various taxes in multiple jurisdictions. A certain degree of judgement and estimation is required in determining Scania Group's provisions for income tax, sales and use tax, value-added tax, and other taxes. Additionally, Scania and its subsidiaries are involved in a number of tax cases, and disputes. For further information, see Note 2. None of these cases is deemed capable of resulting in a claim that would substantially affect Scania's financial position..	Scania works continuously with the identification, analysis and administration of insurable risks, both at Group and local level. A central function is responsible for the Group's global insurance portfolio. Customary Group insurance policies to protect the Group's goods shipments, assets and obligations are arranged in accordance with Scania's governing document. Local insurance policies are obtained in accordance with the laws and standards of the country in question. When needed, Scania receives assistance from outside insurance consultancy companies with identifying and managing risks. Insurance is obtained only from well-reputed insurance companies, whose financial strength is continuously monitored. Risk inspections, mainly focusing on physical risks, are performed yearly. In most cases at all production units and at a number of Scania-owned sales and services units/ workshops according to the standardised Scania Blue Rating Fire Safety system. This work maintains a high loss prevention level and a low incidence of claims.
Insurance risks	% V	Scania is within our global operations exposed to various risks which could potentially affect the balance sheet if not transferred to external insurers. Not all	Scania works continuously with the identification, analysis and administration of insurable risks, both at Group and local level. A central function is responsible for the Group's global insurance portfolio. Customary Group insurance policies to protect the Group's goods shipments, assets and obligations are arranged in

Risk category	Corporate targets	Context/ potential impact	Management action/ Mitigation
		risks can be transferred but for selected insurable risks we seek to minimise Scania's exposure.	accordance with Scania's governing document. Local insurance policies are obtained in accordance with the laws and standards of the country in question. When needed, Scania receives assistance from outside insurance consultancy companies with identifying and managing risks. Insurance is obtained only from well-reputed insurance companies, whose financial strength is continuously monitored. Risk inspections, mainly focusing on physical risks, are performed yearly. In most cases at all production units and at a number of Scania-owned sales and services units/ workshops according to the standardised Scania Blue Rating Fire Safety system. This work maintains a high loss prevention level and a low incidence of claims.

Legal and Compliance risks			
<b>Legal actions and administrative proceedings</b>	L K %	Scania is affected by legal proceedings as a consequence of the company's operating activities. This includes alleged breaches of contract, non-delivery of goods or services, producer liability, patent infringement or infringements related to other intellectual property, or alleged violations of laws and regulations in force. Some of the associated risks may be of great importance. For further information see Note 2 and 18	Scania has introduced a legal risk reporting system, according to which risks are defined and reported to the head office as they occur. At least once a year, a report on such risks is submitted to the Audit Committee of the Board of Directors. Scania has specialised personnel, Corporate Legal Affairs and Risk Management to support with advisory and guidance in legal matters
<b>Contracts and Intellectual property rights</b>	L K %	Administration of contracts, essential rights and legal risks occur in the normal course of operations. Scania's operations include a wide variety of intangible licensing agreements, patents and other intellectual property rights. Scania also concludes numerous commercial and financial contracts, which is normal for a company of Scania's scale and type. Scania's operations are not dependent on any single commercial or financial contract, patent, licensing agreement or similar right.	Scania has specialised personnel, Corporate Legal Affairs and Risk Management to support with advisory and guidance in legal, commercial, patent, licensing and other matters. For further information see Note 2..
<b>Risks related to new and changed laws and regulation</b>	L % V	Different countries' legal systems and major changes in laws and regulation (e.g. environmental laws, safety standards, data privacy, trade laws, financial regulations and export control regulations with extraterritorial effect) may have features that threaten the Scania comprehensive position. There is a risk that Scania lack capacity to efficiently conduct business as well as the capacity to consummate important transactions, enforce contractual agreements or complement specific strategies and activities.	Scania monitors all markets continuously for early warning signs, which means the company can make the necessary changes to its marketing strategy or internal governance and compliance arrangements. In addition, Scania's local and central specialist functions provide guidance and support regarding new and changed legislation to mitigate the risk
<b>Business ethics and compliance risks</b>	L K B %	Scania needs to address anti-money laundering, fraud, embezzlement, anti-corruption and adherence to applicable competition laws in a systematic and transparent way. Scania's operations also include the provision of financing and insurance services, which must comply with the rules set out by financial supervisory authorities and other competent authorities	Scania has a long history with strong Core Values defining what we believe in. Since we are operating in a constantly changing environment Scania has specialised personnel both centrally and locally to support the business to monitor and manage these risks. Group Compliance management, Group Risk Management and Group Internal Audit are the main functions that support the businesses to achieve those targets. In addition, the governing regulation structure that starts with the Scania Code of Conduct, contains a set of binding rules and guidance regarding responsible behaviours for all Scania Group employees.
<b>Trade barriers, export control and sanction risks</b>	L V	Changes in foreign trade policy and trade barriers, as well as governments or international bodies imposing sanctions on countries, goods and services, or persons, impedes our opportunities to do business. Failure to comply with sanctions could result in significant fines and penalties. As a global company, Scania needs to manage conflicting sanction regulations	All entities within the Scania Group conduct their business in accordance with national and international laws and regulations, including but not limited to export control legislations and sanctions regulations of all relevant jurisdictions and regimes in which we operate as well as Scania's Code of Conduct

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Human rights risks	L B K %	.Scania encounters human rights risks throughout the value chain and we need to avoid and prevent negative impact on people. This is an area which is impacted by legal development for human rights due diligence and expectation on companies to disclose information on identified and assessed real and potential impacts in our own operations, supply chain, business relationships and sales as well as the appropriate and effective system of risk management to handle these impacts	.M anagement of human rights includes a two-fold perspective; to manage risk that Scania causes, contributes or is linked to negative impact on human rights, and to manage reputational and legal risk to Scania as a company. Scania has identified it is salient human rights issues. This together with Scania's Human Rights Policy in place, is guiding the daily work and strives to integrate business and human rights into relevant processes including Scania's Due Diligence Program. Furthermore, Scania maintains dialogue with relevant internal and external stakeholders
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Business risks			
<b>Market risks</b>	L V %	The commercial vehicles industry is influenced by external impact such as competition, price, political conditions as well as potential financial downturn which may result in both opportunities and risks regarding the demand for Scania's products. In addition Scania delivers some of its vehicles with repurchase obligations, where Scania thus has residual value exposure. There is also residual value risk for short-term rental vehicles with an estimated residual value. Further, a large proportion of Scania's sales of parts and workshop hours occurs through repair and service contracts. Selling a service contract involves a commitment by Scania to provide servicing to customers during the contractual period in exchange for a predetermined fee.	Scania can partly address the fluctuation in the demand for our products by well-diversified sales in more than 100 countries, which limits the risk in relation to each individual customer and market. Furthermore Scania continuously manages and oversees existing contractual obligations towards customers which otherwise could result in challenges to properly forecast future asset values of used vehicles. The cost of the contract is allocated over the contractual period according to estimated consumption of service, and actual divergences from this are recognised in the accounts during the period. From a portfolio perspective, Scania continually estimates possible future divergences from the expected cost curve. Negative divergences from this result in a provision, which affects earnings for the period. For further information see Note 2
<b>Information risks</b>	L B K	Scania relies on information technology for everyday business. Beside opportunities for improving efficiency and effectiveness of Scania's internal operations and customer offer, this might also give rise to various risks. Digital information, systems and infrastructure may be negatively impacted because of accidents, disasters, technical damage, outdated technology, or cyber-attacks etc. If not properly managed Scania might be exposed to the risk of information being revealed to unauthorised person(s) or intentionally/unintentionally changed, corrupted or lost.	To ensure effective, reliable and relevant operations Scania needs to constantly evaluate how to utilise the potential of data in our day-to-day business. To ensure the availability, integrity, and confidentiality of information, Scania uses a risk-based approach and an established information security management system (ISMS) as well as a combination of the latest hardware and software technologies and effective IT organisational mechanisms. Furthermore, Scania has a central specialist function for Information Security, which is responsible for the introduction and follow-up on Scania's information security policy.
<b>Supply chain risks</b>	L B K V %	If one or more suppliers are unable or unwilling to fulfil delivery obligations, for example due to supply shortages, labour strikes, capacity allocation to other customers, or financial distress of the supplier, Scania might face the risk of production downtime, increased production costs, delays and loss of customer confidence. Supply shortages of semiconductors have been Scania's main supply chain issue in 2021. Furthermore, with a more global supply chain and changes in technology, for example focus in electrification, there are sustainability risks such as adverse effects on the environment, health and safety, human rights and business ethics in Scania's business operations.	Scania has taken a variety of preventive and detective measures to counter these risks. This includes a prequalification process to ensure suppliers meet the company's requirements regarding technology, quality, delivery, cost and sustainability, and which is regularly reported to Scania Purchasing management. Suppliers are required to comply with Scania's Supplier Code of Conduct and Scania continuously assess and consider the risk in sourcing nominations. Furthermore, Scania monitors all suppliers with a critical spend on a monthly basis via external risk ratings. Close cooperation within Volkswagen Group as well as with our suppliers is also key to ensure we can adapt to changes and manage identified risks.
<b>Production risks</b>	L B K V	An unforeseen disruption of a production facility represents a risk and may be caused by a number of different incidents — for example power failure, equipment failure, fires, floods, social unrest or terrorist activity, infectious diseases, labour difficulties, or other operational issues. If overestimating the demand for our products, there might be a risk that the available capacity will be underutilised, while pessimistic forecasts could result in insufficient capacity to meet demand.	Scania has a business continuity programme which focuses on responsibility by local management to ensure that business continuity is owned, operated and embedded with local needs, resources and competence. In addition, Scania has a safety, health and environment standard as well as activities with the aim to preserve and promote the performance. Production, environmental and quality risks in the workshop network's services are managed through the Scania Retail System, the Scania Dealer Operating Standard Certification, as well as the environmental management policy and specialised personnel. The production capacity is closely monitored in cross-functional meetings and continuously adopted accordingly
<b>Climate risks including natural hazards</b>	L B K %	As Scania and our suppliers are located all over the world, we are exposed to physical risks, resulting from extreme weather conditions, floods, heat or water stress and other natural hazards that could damage physical assets such as buildings. It is hard to predict the frequency and impact of natural disasters. However with changing climate due to global warming, extreme weather situations are expected to be more frequently occurring as well as the weather patterns to be changing in certain areas. These risks could potentially affect Scania's possibility to insure facilities in the future..	. As Scania's business operations and suppliers are located all over the world the risk of changing climate and weather patterns, natural disaster and resource scarcity are given attention in the business impact analysis as well as the business continuity planning process. The usage of predictions and scenario planning for different regions support decision-making. Some of the physical risks related to insurability is covered by the insurance risk process Scania also has an environmental management system in line with ISO14001 that covers certain local related risks.
<b>Product launch and Product liability risks</b>	K %	Introducing a new product to the market is a risk exposure of product quality deviation resulting from example failure in design, product selection or manufacturing. Failure to ensure product quality could result in recalled products involving significant costs, compensation for indirect cost of customers, non-compliance and reputational damage..	. This risk is managed by the development, verification and validation process at Scania. It is Scania's objective to develop products that are reliable and safe to the user, the general public and the environment. However, if a product should show signs of technical shortcomings that might be harmful to people, planet or property, that is dealt with by the Scania Product Liability Council. This body decides what technical solutions should be used in order to solve the problem and what marketing measures are needed. The Product Liability Council also conducts a review of the processes in question to ensure that the problem does not recur. Where applicable, Scania has a fair risk-sharing with our suppliers regarding product liability, which minimises the financial risk for Scania
<b>People and competence</b>	L B V	The technology shift will require a shift in competence and Scania must act proactively and identify future needs before they occur. Difficulties to attract and retain key personnel could lead to challenges in delivering towards customer needs. Due to the nature of Scania's business, some travel is still an essential part of operations. It is, however, vital that staff is not exposed to unnecessary risks when on a trip. The risks can be related to medical as well as security issues with possible physical harm, even death, as a result	To secure business-driven competence supply Scania is continuously developing the area of people management. Presently a program is run, as part of Scania's transformation, the human resources transformation is aiming at creating an even more efficient human resources support through global processes, a foundation in people analytics and a functionally organised People & Culture organisation. The people perspective is key in driving the shift – both for the company and its employees. Therefore, Scania focuses on various re-skilling programmes as well as entrepreneurial and innovation learning e.g., innovation factory, and skill capture. In order to manage transformation/competence shift in a responsible way at the global level, ensuring meaningful social dialogue is key. Scania has a global standard for social dialogue and proactively addresses the challenge through the Global Deal initiative. Further, Scania has structured, well-established working methods for close cooperation with a number of

			<p>universities and institutes of technology to create and recruit cutting-edge expertise. Scania runs an upper secondary school in Södertälje, Mälardalens Tekniska Gymnasium, offering high-quality technical education. To ensure a uniform approach towards travel risks, The Steering Group Travel Risk Management agrees on the scope and focus of mitigative measures. Example of implemented measures are a mandatory e-learning for business travellers, a safety on travel risk assessment tool, automated pre-trip advisories for travellers and a travel based crisis management system. Specialists from Occupational health and Corporate security are available to all Scania employees for support</p>
<b>Data privacy</b>	L K B %	<p>There is a risk that Scania fails to demonstrate compliance with privacy and data protection regulations, which could lead to claims for damage and other liabilities, significant fines and penalties, as well as loss of customers and negative brand reputation.</p>	<p>One of Scania's core values is "Respect for the individual". This is the foundation not only for our interaction with colleagues, customers, partners, drivers etc., but also for how we manage privacy and personal data protection. Scania's compliance with privacy and data protection regulations should be the result of an actively present privacy mindset with personal data protection practices embedded everywhere in the business by default and by design. This is particularly important when entering into new markets or establishing new business models. Scania has a specialist function in regards to data protection to support the business in ensuring that personal data is handled appropriately. However, the business is responsible for embedding privacy from the ground up and for demonstrating compliance with privacy and data protection regulations.</p>

## **CORPORATE GOVERNANCE**

Scania AB and its direct wholly-owned subsidiary Scania CV AB (together “Scania”) maintains a high international standard of corporate governance through the clarity and simplicity of its management system and governing documents. Corporate governance at Scania is based on the Articles of Association, Swedish legislation, in particular the Swedish Companies Act, the Annual Accounts Act and internal governing documents. This Corporate Governance Report has been prepared in compliance with Chapter 6, Section 7 of the Annual Accounts Act

### **Owner and shareholders**

The sole shareholder of Scania AB is TRATON SE who owns and controls 100 percent of the shares in Scania.

TRATON SE is a subsidiary of Volkswagen AG and is listed on the Frankfurt Stock Exchange and the Nasdaq Stockholm Stock Exchange. Both Scania and TRATON are members of the Volkswagen Group.

### **The Annual General Meeting**

The right of shareholders to make decisions on Scania’s affairs is ultimately exercised at the Annual General Meeting (AGM). An AGM of shareholders shall be held within six months of the expiry of each financial year, where the Board of Directors shall present the Annual Report and the Auditors’ Report.

The Notice convening the AGM shall be issued no earlier than six and no later than four weeks before the meeting. A Notice convening an Extraordinary General Meeting (EGM) shall be issued no earlier than six and no later than three weeks before the meeting. In accordance with the Swedish Companies Act and Scania’s Articles of Association, the composition of the Board of Directors is decided by election. Decisions at the AGM are usually made by simple majority. In some cases, such as an amendment to the Articles of Association, however, the Swedish Companies Act or the Articles of Association stipulates either a certain level of attendance in order to reach a quorum or a qualified majority of votes. During 2021, the AGM did not authorise the Board of Directors to resolve on the issue or repurchase of shares.

### **The Board of Directors**

The Board of Directors is Scania’s highest administrative body and is responsible for the management of the company’s operations as well as the organisation. It is also overall responsible for Scania’s long-term development and strategy. This includes overseeing climate-related issues relevant to reaching Scania targets and objectives. As a part of this the Board of Directors also monitors Scania’s science-based targets as well as the integration of sustainability aspects into Scania’s core processes. To fulfil its responsibilities, the Board of Directors have appointed the President and CEO, who appoints the Executive Board, by whom the Board of Directors are regularly updated on topics that are of long-term and strategic nature.

Scania’s Board of Directors, which is identical for Scania AB and Scania CV AB, is elected every year by the shareholders at the Annual General Meeting. The Board of Directors is the link between the shareholders and the company’s management. In addition to those members of the Board of Directors who are appointed pursuant to Swedish law by a party other than the AGM, the Board of Directors shall comprise a minimum of three and a maximum of eleven members plus a maximum of two deputy members. The members are elected each year at the AGM for the period up to the end of the next AGM. Scania’s Board of Directors is composed of ten elected Board members and no deputy members.

On 31 December 2021, they were:

- Lilian Fossum Biner
- Annette Danieli
- Gunnar Kilian
- Julia Kuhn-Piëch
- Christian Levin

- Nina Macpherson
- Christian Porsche
- Mark Philipp Porsche
- Stephanie Porsche-Schröder
- Peter Wallenberg Jr

In addition, the trade unions at Scania have according to Swedish law appointed four Board members and two deputy members for them. On 31 December 2021, they were:

- Mari Carlquist
- Lisa Lorentzon
- Mikael Johansson
- Michael Lyngsie
- Bo Luthin (deputy)
- Mikael Svalefors (deputy)

The Board of Directors is responsible for establishing the Rules of Procedure of the Board of Directors, and their instruction to the President and CEO, where the Board of Directors specifies the duties and powers of the CEO. Furthermore, the Board of Directors is also responsible for establishing the Rules of Procedure of the Audit Committee.

### **The Audit Committee**

Scania's Board of Directors have established one working committee, the Audit Committee, to which the Board of Directors appoints the members from among its own members. The Audit Committee monitors issues related to administrative processes, refinancing and treasury operations. Its brief also includes discussing and evaluating the company's application of important accounting issues and principles and the company's financial- and non financial reporting, as well as evaluating the auditors and approving the use of external auditors for non-auditing-related services. Strategic-, financial-, legal & compliance- and business risks, including sustainability and climate-related risks, are reported regularly to the Audit Committee.

The Audit Committee also regularly receives reports regarding internal audits and the state of the internal controls and risk management systems. The Audit Committee shall also receive and discuss complaints concerning accounting, internal controls or auditing in the company. The Audit Committee is identical and common to Scania AB and Scania CV AB.

### **External auditors**

At Scania, the independent external auditors are elected annually by the shareholders at the Annual General Meeting (AGM), for a period until the end of the next financial year's AGM. The external auditors report to the shareholders at the company's AGM. EY currently serves as the auditors of Scania.

To ensure that the requirements concerning information and controls that are incumbent on the Board of Directors are being met, the external auditors report on a continuous basis to the Audit Committee on all substantial accounting related matters as well as any errors and suspected irregularities. The auditors also participate in at least one Board of Directors meeting per year and are invited, when needed, to participate in the meeting and report to the Board of Directors.

The external auditors have no assignments for the company that affect their independence as auditors for Scania.

### **Internal audit**

Scania Group's Internal Audit, whose main task is to independently perform a risk-based and by regulation required reviews according to an annual audit plan and monitor and review the internal control, risk management and governance reporting to Scania's Audit Committee. All reports are also shared with the



CEO and the Executive Board in order to get their commitment to implement the necessary mitigation actions. Group Internal Audit reports functionally to the Audit Committee and administratively to the CEO.

### **The management of the company**

Scania's governing regulation structure starts with the Scania Code of Conduct, which contains a set of binding rules and guidance regarding responsible behaviours for all Scania Group employees. Scania Group Policies are internal regulations on topics and areas that need to be regulated on a group-wide level. Examples of such areas are: Risk, Environment, Product Compliance, Business Ethics/Compliance and Finance. Scania Group Policy 1 – Group Regulations Management – provides a set of fundamental guidelines for the creation of governing regulations. The purpose of Scania Group Policies is to set clear expectations, enabling Scania to achieve our business objectives while addressing uncertainty and risks and considering our core values

Scania's strategic direction is decided by the Executive Board, on behalf of the Board of Directors. The strategic direction is communicated by the Executive Board at the yearly top management meeting and serves as the foundation for Scania Group's business and operating plans. Focus areas and corporate targets are followed up regularly and the strategy is adapted accordingly as needed and broken down in the functions. The Heads of the corporate functions are responsible for ensuring that the appropriate actions are taken in their respective fields of responsibility based on the strategies that are decided.

The main responsibility for the operations of Scania's subsidiaries rests with the Board of each respective subsidiary. The Boards ensure that the established targets are achieved and that all of Scania's internal rules and principles, as well as laws and regulations, are followed. All managers in the company are responsible for working and communicating in compliance with the company's strategy. Scania's governance structure aims to drive the shift towards a sustainable transport system which includes the areas on environmental, social and governance responsibility.

Scania's Executive decision structure is based on a number of Executive decision forums that interconnect and form the basis for interaction between business units. Decisions at Executive decision meetings are assessed for legal and compliance standards. All decisions must also include an assessment that the decision is in line with Scania's core values: customer first, respect for the individual, elimination of waste, determination, team spirit, and integrity. This ensures an integrated approach to strategic topics within Scania and that sustainability and climate as well as compliance and integrity related matters are considered in all relevant decisionmaking. The Executive decision forums, such as the Scania Sustainability Board, the Sourcing Board, People Management meetings and Product Quality Meetings each include a member from the Executive Board. In addition there are support functions within Scania, including the Governance Risk and Compliance, Data Privacy and Group Internal Audit, that further support the business in making responsible, balanced and profitable business decisions.

Scania Sustainability Board (SSB) is responsible for setting the sustainability direction, targets and initiatives, as well as ensuring cross-functional action on our sustainability priorities. SSB consists of executives across all our corporate functions and is led by the CEO. SSB has quarterly meetings. Sustainability is at the core of Scania's purpose and direction as a business. Scania has committed to the Science Based Targets initiative (SBTi) to limit global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1,5°C. Achieving these targets requires coordinated actions across the entire organisation, close collaboration with our customers and other partners across the transport ecosystem, as well as commitment from all Scania employees.

In 2021, as part of supporting the Scania 2025 strategy and reaching our targets and objectives, Scania has transformed its organisation. The transformation includes the industrial- as well as commercial parts of the organisation. The changes consist of the merger between Research and Development, Production and Logistics and Purchasing into one strong organisation – Industrial Operations. This enables an extended focus on productivity and flow, and to be better prepared for the challenges in a transformative environment. In the commercial organisation, the sales and service network is now moving towards a stronger connection with the company's customer financing operations to respond to a higher level of integration in future customer solutions. This organisation is called Commercial Operations. A new corporate unit has also been established; Mobility Solutions. This is a merger of Autonomous Solutions and LOTS Group, a wholly-owned subsidiary. The Scania Way remains the foundation of our ways of working and methods. It is part of who we are and our culture. The new organisation connects the corporate functions through value streams which enhances flexibility and adds focus on business development.

A part of being a great employer is being able to offer a flexible work environment to our employees to the extent of the nature of the job to be done allows, while ensuring individual productivity and well-being as well as great creativity and collaboration in our teams and communities. Introduced in 2021, The Scania Work Playbook outlines Scania's go-to approaches to an inclusive and attractive workplace where everyone can contribute to our common purpose with their full potential.

### **Governance, Risk and Compliance**

The Governance, Risk, Compliance and Data Protection (GRC) function shall ensure that legal requirements, international GRC standards and owner requirements are fulfilled considering Scania specific risk environment and culture. The function shall also support in reducing compliance risks and other risks by providing knowledge in terms of policies, guidelines, training and advice and by setting up respective structures and processes. Based on decision made by the Executive Board 2020 the Group Risk management function, continued a comprehensive three-year long internal controls improvement and standardisation project. As part of the initiative internal control function within Group Risk management has been established to coordinate the development and monitor Scania's standardised internal control management system.

In addition, the Governance, Risk and Compliance (GRC) function secures alignment with the Volkswagen Group as well as TRATON GROUP regulations through the policy management function.

### **Together for Integrity**

In 2017 Volkswagen Group introduced an improvement programme named Together for Integrity (T4I), with the target of achieving an improved culture of openness, transparency and accountability. In 2020, it was announced that this has resulted in that Volkswagen AG and its subsidiaries successfully concluded the Independent Compliance Monitorship.

### **The President and CEO**

Under the Board of Directors, the President and CEO has the overall responsibility for the Scania Group. The President and CEO roles for TRATON SE and Scania AB was merged as of October 1 2021.

### **The Executive Board**

At the side of the President and CEO is the Executive Board. The Executive Board makes joint decisions in compliance with guidelines approved by the Board of Directors and the instruction on the division of labour between the Board of Directors and the President and CEO.

The Executive Board decides on issues that are of a long-term and strategic nature. This includes the development of the company, Research and Development, Purchasing, overall human resource matters, environmental work, marketing, pricing policy, capital expenditures and financing. The Executive Board also prepares such issues that shall be decided by the Board of Directors. The Executive Board is led by the President and CEO and report to the Board of Directors regularly preceeding Board of Directors' meetings. The Executive Board meets on a monthly manner. When necessary, considering amongst others market developments, the strategies are summarised from a global perspective and updated at such meetings.

### **Internal control**

The cornerstones of Scania's internal control consist of the control environment, risk assessment, control activities, information and communication as well as monitoring.

### **Control environment**

Internal control at Scania is based on the decisions on organisational structure, mandate and guidelines made by the Board of Directors. The Board of Directors' decisions are implemented into functioning management and control systems by the Executive Board.

Organisational structure, decision-making procedures, mandates and responsibilities are documented and communicated in governing documents, such as Scania Group Policies, standards and other regulations. Also included in the basis for internal control are group-wide accounting and reporting instructions,

instructions regarding powers and authorisation rights as well as relevant manuals and process descriptions. The Group reporting system for integrated financial and operational information is another central element of the control environment and internal control.

Integrated reporting of financial and operational information ensures that external financial reporting is based on business operations. In addition to information on final outcome figures, the reporting system also includes frequently updated forecast information. The Corporate Control function is responsible for continuous updating of accounting and reporting instructions, with due regard for external and internal legal requirements and standards.

### **Risk assessment and control activities**

Risk management is an integral part of business management and the decisionmaking process. Scania is continuously exposed to risks that, if not properly managed, may impact the opportunity to drive the shift towards a sustainable transport system, to execute its strategies and to achieve its objectives. There is a comprehensive set of control activities established for all key risk areas and processes. For a closer description of risk management at Scania, please see section Risk and risk management on page 5. The controller organisation, such as financial responsibility, follows the company's organisational and responsibility structure. Risk areas identified in financial reporting are handled and scrutinised via Scania's controller organisation. Controllers who closely examine business operations are found at all levels of the organisation. Clear reporting to higher levels takes place regularly, ensuring a solid understanding of how a unit's business operations are reflected in the figures. In its task of compiling, verifying and analysing financial information, the corporate-level controller organisation has access to the figures and businessrelated comments of all operational units.

### **Information and communication**

In order to inform, instruct and coordinate financial as well as non-financial reporting, Scania has formal information and communications channels to the affected employees regarding policies, guidelines and reporting manuals. These formal information and communications channels are supplemented by frequent dialogue between Finance and Business control and the individuals in charge of financial reporting at operational units. The Group holds internal seminars and conferences regularly, with a focus on quality assurance in financial reporting and governance models.

### **Monitoring**

Scania monitors compliance with the governing documents and the effectiveness of the control structure. Monitoring and evaluation is performed by the company's corporate controller departments in industrial operations, all sales and services companies, and finance companies. In addition risk based and independent reviews of internal controls over financial reporting in selected entities are performed.

During the 2021 financial year, in its control and monitoring activities, Scania prioritised areas and processes with large flows and values as well as selected operational risks. Monitoring of compliance with Scania Group Policies remained a high priority area and additional internal controls have been introduced in this area. The Board of Directors receives monthly financial reports. This financial information increases in terms of the run-up to each interim report. The full year-end and half year reports are approved by the Board of Directors. Compliance with the Code of Conduct is monitored by the operational management as well as Compliance and Risk Management functions. The company also has an anonymous communication channel where all employees can report violations of company policies and the Code of Conduct.

## GROUP FINANCIAL REVIEW

The global recovery which started in the second half of 2020, continued into 2021. The transport activity of Scania's customers remained high during the period and demand for Scania's products and services was high in essentially all markets. In spite of the pandemic causing global capacity problems of sourcing components, including semiconductors, Scania managed to keep up production for a long time. During the second half of 2021, however, the shortage of components forced Scania to reduce production volumes. This led to a loss of volume, mainly of trucks. The shortage of components also caused increased costs in our supply and delivery flows. Both sales and earnings have been negatively affected by the disruptions. On 2 February 2022 the General Court passed judgement, in the case of Scania's appeal against the EU Commission ("EC") decision on 27 September 2017, holding Scania liable for participating in a cartel with all the other European truck manufacturers. The General Court judgement rejects all of Scania's pleas, and upholds the amount of fines set by the EC – 880,5 MEUR, which is recorded in its entirety per 31 December 2021.

### Revenue

The sales revenue of the Scania Group, in the Vehicles and Services segment, increased by 17 percent to SEK 141,305 m. (120,590). Currency effects had a negative impact on sales of 5 percent. New vehicle sales revenue increased by 21 percent. Sales were positively impacted by higher volumes which was partly offset by negative currency effects. Service revenue increased by 11 percent and amounted to SEK 30,074 m. (27,132). Increased volumes in parts and services had a positive effect which was partly offset by negative currency effects. Power solutions sales revenue increased by 6 percent due increased volumes. Interest and lease income in the Financial Services segment increased by 2 percent due to a higher average portfolio. This was partly offset by negative currency effects.

Net sales by product, SEK m.	2021	2020
Trucks	88,849	69,938
Busses	7,702	9,686
Power solutions	2,521	2,373
Services	30,074	27,132
Used vehicles	8,082	8,282
Miscellaneous	4,580	4,001
Delivery sales value	141,808	121,708
Adjustment for lease income <sup>1)</sup>	-503	-1,118
Total vehicles and services	141,305	120,590
Financial Services	8,761	8,600
Elimination <sup>2)</sup>	-3,920	-4,065
Scania Group total	146,46	125,125

<sup>1</sup> The adjustment consists of the difference between sales value based on delivery and revenue recognised as income. This difference arises when a lease or delivery is combined with a repurchase obligation. Significant risks remain, therefore recognition is based on an operating lease contract.

<sup>2</sup> The elimination refers to rental income from operating leases.

**Deliveries**

During 2021 Scania delivered 85,930 (66,899) trucks, an increase of 28 percent. Bus deliveries decreased by 14 percent to 4,436 (5,186) units. Power solutions deliveries increased by 7 percent to 11,786 (10,991) units.

<b>Vehicles delivered</b>	2021	2020
Vehicles and services		
Trucks	85,930	66,899
Busses	4,436	5,186
Total new vehicles	90,366	72,085
Used vehicles	16,714	21,278
Engines	11,786	10,991

**Financial Services**

<b>Number financed (new during the year)</b>	2021	2020
Trucks	34,683	24,534
Busses	851	1,122
Total new vehicles	35,534	25,656
Used vehicles	8,502	8,835
New financing, SEK m.	56,417	42,439
Portfolio, SEK m.	108,859	95,433

## Earnings

Scania's operating income amounted to SEK 11,294 m. (8,887) during 2021. The operating margin amounted to 7.7 (7.1) percent. The operating income is negatively effected by a provision to EU Commission regarding the EU Truck case by SEK 5,229 m. see Note 2 for further information.

Operating income in Vehicles and Services after provision to EU Truck Case totalled SEK 9,100 m. (7,764) during 2021. Increased vehicle and service volume impacted positively, but this was partly offset by negative currency effects.

Scania's research and development expenditure amounted to SEK 7,458 m. (6,528). After adjusting for SEK 1,986 m. (1,624) in capitalised expenditure and SEK 939 m. (744) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 6,411 m. (5,648).

Compared to the full year 2020, the total currency effect was negative and amounted to SEK 1,409 m.

Operating income in Financial Services increased to SEK 2,194 m. (1,123). This was equivalent to a margin of 2.15 (1.3) percent of the average portfolio during the year. Higher portfolio and margins had a positive effect which was partly offset by negative currency effects. Decreasing bad debt expenses had a positive impact due to expected improved payment ability of the customers.

At year-end 2021, the size of the customer finance portfolio amounted to SEK 108.9 bn, which represented an increase of SEK 13.4 bn since the end of 2020. In local currencies, the portfolio increased by SEK 9.9 bn, equivalent to 14 percent.

Operating income per segment, SEK m.	2021	2020
Vehicles and services		
Operating income	9,100	7,764
Operating margin, %	6.4	6.4
Financial Services		
Operating income	2,194	1,123
Operating margin, % <sup>1)</sup>	2.1	1.1
Operating income Scania CV-group	11,294	8,887
Operating margin, %	7.7	7.1
Income before taxes	10,816	7,827
Taxes	-3,640	-2,427
Net income	7,176	5,400

<sup>1</sup> The operating margin of Financial Services is calculated by taking the operating income as a percentage of the average portfolio.

Scania's net financial items amounted to SEK -478 m. (-1,060) including net income from associated companies and joint ventures amounting to SEK -19 m. (169). Also included in the net financial items are items affecting comparability of MSEK - 315, which consist of interest on the provision for the "EU truck case". The increase in net income from associates and joint ventures is mainly explained by a dilution effect from one of the associates. Net interest items amounted to SEK -121 m. (-452). The net interest was positively impacted by improved funding. Other financial income and expenses amounted to SEK -23 m. (-777). These included SEK 474 m. (91) in valuation effects related to financial instruments where hedge accounting was not applied.

Income before taxes amounted to SEK 10,816 m. (7,827). The Scania Group's income tax expense for 2021 was equivalent to 33.7 (31.0) percent of income before taxes.

Net income for the year totalled SEK 7,176 m. (5,400), corresponding to a net margin of 4.9 (4.3) percent.

## Cashflow

The cash flow after investing activities attributable to operating activities in Vehicles and Services amounted to SEK 5,688 m. (9,180).

Cash flow from investing activities attributable to operating activities amounted to SEK –8,709 m. (–8,158), including SEK 1,986 m. (1,624) in capitalisation of development expenses. At the end of 2021, the net cash position in Vehicles and Services amounted to SEK 25,520 m. (21,824).

Cash flow in Financial Services amounted to SEK –7,369 m. (113)

## Financial position

Financial ratios related to the balance sheet

SEK m.	2021	2020
Equity/assets (E/A) ratio, %	25.0	23.5
E/A ratio, Vehicles & Services, %	33.5	31.1
E/A ratio, Financial Services, %	10.7	9.7
Return on capital employed, Vehicles and Services, % <sup>1</sup>	14.9	14.1
Net debt/equity ratio, Vehicles and Services <sup>2</sup>	-0.39	-0.32

<sup>1</sup> The calculation is based on average capital employed for the 13 most recent months.

<sup>2</sup> Net cash (-)/Net debt (+)

During 2021, the equity of the Scania Group increased by SEK 6,666 m. and totalled SEK 68,213 m. (61,547) at year-end. Net income added SEK 7,176 m. (5,400). Dividend decreased equity with SEK 3,588 m. Equity increased by SEK 1,545 m. (–4,470) because of exchange rate differences that arose when translating net assets outside Sweden. In addition, equity increased by SEK 237 m. (–394) because of actuarial gains/losses on pension liabilities and increased by SEK 483 m. (–48) due to fair value adjustment on equity instruments. A capital injection from TRATON SE also increased equity with SEK 208 m. Taxes attributable to items reported under “Other comprehensive income” totalled SEK –83 m. (–2). The non-controlling interest increased during the year with SEK 12 m. mainly due to the new subsidiary LOTS Ventures Canada Inc., with an 80 percent ownership.

## The Parent Company

The Parent Company, Scania AB, is a public company whose assets consist of the shares in Scania CV AB. The Parent Company conducts no operations. Income before taxes of Scania AB during 2021 totalled SEK 6,000 m. (0). Scania CV AB is a public company and Parent Company of the Scania CV Group, which includes all production, sales and services and finance companies in the Scania Group.

## Owner and shareholders

The sole shareholder of Scania AB is TRATON SE who owns and controls 100 percent of the shares in Scania. TRATON SE is a subsidiary of Volkswagen AG and is listed on the Frankfurt Stock Exchange and the Nasdaq Stockholm Stock Exchange. Both Scania and TRATON are members of the Volkswagen Group.

## KEY RATIOS

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.

### Scania CV-Group

Net debt excluding provision for pensions	2021	2020
<b>Assets</b>		
Current investments	386	54
Cash and cash equivalents	29,262	32,268
Borrowings Volkswagen Group	2	4
Accrued interest current investments	-14	-1
	<b>29,636</b>	<b>32,325</b>
<b>Liabilities</b>		
Interest-bearing liabilities, non-current	62,192	53,564
Interest-bearing liabilities, current	37,953	42,478
Liabilities to group companies	3,501	6,201
Accrued interest, Interest-bearing liabilities	-383	-361
	<b>103,263</b>	<b>101,881</b>
<b>Net debt</b>	<b>73,627</b>	<b>69,556</b>

### Vehicles and services

Net debt, excluding provision for pensions	2021	2020
<b>Assets</b>		
Current investments	2,779	54
Cash and cash equivalents	2,280	31,535
Accrued interest current investments	-13	0
	<b>31,046</b>	<b>31,589</b>
<b>Liabilitiesr</b>		
Interest-bearing liabilities, non-current	4,430	3,837
Interest-bearing liabilities, current	1,096	5,928
Liabilities to group companies	3,501	6,201
Accrued interest, Interest-bearing liabilities	9,027	15,966
<b>Net debt</b>	<b>-22,019</b>	<b>-15,623</b>

Capital Employed	2021	2020
Total assets	158,862	15,428
- other non-current provisions + current provisions	11,666	10,503
- other liabilities	72,052	71,499
- liabilities to group companies	4,540	6,201
- net derivatives	823	965
<b>Capital Employed</b>	<b>69,780</b>	<b>64,260</b>
<b>Capital Employed excl. items affecting comparability</b>	<b>74,006</b>	<b>68,060</b>

Return on Capital employed	2021	2020
Operating income	9,100	7,764
Financial income	1,305	1,310
Capital employed	69,780	64,260
<b>Return on Capital employed</b>	<b>14.9</b>	<b>14.1</b>
<b>Return on Capital Employed excl. items affecting comparability</b>	<b>21.1</b>	<b>13.3</b>



**Financial Services**

<b>Operating margin</b>	2021	2020
Operating income	2,194	1,123
Average portfolio	102,146	99,607
<b>Operating margin</b>	<b>2.1 %</b>	<b>1.1 %</b>

  

<b>Equity/asset ratio %</b>	2021	2020
Equity	12,166	9,631
Assets	114,231	99,637
<b>Equity/asset ratio %</b>	<b>10.7 %</b>	<b>9.7 %</b>

**DEFINITIONS – KEY RATIOS****Operating margin**

Operating income as a percentage of net sales.

**Equity/assets ratio**

Total equity as a percentage of total assets on each respective balance sheet date.

**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**

Total assets minus operating liabilities.

**Operating capital**

Total assets minus cash, cash equivalents and operating liabilities. <sup>1)</sup>

**Return on capital employed**

Operating income plus financial income as a percentage of capital employed. <sup>1)</sup>

**Operating margin, Financial Services**

Operating income as a percentage of average portfolio.

<sup>1)</sup> Calculations are based on average capital employed and operating capital for the 13 most recent months.

## Consolidated income statement

January–December, SEK m.	Note	2021	2020
Revenue	3	146,146	125,125
Cost of goods sold and services rendered		–109,871	–96,833
<b>Gross income</b>		<b>36,275</b>	<b>28,292</b>
Research and development expenses <sup>1</sup>		–6,411	–5,648
Selling expenses		–11,268	–11,564
Administrative expenses		–2,144	–2,125
Other operating income <sup>2</sup>		769	550
Other operating expenses <sup>2</sup>		–698	–618
Items affecting comparability	2, 17	–5,229	–
<b>Operating income</b>	4, 5	<b>11,294</b>	<b>8,887</b>
Interest income		673	477
Interest expenses		–794	–929
Share of income from associated companies and joint ventures	12	–19	169
Other financial income		632	833
Other financial expenses		–655	–1,610
Items affecting comparability	2, 17	–315	–
<b>Total financial items</b>	6	<b>–478</b>	<b>–1,060</b>
<b>Income before income tax expense</b>		<b>10,816</b>	<b>7,827</b>
Income tax expenses	7	–3,640	–2,427
<b>Net income</b>		<b>7,176</b>	<b>5,400</b>

1 Total research and development expenditures during the year amounted to SEK 7,457 m. (6,528).

1) 2021 currency effects for financial services are presented as gross amounts in other operating income and expenses. 2020 have been restated accordingly.

January–December, SEK m.	Note	2021	2020
<b>Other comprehensive income</b>	15		
<b>Items that may be reclassified subsequently to profit or loss</b>			
Translation differences		1,545	–4,470
Taxes		39	–65
		1,584	–4,535
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement defined benefit plans	16	237	–394
Fair value adjustment equity instruments		483	127
Taxes		–122	63
		598	–204
<b>Other comprehensive income</b>		<b>2,182</b>	<b>–4,739</b>
<b>Total comprehensive income</b>		<b>9,358</b>	<b>661</b>
Net income attributable to:			
– Scania shareholders		7,172	5,397
– non-controlling interest		4	3
Total comprehensive income attributable to:			
– Scania shareholders		9,354	658
– non-controlling interest		4	3
Operating income includes depreciation of	8	–11,239	–11 097

## Consolidated balance sheet

31 December, SEK m.	Note	2021	2020
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	13,587	12,513
Tangible assets	11, 12	41,465	38,254
Lease assets	11	26,659	27,460
Holdings in associated companies and joint ventures	13	1,074	840
Other shares and participations		1,336	408
Non-current interest-bearing receivables	29	57,507	48,004
Other non-current receivables	15, 29	2,351	3,300
Deferred tax assets	8	5,570	5,171
Tax receivables		556	227
<b>Total non-current assets</b>		<b>150,105</b>	<b>136,177</b>
<b>Current assets</b>			
Inventories	14	23,943	21,105
<i>Current receivables</i>			
Tax receivables		1,582	764
Interest-bearing receivables	29	35,646	30,817
Non-interest-bearing trade receivables	29	8,859	6,936
Other current receivables	15, 29	<b>7,835</b>	7,260
Total current receivables		53,922	45,777
Current investments	29	386	54
<i>Cash and cash equivalents</i>			
Current investments comprising cash and cash equivalents		20,432	25,202
Cash and bank balances		8,830	7,066
Total cash and cash equivalents	29	29,262	32,268
Total current assets		107,513	99,204
<b>Total assets</b>		<b>257,618</b>	<b>235,381</b>

## Consolidated balance sheet, continued

31 December, SEK m.	Note	2021	2020
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		100	2,000
Other contributed capital		20	10,864
Reserves		-5,967	-6,842
Retained earnings		70,327	55,513
Equity attributable to Scania shareholders		64,480	61,535
Non-controlling interest		24	12
<b>Total equity</b>	16	<b>64,504</b>	<b>61,547</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	29	62,192	53,564
Provisions for pensions	17	12,455	12,384
Other non-current provisions	2, 18	12,965	6,865
Accrued expenses and deferred income	19	6,902	7,502
Deferred tax liabilities	8	3,409	3,492
Other non-current liabilities	29	4,866	5,303
<b>Total non-current liabilities</b>		<b>102,789</b>	<b>89,110</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	29	37,953	42,478
Liabilities to group companies	29	3,501	6,201
Current provisions	18	3,969	3,962
Accrued expenses and deferred income	19	18,014	14,882
Advance payments from customers		2,459	1,567
Trade payables	29	15,301	13,886
Tax liabilities		1,711	1,051
Other current liabilities	29	7,417	6,898
<b>Total current liabilities</b>		<b>90,325</b>	<b>84,724</b>
<b>Total equity and liabilities</b>		<b>257,618</b>	<b>235,381</b>

## Consolidated statement of changes in equity

In [Note 15](#) there is a description of the consolidated equity items and information about the company's shares. The equity of the Scania Group has changed as follows (SEK m.):

	Share capital	Other Contributed capital	Currency translation reserve	Retained earnings	Total Scania CV's controlling shareholders interest	Non-controlling interest	Total equity
<b>2021</b>							
Equity, 1 January	100	20	-7,551	62,765	55,334	12	55,346
Exchange rate differences on translation			1,545		1,545		1,545
Remeasurement of defined-benefit plans				237	237		237
Equity instruments at fair value through OCI				483	483		483
Tax attributable to items recognised in other comprehensive income			39	-122	-83		-83
<b>Total other comprehensive income</b>			<b>1,584</b>	<b>598</b>	<b>2,182</b>	<b>0</b>	<b>2,182</b>
Net income for the year				7,172	7,172		7,176
Change in non-controlling interest						8	8
Group contribution to TRATON SE				-208	-208		-208
Dividend to Scania CV AB shareholders				0	0		0
<b>Equity, 31 December 2021</b>	<b>100</b>	<b>20</b>	<b>-5,967</b>	<b>70,327</b>	<b>64,480</b>	<b>24</b>	<b>64,504</b>
<b>2020</b>							
Equity, 1 January	100	20	-3,018	57,567	54,669	18	54,687
Exchange rate differences on translation			-4,470		-4,470		-4,470
Remeasurement of defined-benefit plans				-394	-394		-394
Equity instruments at fair value through OCI				127	127		127
Tax attributable to items recognised in other comprehensive income			-65	63	-2		-2
<b>Total other comprehensive income</b>			<b>-4,535</b>	<b>-204</b>	<b>-4,739</b>		<b>-4,739</b>
<b>Total comprehensive income</b>			<b>-4,535</b>	<b>5,193</b>	<b>658</b>	<b>3</b>	<b>661</b>
Net income for the year				5,397	5,397	3	5,400
Change in non-controlling interest				7	7	-9	-2
Dividend to Scania CV AB shareholders							
<b>Equity, 31 December 2020</b>	<b>100</b>	<b>20</b>	<b>-7,553</b>	<b>62,767</b>	<b>55,334</b>	<b>12</b>	<b>55,346</b>

## Consolidated cash flow statements

January–December, SEK m.	Note	2021	2020
<b>Operating activities</b>			
Income before tax	21 a	10,816	7,827
Items not affecting cash flow	21 b	10,976	11,666
Taxes paid		–4,613	–3,009
<b>Cash flow from operating activities before change in working capital</b>		<b>17,179</b>	<b>16,484</b>
<b>Change in working capital</b>			
Inventories		–2,131	2,845
Receivables		–2,829	653
Financial receivables, Financial Services	21 c	–11,691	–2,687
Vehicles with repurchase obligations and rental		–4,062	–3,687
Trade payables		1,211	1,597
Other liabilities and provisions	2, 17	8,955	2,216
<b>Total change in working capital</b>		<b>–10,547</b>	<b>937</b>
<b>Cash flow from operating activities</b>		<b>6,632</b>	<b>17,421</b>
<b>Investing activities</b>			
Net investments through acquisitions/divestments of businesses	21 d	–45	–27
Net investments in non-current assets	21 e	–8,664	–8,131
<b>Cash flow from investing activities attributable to operating activities</b>		<b>–8,709</b>	<b>–8,158</b>
<b>Cash flow after investing activities attributable to operating activities</b>		<b>–2,077</b>	<b>9,263</b>
<b>Investments in securities and loans</b>		<b>–309</b>	<b>762</b>
<b>Cash flow from investing activities</b>		<b>–9,018</b>	<b>–7,396</b>
<b>Cash flow before financing activities</b>		<b>–2,386</b>	<b>10,025</b>

  

January–December, SEK m.	Note	2021	2020
<b>Financing activities</b>			
Change in debt from financing activities	21 f	1,677	2,208
Transactions with non-controlling interests		–2	–12
Dividend		–2,700	–
<b>Cash flow from financing activities</b>		<b>–1,025</b>	<b>2,196</b>
<b>Cash flow for the year</b>		<b>–3,411</b>	<b>12,221</b>
Cash and cash equivalents, 1 January		32,268	20,981
Exchange rate differences in cash and cash equivalents		405	–934
<b>Cash and cash equivalents, 31 December</b>	21 g	<b>29,262</b>	<b>32,268</b>

Cash flow statement, Vehicles and Services	2021	2020
Cash flow from operating activities before change in working capital	15,315	14,990
Change in working capital	–986	2,327
Cash flow from operating activities	14,329	17,317
Cash flow from investing activities attributable to operating activities	–8,641	–8,137
Cash flow after investing activities attributable to operating activities	5,688	9,180

# Notes to the consolidated statements

## **Note 1 Accounting principles**

The Scania Group encompasses the Parent Company, Scania Aktiebolag (publ), Swedish corporate identity number 556184-8564 and its subsidiaries. The Parent Company has its registered office in Södertälje, Sweden. The address of Scania's head office is SE-151 87 Södertälje, Sweden.

The consolidated accounts of the Scania Group have been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as the interpretations by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union. In addition, Recommendation RFR 1, "Supplementary Accounting Rules for Groups" from the Swedish Financial Reporting Board has been applied.

The Parent Company applies the same accounting policies as the Group except in the instances described below in the section "Parent Company accounting principles." The functional currency of the Parent Company is Swedish kronor (SEK), and the financial statements are presented in Swedish kronor. Assets and liabilities are recognised at costs, aside from certain financial assets and liabilities which are carried at fair value. Financial assets and liabilities that are carried at fair value are mainly derivative instruments. Preparing the financial reports in compliance with IFRS requires that management make judgements and estimates as well as assumptions that affect the application of accounting principles and amounts recognised in the financial reports. The actual outcome may diverge from these estimates and judgements. Judgements made by management that have a substantial impact on the financial reports, and estimates which have been made that may lead to significant adjustments, are described in more detail in Note 2, "Key judgements

and estimates."

Estimates and assumptions are reviewed regularly. Amendments of estimates are reported in the period in which the amendment was made if the amendment only affects this period, or in the period in which the amendment was made and future periods if the amendment affects both

the current period and future periods. The principles stated below have been applied consistently for all periods, unless otherwise indicated below. Furthermore, the Group's accounting principles have been consistently applied by Group companies, in respect of associate companies and joint ventures, if necessary, by adjustment to the Group's principles.

## **Changes in accounting principles**

As from 1 January 2021 the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 as a result of Interest Rate Benchmark Reform—Phase 2 have been applied. The IBOR reform has not exposed Scania to any new financial risks and the impact of the amended standards on the financial statements have not been material.

Other amended standards and new interpretations that entered into force during 2021 have had no impact on Scania's consolidated financial statements. Other than described above, the accounting policies and definitions corresponds with those applied 2020.

## Application of accounting principles

### Consolidated financial statements

The consolidated financial statements encompass Scania AB and all subsidiaries. "Subsidiaries" refers to companies in which Scania directly or indirectly owns more than 50 percent of the voting rights of the shares or otherwise has control. In the case of a structured entity consolidated in

the Group, Scania is able to direct the material relevant activities even if it is not invested in the structured entity concerned and is thus able to influence the variable returns from its involvement. Structured entities are used primarily to enter into asset-backed securities transactions to refinance the financial services business. The composition of the Group is shown in [Note 30](#).

Subsidiaries are reported according to the acquisition method of accounting. This method means that acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The purchase price allocation establishes the fair value on the acquisition date of the acquired identifiable assets, liabilities assumed and contingent liabilities. The consideration transferred on acquisition of a subsidiary consists of the fair values on the transfer date of assets given, liabilities that have arisen to previous owners and equity instruments issued as payment in exchange for the acquired net assets.

Transaction costs directly attributable to the acquisition are recognised directly in the income statement as they arise.

Non-controlling interests are either recognised at their proportionate share of net assets or at their fair value. The choice between the various alternatives may be made for each acquisition.

In business combinations where the consideration transferred, any non-controlling interests and the fair value of previously owned shares (in step acquisitions) exceed the fair value of the acquired identifiable assets, liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement.

Only earnings arising after the date of acquisition are included in the equity of the Group. Divested companies are included in the consolidated financial statements until the date when controlling influence ceases. Intra-Group receivables and liabilities, revenue or expenses and unrealised gains or losses that arise from intra-Group transactions between Group companies are eliminated in the consolidated financial statements. Unrealised gains that arise from transactions with associated companies and joint ventures are eliminated to the extent that corresponds to the Group's percentage of ownership in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment loss. Equity attributable to non-controlling interests is reported separately from equity attributable to the Parent Company's shareholders.

### Associated companies and joint ventures

The term "associated companies" refers to companies in which Scania, directly or indirectly, has a significant influence. "Joint ventures" refers to companies in which Scania, through contractual cooperation with one or more parties, has a joint controlling influence on operational and financial management.

### Foreign currencies – translation

Transactions in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Monetary receivables and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date, and exchange rate differences that arise are recognised in the income statement. Non-monetary items are recognised at historic cost using the exchange rate on the transaction date.

When preparing the consolidated financial statements, the income statements and balance sheets of foreign subsidiaries are translated to the Group's reporting currency, Swedish kronor. All items in the income statements of foreign subsidiaries are translated using the average exchange rates during the year. All balance sheet items are translated using the exchange rates on the balance sheet date. The translation differences that arise when translating the financial statements of subsidiaries outside Sweden are recognised under "Other comprehensive income" and accumulate in the currency translation reserve in equity.

Subsidiaries use the local currency as their functional currency, aside from a few subsidiaries for which the euro is the functional currency.



Monetary long-term items in a business outside Sweden for which settlement is not planned or will probably not occur within the foreseeable future are, in practice, part of the company's net investment in operations outside Sweden.

Exchange rate differences on such monetary items, which comprise part of the company's net investment (extended investment) are recognised under "Other comprehensive income" and accumulate in the currency translation reserve in equity.

## Balance sheet – classifications

Scania's operating cycle, that is, the time that elapses from the purchase of materials until payment for goods delivered is received, is less than 12 months. This means that items relating to operations are classified as current assets and current liabilities, respectively, if these are expected to be realised/settled within 12 months, counting from the balance sheet date. Cash and cash equivalents are classified as current assets unless they are restricted. Other assets and liabilities are classified as non-current. For classification of financial instruments, see the section on financial assets and liabilities under "Financial instruments."

## Leasing

### Scania as lessee

The Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is the lessee. The assessment whether a contract is or contains a lease is made at inception of the contract. IFRS 16 contains practical expedients for short-term and

low-value leases, which the Scania Group exercises and hence does not recognise any right-of-use assets or liabilities for these types of leases. The related lease payments are recognised as expenses in the income statement.

The lease liability is initially measured at the present value of the outstanding lease payments at the commencement date, discounted using the Scania Groups incremental borrowing rate. The lease term underlying the lease liability is determined as the non-cancellable period of the lease together with any periods covered by options to extend or terminate the lease, if it is reasonably certain that such options will be exercised.

In subsequent periods the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method. The carrying amount of the lease liability is reduced reflecting the lease payments made.

The lease liability is remeasured, with the corresponding adjustment to the related right-of-use asset, whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option. In such cases the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a residual value guarantee, in which the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. If the change in lease payments is due
- to a change in a floating interest rate a revised discount rate is used.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise of the initial measurement of the corresponding lease liability, lease payment made at or before the commencement date and any initial direct costs. The

right-of-use assets are presented as tangible assets in the balance sheet items in which the assets underlying the lease would be presented if they were owned by the Scania Group.

In subsequent periods the right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If the lease agreement transfer the ownership or the lease agreement contains an option, that is expected to be exercised, to purchase the underlying asset the right-of-use asset is depreciated over the useful life of the underlying asset.

## Scania as lessor

Lease contracts with customers are carried as finance leases in cases where substantially all risks and rewards associated with ownership of the asset have been transferred to the lessee. At the beginning of the leasing period, sales revenue and a financial receivable equivalent to the net investment in the lease are recognised. As a result, sales revenue and the cost of the leased asset is recognised in the income statement. Lease payments received reduce the financial receivable and interest income from the net investment in the lease are recognised over the lease term.

Other lease contracts are classified as operating leases and are carried as lease assets among tangible non-current assets. Revenue from operating leases is recognised on a straight-line basis over the leasing period. Depreciation of the asset occurs on mainly a straight-line basis to the estimated residual value of the asset at the end of the leasing period.

Sales transactions that include repurchase obligations, which mean that significant risks remain with Scania, are recognised as operating leases; see above.

## *Balance sheet – valuation principles*

### **Tangible non-current assets including lease assets**

Tangible non-current assets are carried at cost less accumulated depreciation and any impairment losses. A non-current asset is divided into separate components, each with a different useful life and depreciated separately. Machinery and equipment as well as lease assets have useful lives of 3–15 years. Buildings have useful lives of 20–50 years. Land is not depreciated.

Depreciation is recognised on a straight-line basis over the estimated useful life of an asset, and in those cases where a residual value exists, the asset is depreciated down to this value. Useful life, residual value and depreciation methods are examined regularly, and at least at period-end, and assumptions are adjusted in case of changed circumstances.

Borrowing costs are included in the cost of assets that take a substantial period of time to get ready if applicable.

### **Intangible assets**

Scania's intangible assets consist of goodwill, capitalised expenditures for development of new products and software. Intangible non-current assets are recognised at cost less any accumulated amortisation and impairment losses. Borrowing costs are included in the cost of assets that take a substantial period of time to get ready.

### **Goodwill**

Goodwill is carried at cost less any accumulated impairment losses. Recognised goodwill has arisen from acquisitions of distribution and dealer networks, which have resulted in increased profitability upon their integration into the Scania Group. Goodwill has an indefinite useful life and impairment testing is done annually or more often if there are an indication of impairment.

### **Capitalised product development expenditures**

Scania's research and development activities are divided into a concept phase and a product development phase.

Expenditures during the concept phase are expensed as they arise. Expenditures during the product development phase are capitalised, beginning on the date when the expenditures are likely to lead to future economic benefits. This implies that it is technically possible to complete the intangible asset, the company has the intention and the potential to complete it and use or sell it, there are adequate resources to carry out development and sale, and remaining expenditures can be reliably estimated. Impairment testing occurs annually for product development projects that have not yet gone into service, according to the principles stated below. The amortisation of capitalised development expenditures begins when the asset is placed in service and occurs on a straight-line basis during its estimated useful life. For capitalised product development expenditure, useful life is estimated between three and 15 years.

## Capitalised software development expenditures

Capitalised software development expenditures include expenditures directly attributable to completion of the software. They are amortised on a straight-line basis during the useful life of the software, which is estimated between three and five years.

## Impairment testing of non-current assets

The carrying amounts of Scania's intangible and tangible assets as well as its shareholdings are tested annually to assess whether there is indication of impairment. This includes intangible assets with an indefinite useful life, which refer in their entirety to goodwill. The recoverable amount of goodwill and intangible assets that have not yet gone into service is calculated annually regardless of whether there is an indication of impairment loss or not.

## Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated by applying the first in, first out (FIFO) principle. An allocable portion of indirect expenses is included in the value of the inventories, estimated on the basis of normal capacity utilisation. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and of making a sale.

## Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost: Financial asset that is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

Fair Value Through Profit and Loss (FVTPL): By default, all other financial assets are subsequently measured at FVTPL.

The Group's financial assets consists of cash and cash equivalents, trade receivables, financial lease receivables and lending and are classified and measured at amortised cost.

Cash and cash equivalents consists of cash and bank balances as well as current liquid investments with a maturity which normally have a maximum of 90 days, which are subject to an insignificant risk of fluctuation in value. "Current investment" consists of investments, normally with a longer maturity than 90 days.

The Group's investments in equity instruments are classified as at FVTOCI. Such investments are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in other comprehensive income. The net gain or loss includes dividends.

## **Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and expenses over the relevant period.

For financial instruments, the effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial instrument to the gross carrying amount of the financial instrument on initial recognition.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see impairment section).

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the net financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

## **Impairment of financial assets**

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, lease receivables, as well as on loan commitments, operating leases and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables. For trade receivables lifetime ECL is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. In this assessment, the Group considers both quantitative and qualitative data that are reasonable and verifiable, including historical experience and long-term data that are available without unreasonably high costs or efforts.

Financial instruments are assigned to one of three credit risk stages:

- Stage 1: Financial instruments at initial recognition and no changes in credit risk
- Stage 2: Significant changes in credit risk on the basis of the lifetime expectation of the underlying contract

- Stage 3: Impaired financial instruments

The assignment to the different stages is evaluated on every reporting period. A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flow, such as a default.

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure of at default.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 "Leases."

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

## Financial liabilities and equity instruments

### Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised as the proceeds received, net of direct issue costs.

#### Financial liabilities

All financial liabilities in the Group are subsequently measured at amortised cost using the effective interest method.

#### Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The resulting gain or loss is recognised in profit or loss immediately.

#### Group contribution to owner

Group contributions to companies within the TRATON group is recognised in Equity.

## Provisions

Provisions are recognised if an obligation, legal or constructive, exists as a consequence of events that have occurred. It must also be deemed likely that an outflow of resources will be required to settle the obligation and that the amount can be reliably estimated. Provisions for warranties for vehicles sold during the year are based on warranty conditions and the estimated quality situation. Provisions on service contracts are related to expected future unavoidable expenses that exceed contractual future revenue. For provisions related to pensions, see the description under "Employee benefits" below and in Note 17, "Provisions for pensions and similar commitments."

For provisions related to taxes, see below under "Taxes."

## Taxes

The Group's total tax consists of current tax and deferred tax. Income taxes are recognised in the income statement except when the underlying transaction is recognised in other comprehensive income, such as

remeasurements of defined benefit plans, or in equity, causing the related tax effect to be recognised in other comprehensive income or in equity, respectively. Deferred tax is recognised in case of a difference between the carrying amount of assets and liabilities and their tax base ("temporary difference"). Valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted on the balance sheet date. Deferred tax assets minus deferred tax liabilities are recognised only to the extent that it is likely that they can be utilised.

## Employee benefits

Within the Scania Group, there are a number of both defined contribution and defined benefit pension and similar plans, some of which have plan assets that are managed by special foundations, funds or the equivalent.

The plans include retirement pensions, survivor pensions, health care and severance pay. These are financed mainly by provisions to accounts and partially via premium payments.

Plans in which Scania only pays fixed contributions and has no obligation to pay additional contributions if the assets of the plan are insufficient to pay all compensation to the employee are classified as defined contribution plans.

The Group's expenditures for defined contribution plans are recognised as an expense during the period when the employees render the services in question.

Defined benefit plans are all plans that are not classified as defined contribution. These are calculated according to the "Projected Unit Credit Method," for the purpose of fixing the present value of the obligations for each plan. Calculations are performed and are based on actuarial assumptions that are set on the closing day. The obligations are carried at the present value of expected disbursements, taking into account inflation, expected future pay increases and using a discount rate equivalent to the interest rate on top-rated corporate or government bonds with a remaining maturity corresponding to the obligations in question.

The interest rate on top-quality corporate bonds is used in those countries where there is a functioning market for such bonds. In other countries, the interest rate on government bonds is used instead. For plans that are funded, the fair value of the plan assets is subtracted from the estimated present value of the obligation. Remeasurements of net pension liabilities, which include actuarial gains and losses, return on plan assets excluding amounts that are part of net interest income on net defined benefit liability and each change in the effect of the asset ceiling excluding amounts that are part of net interest income on net defined benefit liability, are recognised in "Other comprehensive income" and do not affect net income. Remeasurements are not reclassified to net income in subsequent periods.

In the case of some of the Group's defined benefit multi-employer plans, sufficient information cannot be obtained to calculate Scania's share in these plans. They have thus been accounted for as defined contribution. For Scania, this applies to the Dutch pension funds Pensioenfond Metaal en Techniek and Bedrijfstakpensioenfond Metal Elektro, which are administered via MN Services, as well as the portion of the Swedish ITP occupational pension plan that is administered via the retirement insurance company Alecta.

Most of the Swedish plan for salaried employees (the collectively agreed ITP plan), however, is accounted for by provisions in the balance sheet, safeguarded by credit insurance from the mutual insurance company Forsäkringsbolaget PRI Pensionsgaranti, which also administers the plan. See also Note 16, "Provisions for pensions and similar commitments." Scania follows the rules in IAS 19 concerning limits in the valuation of net assets, the so-called asset ceiling, since these are never valued at more than the present value of available economic benefits in the form of repayments from the plan or in the form of reductions in future fees to the plan. This value is determined as present value taking into account the discount rate in effect.

## Share-based payments

The share-based payment consists of performance shares. The obligations arising from the share-based payment are accounted for as cash-settled plans in accordance with IFRS 2. The cash-settled share-based payments are measured at fair value until maturity. A liability corresponding to the fair value is recognised and remeasured each reporting period until the liability is settled, with any changes in fair value recognised in profit or loss. Fair value is determined using a recognised valuation technique. The compensation cost is allocated over the vesting period.

## Incitamentsprogram

The outcome of the incentive programme for executive officers is recognised as a salary expense in the period to which it relates

## ***Income statement - classifications***

### **Research and development**

This item consists of the research and development expenses that arise during the research phase and the portion of the development phase that does not fulfil the requirements for capitalisation, plus amortisation and any impairment loss during the period of previously capitalised development expenditures. See Note 10, "Intangible assets."

### **Selling expenses**

Selling expenses are defined as operating expenses in sales and service companies plus costs of corporate-level commercial resources. In the Financial Services segment, selling and administrative expenses are reported as a combined item, since a division lacks relevance.

### **Administrative expenses**

Administrative expenses are defined as costs of corporate management as well as staff units and corporate service departments.

### **Financial income and expenses**

"Interest income" refers to income from financial investments and pension assets. "Other financial income" includes gains that arise from the valuation of non-hedge-accounted derivatives (see the section on financial instruments) and exchange rate gains attributable to financial items.

"Interest expenses" refers to expenses attributable to loans, pension liability and changes in the value of loan hedging derivatives. "Other financial expenses" include current bank fees, losses arising from valuation of non-hedge-accounted derivatives and exchange rate losses attributable to financial items.

## ***Income statement – valuations principles***

### **Revenue recognition**

The Group recognises revenue from the following main sources:

- Sale of new vehicles and engines as well as used vehicles
- Sale of services

Sales revenue is recognized as soon as a performance obligation under a customer contract has been satisfied. Discounts, customer rebates, and other sales allowances reduce the transaction price. If a contract contains multiple performance obligations, the transaction price is allocated to the relevant performance obligations.

Sales revenue from contracts for services is recognized when the services have been rendered. In the case of long-term contracts for services, revenue is recognized on a straight-line basis over the term of the contract or, if services are not rendered on a straight-line basis, based on the stage of completion using the cost-to-cost method.

Variable considerations, such as rebates based on volumes, are estimated and included in the transaction price. However, it is only included with an amount that, with a high probability, will not be reversed with a significant amount.

In a transaction including both the sale of a product and a service the transaction price are allocated between the product and the service component based on the stand-alone selling price.

If there are any discounts in such a transaction the discount are allocated in full to the price of the product.



## **Sale of goods**

The Group sells new trucks, buses and engines as well as used vehicles.

In a transaction where the Group delivers a vehicle with a repurchase obligation control is not transferred to the customer and no revenue are recognised on delivery, instead such transaction is recognised as an operating lease.

A transaction when the customer has an option that gives the customer the right to require that the Group to repurchase the vehicle no revenue is recognised since such a transaction is recognised as a lease.

In transactions where the Group does not have any repurchase obligations revenue is recognised when control is transferred to the customer. That is normally when the vehicles have been delivered to the customer, the customer has approved the vehicle and the Group has received payment or invoiced with short-term credit time.

Contract cost in the form of commissions for the sale of a vehicle will be recognised as incurred since the revenue from the sale of a vehicle is recognised at a point in time.

## **Rendering of services**

The transaction price allocated to service and repair contracts is recognised as a contract liability at the time of the initial sales transaction and is allocated over the life of the contracts as performance obligations are fulfilled which is measured based on the cost of the fulfillment.

Warranties that the product sold matches the agreed specifications are accounted for as provisions. Extended warranties, which customers can purchase separately, are accounted for as a separate performance obligation. Revenue from extended warranties is recognized over the contract period.

Contract costs in the form of commissions for the sale of a service contract is recognised as expenses when incurred.

## **Financial Services**

In case of financial and operating leases, with Scania as the lessor, the recognition of interest income and lease income, respectively, is allocated over the lease period. Other income is recognised on a continuous basis.

## **Government grants including EU grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants received that are attributable to operating expenses reduce these expenses. Government grants related to investments reduce the gross cost of non-current assets.

## **Miscellaneous**

### **Transactions with related parties**

Related party transactions occur on market terms.

### **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

A contingent liability can also be a present obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or because the amount of the obligation cannot be measured with sufficient reliability.

## ***Changes in accounting principles during the next year***

New standards, amended standards and interpretations that enter into force on 1 January 2022 and subsequently have not been applied in advance.

New and amended standards and interpretations that enter into force on 1 January 2022 or subsequently are not expected to have any material impact on Scania's financial statements.



## **Note 2 Key judgements and estimates**

The key judgements and estimates for accounting purposes that are discussed in this section are those that Group management and the Board of Directors deem the most important for an understanding of Scania's financial reports, taking into account the degree of significant influence and uncertainty. These judgements are based on historical experience and the various assumptions that management and the Board deem reasonable under the prevailing circumstances. The conclusions drawn in this way provide the basis for decisions regarding recognised values of assets and liabilities, in those cases where these cannot easily be established through information from other sources.

Actual outcomes may diverge from these judgements if other assumptions are made or other conditions emerge. Note 1 presents the accounting principles the company has chosen to apply. Important estimates and judgements for accounting purposes are attributable to the following areas.

During 2020 Scania continuously assessed the impact of the COVID-19 outbreak and continued in 2021 to assess potential impacts on future development and/or risks that can affect the future financial position.

It is difficult to assess the continuing 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 articles, 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. During the period production disturbances have occurred due to component shortages.

### **Multiple element transactions**

In a transaction with a sale of a vehicle and a sale of a service Scania accounts for those as separate performance obligations since the vehicle and the service components are distinct from each other in the contract and the customer can benefit from the two on its own.

In those transactions the total transaction price are allocated to those distinct components.

A service contract is in general not sold separately but only together, or nearby, the sale of a vehicle. When allocating the price to the different performance obligations Scania is using stand-alone selling prices. Any discounts are allocated to the vehicle.

### **Warranty costs**

Scania's product obligations are mainly related to vehicle warranties in the form of a one-year "factory warranty" plus extended warranties and, in some cases, special quality campaigns. For each vehicle sold, Scania makes a warranty provision. For extended warranties not classified as performance obligations and campaigns, a provision is made at the time of the decision.

Provisions are dependent on the estimated quality situation and the degree of utilisation in the case of campaigns. An essential change in the quality situation may require an adjustment in earlier provisions. Product warranty that refers to that products sold comply with agreed-upon specifications cannot be purchased separately, covers all vehicles sold and are therefore accounted for in accordance with IAS 37 "Provision, contingent liabilities and contingent assets."

Scania's product obligations can be seen in Note 17, "Other provisions" and amounted to SEK 1,725 m. (1,682) on 31 December 2021.

### **Leases (Scania as lessee)**

Many leases feature extension and termination options. To determine the lease terms, all relevant facts and circumstances that create an economic incentive to exercise, or not to exercise, such options are considered.

Factors that are considered are for example historical lease durations and any costs and business disruption required to replace the leased asset. Optional periods are considered when determining the lease term if it is reasonably certain that the option will, or will not, be exercised. This assessment is updated if a significant event or a significant change in circumstances, such as significant improvement or customisation of the underlying asset that was not anticipated at commencement date, occurs which affects this assessment and is in control of the Group as lessee.

## Repurchase obligations

Scania delivers about 9 percent of its vehicles 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.

In transactions when customers have the option to call for Scania to repurchase the sold vehicle it is Scania's view that such transaction should be accounted for as a lease.

Based on the contract and the relationship with the customer history shown that the customer has an economic incentive to exercise such option and hence it is almost always exercised.

If there are major downturns in the market value of used vehicles, this increases the risk of future losses when divesting the returned vehicles. When a residual value guarantee is deemed likely to result in a future loss, the depreciation of the vehicle is adjusted accordingly

Changes in market value may also cause an impairment loss in used vehicle inventories, since these are recognised at the lower of cost and estimated net realisable value.

At the end of 2021, repurchase obligations amounted to SEK (18,467) m. (19,079).

## Credit risks

In its Financial Services operations, Scania has an exposure in the form of contractual payments. At the end of 2021, these amounted to SEK (108,859) m. (95,422). In all essential respects, Scania has collateral 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, and the customer has a problem completing its contractual payments, Scania has a risk of loss.

The Group recognises a loss allowance for expected credit losses (ECL) and the amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Irrespective of the outcome of the assessment whether there has been a significant increase in credit risk, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition at the latest when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Evidence that a financial asset is credit-impaired includes observable data about, for example, events of (i) significant financial difficulty of the borrower, (ii) a breach of contract, such as a default and (iii) it is becoming probable that the borrower will enter bankruptcy.

For internal credit risk management purposes historical experience has indicated an event of default when receivables meet either of the following criteria:

- there is a breach of financial covenants by the counterparty
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay in full

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

During 2020, Financial Services agreed with a large number of customers to reschedule their contracts to meet their temporary liquidity constraints due to the COVID-19 pandemic.

The majority of the reschedulings were done during the first half of 2020. The reschedulings included different kinds of moratoria and payment holidays with a corresponding extension of the contract term, having no impact

on the net present value of the contractual cash flows. Approx. 25 percent of Financial Services' total portfolio was rescheduled, but the vast majority of customers returned to their original payment plans during the second half of 2020.

In 2021, a few customers have been granted additional reschedulings of their contracts. The majority of these customers belong to the passenger transport segment, which is still significantly affected by COVID-19 restrictions related to tourism and travelling. At the end of 2021, approx.

12 percent of the total exposure in the passenger transport segment was under moratoria or payment holiday. The equivalent share of reschedulings for the total portfolio was < 2 percent. The credit loss allowance of SEK 360 m, which was added in 2020, remains unchanged as per

31 December 2021, considering the impact from measures taken by policymakers, such as payment moratoria and payment holidays or expansive fiscal and monetary policies.

During 2020 the Vehicles and Services segment applied a risk premium of 20 percent 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.

## Write-off policy

The Group writes off a financial asset when there is information that the counterparty is in default and the security for the receivable is repossessed. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. On 31 December 2021, the reserve for doubtful receivables in Financial Services operations amounted to SEK 1,339 m. (1,519). See also "Credit risk" under [Note 27](#), "Financial risk management."

## Intangible assets

Intangible assets at Scania are essentially attributable to capitalised product development expenditures and "acquisition goodwill." All goodwill items at Scania is attributable to acquisitions of previously independent importers/dealerships. All goodwill items are subject to an annual impairment test, which is mainly based on value in use including important assumptions on the sales trend, margin and discount rate before tax; see also below.

In the long term, the increase in sales of Scania's products is deemed to be closely correlated with economic growth (GDP) in each respective market, which has been estimated at 2 percent (2 percent). The revenue/cost ratio, or margin, for both vehicles and service is kept constant over time compared to the latest known level. When discounting to present value, Scania uses its average cost of capital, currently 6.2–8.1 percent (5.6–8.5 percent) before taxes. These assumptions do not diverge from information from external information sources or from earlier experience. To the extent the above parameters change negatively, an impairment loss may arise.

On 31 December 2021, Scania's goodwill amounted to SEK 1,376 m. (1,299). The impairment tests that were carried out showed that there are reassuring margins before impairment losses will arise.

Scania's development costs are capitalised in the phase of product development where decisions are made on future production and market introduction. At that time there is future predicted revenue and a corresponding production cost. In case future volume or the price and cost trend diverges negatively from the preliminary calculation, an impairment loss may arise. Scania's capitalised development costs amounted to SEK 11,788 m. (10,741) on 31 December 2021.

## Pension obligations

In the actuarial methods that are used to establish Scania's pension liabilities, a number of assumptions are highly important. The most critical one is related to the discount rate on the obligations. Other vital assumptions are average life expectancy and average duration of the obligations. A higher discount rate decreases the recognised pension liability. In calculating the Swedish pension liability, the discount rate used was 2.0 percent (1.25). Changes in the above- mentioned actuarial parameters are recognised in "Other comprehensive income," net after taxes.

## Legal and tax risks

On 31 December 2021, provisions for legal and tax risks amounted to SEK 9,792 m. (4,465). See Note 17, "Other provisions".

## Legal risks

Demands and claims aimed at the Group, including demands and claims that lead to legal proceedings, may be related to infringements of intellectual property rights, faults and deficiencies in products that have been delivered, including product liability, or other legal liability for the companies in the Group. The Group is party to legal proceedings and related claims that are normal in its operations. In addition, there are demands and claims normal to the Group's operations that do not lead to legal proceedings. In the best judgement of Scania's management, such demands and claims will not have any material impact on the financial position of the Group, beyond the provisions that have been set aside.

In 2011, Scania became subject to an investigation by the European Commission (EC) into allegedly inappropriate cooperation with other European truck manufacturers. A Statement of Objections was served to 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 of 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 a final decision by the EC in October 2017, holding Scania liable for such scope of a cartel in the amount of around EUR 881 m. in fines. Scania appealed against this decision in its entirety to the General Court of the EU, and provided the EC in January 2018 with a guarantee as security for the fines pending the outcome of such appeal.

The General Court rendered its judgement in February 2022, dismissing Scania's appeal entirely and upholding the full amount of fines as set by the EC. Scania is currently reviewing this judgment in all its complexity and detail, and considers lodging another appeal to the European Court of Justice. Due to the judgement Scania increased its provision to 9 029 MSEK (880.5 MEUR) plus accrued interest to 543 MSEK (52,8 MEUR) earlier recorded to 228 MSEK. Scania is also the subject of related civil claims by direct or indirect customers of Scania, and may face additional similar claims.

## Tax risks

The Group is party to tax proceedings. Scania's management has made the assessment, based on individual examination, that the final outcome of these proceedings will not have any material impact on the financial position of the Group, beyond the recognised reserves.

Significant judgements are made in order to determine both current and deferred tax liabilities/ assets. As for deferred tax assets, Scania must assess the likelihood that deferred tax assets will be utilised to offset future taxable profits. The actual result may diverge from these judgements, among other things due to future changes in business climate, altered tax rules or the outcome of still uncompleted examinations of filed tax returns by authorities or tax courts. The judgements that have been made may affect income both negatively and positively.

### Note 3 Segment reporting

Scania's operations are divided into two different operating segments, which are based on how the Board of Directors and the Executive Board monitor operations. The results and financial position of each respective segment are monitored by the Board of Directors and the Executive Board, serving as the basis for decision-making and allocation of resources.

The Vehicles and Services operating segment encompasses the following products: trucks, buses and Power solutions, including the services associated with these products. All products are based on shared basic components and monitoring of results thus occurs on an aggregated basis.

Vehicles and Services are, moreover, organised into shared areas of responsibility. The Financial Services operating segment provides financial solutions to Scania customers, such as loan financing, lease contracts and insurance solutions.

Scania's internal pricing is determined according to market principles, at "arm's length distance." The revenues and expenses, as well as the assets and liabilities, of each operating segment are – in all essential respects – items directly attributable to that respective segment. Scania has a large number of customers all over the world, which means that its dependence on a single customer

in each respective operating segment is very limited.

#### Income statements

January–December	2021	2020
<b>Vehicles and Services</b>		
Revenue	141,305	120,590
Cost of goods sold	–108,425	–95,482
<b>Gross income</b>	<b>32,880</b>	<b>25,108</b>
Research and development expenses	–6,411	–5,648
Selling expenses	–9,996	–9,571
Administrative expenses	–2,144	–2,125
Items affecting comparability	–5,229	–
<b>Operating income</b>	<b>9,100</b>	<b>7,764</b>
Interest income	673	477
Interest expenses	–794	–929
Share of income in associated companies and joint ventures	–19	169
Dividends in between segments	318	301
Other financial income	632	833
Other financial expenses	–656	–1,611
Items affecting comparability	–315	–
<b>Total financial items</b>	<b>–161</b>	<b>–760</b>
<b>Income before taxes</b>	<b>8,939</b>	<b>7,004</b>
Taxes	–3,233	–2,097
<b>Net income for the period</b>	<b>5,706</b>	<b>4,907</b>
<b>Financial Services</b>		
Interest and lease income	8,439	8,292
Insurance commission	322	308
Interest and prepaid expenses	–5,366	–5,416
<b>Gross income</b>	<b>3,395</b>	<b>3,184</b>
Selling and administration expenses	–1,402	–1,263
Bad debt expenses, realised and anticipated	130	–730
Other income	769	550
Other expenses	–698	–618
<b>Operating income</b>	<b>2,194</b>	<b>1,123</b>
<b>Income before tax</b>	<b>2,194</b>	<b>1,123</b>
Taxes	–398	–340
<b>Net income for the period</b>	<b>1,796</b>	<b>783</b>

## Reconciliation of segments to the Scania Group

	Vehicles and Services		Financial Services		Elimination		Scania CV Group	
January–December	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	141,305	120,590	8,761	8,600	–3,920	–4,065	146,146	125,125
Cost of sales	–108,425	–95,482	–5,366	–5,416	3,920	4,065	–109,871	–96,833
<b>Gross income</b>	<b>32,880</b>	<b>25,108</b>	<b>3,395</b>	<b>3,184</b>	<b>0</b>	<b>0</b>	<b>36,275</b>	<b>28,292</b>
Research and development expenses	–6,411	–5,648	–	–	–	–	–6,411	–5,648
Selling expenses	–9,996	–9,571	–1,272	–1,993	–	–	–11,268	–11,564
Administrative expenses	–2,144	–2,125	–	–	–	–	–2,144	–2,125
Other operating income	–	–	769	550	–	–	769	550
Other operating expenses	–	–	–698	–618	–	–	–698	–618
Items affecting comparability	–5,229	–	–	–	–	–	–5,229	–
<b>Operating income</b>	<b>9,100</b>	<b>7,764</b>	<b>2,194</b>	<b>1,123</b>	<b>–</b>	<b>–</b>	<b>11,294</b>	<b>8,887</b>
Interest income	673	477	–	–	–	–	673	477
Interest expenses	–794	–929	–	–	–	–	–794	–929
Share of income in associated companies and joint ventures	–19	169	–	–	–	–	–19	169
Dividends in between segments	318	301	–	–	–318	–301	0	0
Other financial income	632	833	–	–	–	–	632	833
Other financial expenses	–656	–1,611	–	–	1	1	–655	–1,610
Items affecting comparability	–315	–	–	–	–	–	–315	–
<b>Total financial items</b>	<b>–161</b>	<b>–760</b>	<b>–</b>	<b>–</b>	<b>–317</b>	<b>–300</b>	<b>–478</b>	<b>–1,060</b>
<b>Income before taxes</b>	<b>8,939</b>	<b>7,004</b>	<b>2,194</b>	<b>1,123</b>	<b>–317</b>	<b>–300</b>	<b>10,816</b>	<b>7,827</b>
Taxes	–3,233	–2,097	–398	–340	–9	10	–3,640	–2,427
<b>Net income for the period</b>	<b>5,706</b>	<b>4,907</b>	<b>1,796</b>	<b>783</b>	<b>–326</b>	<b>–290</b>	<b>7,176</b>	<b>5,400</b>
Depreciation/amortisation included in operating income	–11,191	–11,053	–3,930	–4,061	3,882	4,017	–11,239	–11,097

<b>Cash flow statement by segment</b>	Vehicles and Services		Financial Services		Eliminations		ScaniaGroup	
	2021	2020	2021	2020	2021	2020	2021	2020
Cash flow from operating activities before change in working capital	15,315	14,990	5,745	5,511	-3,881	-4,017	17,179	16,484
Change in working capital etc.	-986	2,327	-13,046	-5,377	3,485	3,987	-10,547	937
<b>Cash flow from operating activities</b>	<b>14,329</b>	<b>17,317</b>	<b>-7,301</b>	<b>134</b>	<b>-396</b>	<b>-30</b>	<b>6,632</b>	<b>17,421</b>
Cash flow from investing activities attributable to operating activities	-8,641	-8,137	-68	-21	-	-	-8,709	-8,158
<b>Cash flow after investing activities attributable to operating activities</b>	<b>5,688</b>	<b>9,180</b>	<b>-7,369</b>	<b>113</b>	<b>-396</b>	<b>-30</b>	<b>-2,077</b>	<b>9,263</b>

<b>Balance sheet</b>	Vehicles and Services		Financial Services		Eliminations		Scania Group	
31 December	2021	2020	2021	2020	2021	2020	2021	2020
<b>Assets</b>								
Intangible assets	13,553	12,474	34	39	-	-	13,587	12,513
Tangible assets	41,355	38,137	7,223	7,687	-7,113	-7,570	41,465	38,254
Lease assets	26,579	27,388	80	72	-	-	26,659	27,460
Holdings in associated companies and joint ventures	6,312	4,901	-	-	-3,902	-3,653	2,410	1,248
Interest-bearing receivables, non-current	36	96	63,605	54,678	-6,134	-6,770	57,507	48,004
Other receivables, non-current	7,476	8,283	1,481	730	-480	-315	8,477	8,698
Inventories	23,943	21,105	-	-	-	-	23,943	21,105
Interest-bearing receivables, current	1,110	1,198	38,136	33,218	-3,600	-3,599	35,646	30,817
Other receivables, current	16,753	13,775	2,587	2,479	-856	-1,294	18,484	14,960
Current investments, cash and cash equivalents	31,060	31,588	1,085	734	-2,497	-	29,648	32,322
<b>Total assets</b>	<b>168,177</b>	<b>158,945</b>	<b>114,231</b>	<b>99,637</b>	<b>-24,582</b>	<b>-23,201</b>	<b>257,826</b>	<b>235,381</b>

Equity and liabilities	Vehicles and Services		Financial Services		Eliminations		Scania Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Equity	59,975	55,588	12,166	9,631	-3,928	-3,672	68,213	61,547
Interest-bearing liabilities, non-current	4,431	3,837	52,757	47,079	5,004	2,648	62,192	53,564
Provisions for pensions	12,346	12,278	109	106	-	-	12,455	12,384
Other non-current provisions	12,948	6,857	17	8	-	-	12,965	6,865
Other liabilities, non-current	24,875	27,077	875	610	-10,573	-11,390	15,177	16,297
Interest-bearing liabilities, current	1,096	5,928	44,464	39,304	-7,607	-2,754	37,953	42,478
Current provisions	3,940	3,896	29	66	-	-	3,969	3,962
Other liabilities, current	48,566	43,484	3,814	2,833	-7,478	-8,033	44,902	38,284
<b>Total equity and liabilities</b>	<b>168,177</b>	<b>158,945</b>	<b>114,231</b>	<b>99,637</b>	<b>-24,582</b>	<b>-23,201</b>	<b>257,826</b>	<b>235,381</b>
<b>Gross investment for the period in</b>								
– intangible assets	2,051	1,678	8	15	-	-	2,059	1,693
– tangible assets	7,955	7,853	5,380	5,511	-5,305	-5,488	8,030	7,876
– lease assets	7,629	7,951	16	38	-	-	7,645	7,989



<b>Products and services</b>		
<b>Vehicles and Services</b>	<b>2021</b>	<b>2020</b>
Trucks <sup>1</sup>	88,849	69,934
Buses <sup>2</sup>	7,702	9,686
Power solutions	2,521	2,373
Service	30,074	27,132
Used vehicles <sup>3</sup>	8,082	8,582
Other products	4,580	4,001
<b>Total delivery value</b>	<b>141,808</b>	<b>121,708</b>
Adjustment for lease income <sup>4</sup>	-503	-1,118
<b>Net sales, Vehicles and Services</b>	<b>141,305</b>	<b>120,590</b>
Financial Services	8,761	8,600
Eliminations <sup>5</sup>	-3,920	-4,065
<b>Revenue from external customers</b>	<b>146,146</b>	<b>125,125</b>

1 Of which SEK 6,423 m. (6,299) relates to lease income 2021.

2 Of which SEK 744 m. (695) relates to lease income 2021.

3 Of which SEK 271 m. (191) relates to lease income 2021.

4 Refers mainly to new trucks, SEK -486 m. (-1,081). The adjustment amount consists of the difference between sales value based on delivery and revenue recognised as income. This difference arises when a lease or delivery is combined with a repurchase obligation. Significant risks remain, therefore recognition is based on an operating lease contract. This means that recognition of revenue and earnings is allocated over the term of the obligation.

5 Elimination of the amount that corresponds to operating lease expenses in the Financial Services segment. At Group level, the revenue from operating leases shall consist of accrued income in the Vehicles and Services segment and interest income in the Financial Services segment, which is achieved by elimination of lease expenses.

During 2021, the selling profit for vehicles subject to finance lease contracts amounted to SEK 2,448 (1,421) m. and was recognised in the Vehicle and Services segment.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period and the expected timing of revenue recognition are as follows:

SEK m.	2021	2020
<b>Expected timing of revenue recognition</b>		
Within a year	83,114	51,475
1–5 years	16,668	14,455
After 5 years	2,084	2,523

The transaction price allocated to remaining performance obligations for which revenue recognition is expected within a year primarily relates to the delivery of vehicles. Expected revenue recognition in more than one year mainly stems from long-term service contracts.

**Geographical areas**

	Europe		Eurasia		Asia		America <sup>3</sup>		Africa & Oceania		Total	
SEK m.	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Vehicles and Services</b>												
Revenue, January–December <sup>1,4</sup>	85,964	77,121	9,186	6,000	13,590	13,330	22,338	16,121	10,227	8,018	141,305	120,590
Assets, 31 December <sup>2</sup>	138,871	136,727	1,810	1,355	4,706	3,553	18,337	14,068	4,453	3,242	168,177	158,945
Gross investments <sup>2</sup>	7,412	7,920	17	26	319	149	2,068	1,254	190	182	10,006	9,531
Non-current assets <sup>5</sup>	81,662	80,655	435	407	1,351	1,106	9,394	7,112	2,469	1,999	95,311	91,279
<b>Financial Services</b>												
Revenue, January–December <sup>1,6</sup>	6,061	6,267	653	631	276	215	1,264	1,038	507	449	8,761	8,600
Assets, 31 December <sup>2</sup>	79,445	75,152	6,780	4,203	5,592	4,267	16,535	11,368	5,879	4,647	114,231	99,637
New financing customers	35,558	28,292	5,169	3,199	3,194	2,672	8,744	5,929	3,752	2,347	56,417	42,439
Non-current assets <sup>7</sup>	51,528	48,359	3,668	2,200	3,692	2,922	10,029	6,717	3,506	3,008	72,423	63,206

<sup>1</sup> Revenue from external customers is allocated by location of customers.

<sup>2</sup> Assets and gross investments, respectively (excluding lease assets), by geographic location.

<sup>3</sup> Refers mainly to Latin America.

<sup>4</sup> Of which Sweden SEK 7,406 m. (7,390).

<sup>5</sup> Of which Sweden SEK 32,417 m. (31,971).

<sup>6</sup> Of which Sweden SEK 376 m. (384).

<sup>7</sup> Of which Sweden SEK 5,651 m. (4,893).

The geographic areas of Scania are based on where the customers are located. In the section Definitions, the countries in each geographical area are listed. Sales and financing of Scania's products occur in all five geographical areas. Most of Scania's research and development work occurs in Sweden. Manufacturing of trucks, buses and industrial and marine engines occurs in Sweden, Argentina, Brazil, France, the Netherlands, Poland and Russia.

## Note 4 Revenue from external customers

Revenues by product, SEK m.	2021	2020
Trucks	88,849	69,934
Busses	7,702	9,686
Power solutions	2,521	2,373
Services	30,074	27,132
Used vehicles	8,082	8,582
Miscellaneous	4,580	4,001
<b>Delivery sales value</b>	<b>141,808</b>	<b>121,708</b>
Adjustment for lease income <sup>1</sup>	-503	-1,118
Total vehicle and services	141,305	120,590
Financial Services	8,761	8,600
Elimination <sup>2</sup>	-3,920	-4,065
<b>Scania CV group total</b>	<b>146,146</b>	<b>125,125</b>

1 Refers to the difference between sales value based on delivery value and sales recognised in revenue. The difference arises when a lease or delivery - combined with a repurchase obligation, which means that significant risks remain – is recognised as an operating lease contract.

2 Elimination refers to rental income from operating lease.

## Note 5 Operating expenses

Scania Group	2021	2020
<b>Cost of goods sold and services rendered</b>		
Cost of goods	71,772	62,498
Staff	20,838	18,201
Depreciation/amortisation <sup>1</sup>	9,325	9,391
Other	7,936	6,743
<b>Total</b>	<b>109,871</b>	<b>96,833</b>

1 Of which an impairment loss of SEK 0 m. (276).

<b>Research and development expenses</b>		
Staff	2,971	2,566
Depreciation/amortisation	1,196	959
Other <sup>1</sup>	2,244	2,123
<b>Total</b>	<b>6,411</b>	<b>5,648</b>

1 Of which an impairment loss of SEK 0 m. (0).

<b>Selling expenses</b>		
Staff	7,222	6,816
Depreciation/amortisation <sup>1</sup>	692	711
Other	3,354	4,037
<b>Total</b>	<b>11,268</b>	<b>11,564</b>

1 Of which an impairment loss of SEK 0 m. (0).

<b>Administrative expenses</b>	2021	2020
Staff	1,399	1,306
Depreciation/amortisation	26	36
Other	719	783
<b>Total</b>	<b>2,144</b>	<b>2,125</b>

Cost of goods includes new trucks, buses, engines, parts, used vehicles, bodywork and cars. The cost of goods may vary, depending on the degree of integration in different markets. Capitalised product development expenditures have reduced the expense categories "Staff" and "Other."

## Note 6 Financial services

Financial Services offers various forms of financing solutions, ordinarily with maturities of between 3–5 years, with the vehicle as underlying collateral. Market conditions as well as civil law and tax rules in each country often determine what financing solution is offered. Financing consists mainly of financial leases, in which the right of ownership of the vehicle remains with Scania during the lease term, but material risks and rewards have been transferred to the lessee. If hire purchase contracts are offered, the right of ownership is transferred to the customer on the date of sale, but Financial Services receives collateral in the form of a lien on the vehicle. If Financial Services offers a lease when delivering vehicles for which substantial risks remain with Scania, primarily attributable to guaranteed residual values, the contract is recognised as an operating lease.

	2021	2020
Interest income	4,056	3,754
Lease income	4,383	4,538
Depreciation	–3,864	–3,995
Interest expenses	–1,502	–1,421
Insurance commission	322	308
<b>Gross income</b>	<b>3,395</b>	<b>3,184</b>
Other income and expenses	71	–68
Selling and administrative expenses	–1,402	–1,263
Bad debt expenses <sup>1</sup>	130	–730
<b>Operating income</b>	<b>2,194</b>	<b>1,123</b>

1 These expenses were equivalent to –0.13 (0.73) percent of the average credit portfolio.

<b>Operating leases</b>	2021	2020
1 January	17,675	20,191
New contracts	6,595	7,157
Depreciation	–3,864	–3,995
Terminated contracts	–4,336	–4,600
Change in value adjustments	117	–24
Exchange rate differences	543	–1,054
<b>Carrying amount, 31 December<sup>2</sup></b>	<b>16,730</b>	<b>17,675</b>

2 The consolidated balance sheet also includes elimination of deferred profit of SEK 2,351 m. (2,737).

<b>Financial receivables (hire purchase contracts and financial leases)</b>	2021	2020
1 January	77,758	83,590
New receivables	49,822	35,282
Loan principal payments/terminated contracts	–38,317	–31,931
Change in value adjustments	88	–392
Exchange rate differences	2,778	–8,791
<b>Carrying amount, 31 December</b>	<b>92,129</b>	<b>77,758</b>
<b>Total receivables and lease assets<sup>3</sup></b>	<b>108,859</b>	<b>95,433</b>

3 The number of contracts in the portfolio on 31 December totalled about 192,000 (178,000).

Net investments in financial leases	2021	2020
Receivables related to future minimum lease payments	52,620	46,405
Imputed interest	-3,586	-3,022
<b>Net investment<sup>4</sup></b>	<b>49,034</b>	<b>43,383</b>
Reserve for bad debts	-876	-938
<b>Total</b>	<b>48,158</b>	<b>42,445</b>

<sup>4</sup> Included in the consolidated financial statements under "current" and "non-current interest-bearing receivables."

Future minimum lease payments <sup>5</sup>	Operating leases	Financial leases
2022	3,349	19,139
2023	2,229	14,492
2024	1,289	9,651
2025	633	5,475
2026	279	2,547
2027 and later	145	1,316
<b>Total</b>	<b>7,924</b>	<b>52,620</b>

<sup>5</sup> Minimum lease payments" refers to the future flows of incoming payments related to the contract portfolio, including interest. For operating leases, the residual value is not included since this is not a minimum lease payment for these contracts.

**Note 7 Financial income and expense**

	2021	2020
<b>Interest income</b>		
Bank balances and financial investments	262	94
Derivatives <sup>1</sup>	410	383
Total interest income	673	477
<b>Interest expenses</b>		
Borrowings	-676	-663
Derivatives <sup>1</sup>	-960	-1,063
Total borrowings and derivatives	-1,636	-1,726
Less interest expenses recognised in Financial Services <sup>2</sup>	1,014	991
Pension liability	-171	-194
Total interest expenses	-794	-929
<b>Total net interest</b>	<b>-121</b>	<b>-452</b>
Net income from associated companies and joint ventures	-19	169
Other financial income <sup>3</sup>	632	833
Other financial expenses <sup>3</sup>	-655	-1,610
Total other financial income and expenses	-23	-777
Items affecting comparability	-315	-
<b>Net financial items</b>	<b>-478</b>	<b>-1,060</b>

1 Refers to interest on derivatives that is used to match interest on borrowings and lending as well as the interest component in derivatives that is used to convert borrowing currencies to lending currencies.

2 Recognised in the operating income of Financial Services.

3 Refers to SEK 474 m. (90) in market valuation of financial instruments for which hedge accounting is not applied as well as exchange rate differences and unrealised/realised gains of SEK 16,348 m. (25,319) and unrealised/ realised losses of SEK 16,509 m. (25,765) attributable to derivatives, bank balances, liabilities and interest expenses on lease liabilities (IFRS 16).

## Not 8 Taxes

Tax expense/Income for the year	2021	2020
Current tax <sup>1</sup>	-4,208	-2,681
Deferred tax	568	254
<b>Total</b>	<b>-3,640</b>	<b>-2,427</b>
1 Of which, taxes paid	-4,613	-3,009

Deferred tax is attributable to the following:	2021	2020
Tax related to temporary differences	90	-119
Tax due to changes in tax rates and tax rules <sup>2</sup>	-30	-2
Tax income due to tax value of loss carry-forwards recognised during the year	135	58
Tax expense due to utilisation/revaluation of previously recognised tax value of tax loss carry-forwards	-42	-12
Tax related to change in provision to tax allocation reserve	157	345
Other deferred tax liabilities/assets <sup>3</sup>	258	-16
<b>Total</b>	<b>568</b>	<b>254</b>

- <sup>2</sup> This year's effect of the change in the tax rate mainly relates to the UK, the Netherlands and Germany.
- <sup>3</sup> A temporary tax reduction for investments in inventories has been introduced in Sweden. The reduction applies to the income year 2022. The legislation will enter into force on 1 January 2022, and applies to inventories acquired in 2021, and are kept until the end of 2022. The effect on deferred tax income is SEK 247 m. in 2021.

	2021		2020	
Reconciliation of effective tax	Amount	%	Amount	%
Income before tax	10,816		7,827	
Tax calculated using Swedish tax rate	-2,228	20.6	-1,675	21.4
Tax effect and percentage influence:				
Difference between Swedish and foreign tax rates	-890	8.2	-356	4.5
Non-taxable income	575	-5.3	68	-0.9
Non-deductible expenses <sup>4</sup>	-1,278	11.9	-265	3.4
Valuation of tax value in loss carry-forwards not previously capitalised	16	-0.2	-	-
Not recognised tax loss carry-forward	-83	0.8	-55	0.7
Adjustment for taxes pertaining to previous years	31	-0.3	-148	1.9
Changed tax rates	-30	0.3	-7	0.1
Other	247	-2.3	11	-0.1
<b>Tax recognised</b>	<b>-3,640</b>	<b>33.7</b>	<b>-2,427</b>	<b>31.0</b>

- <sup>4</sup> The tax effect of non-deductible expenses includes the effect of the EU Truck case provision with SEK 1,077 m.

Deferred tax assets and liabilities are attributable to the following:	2021	2020
<b>Deferred tax assets</b>		
Provisions and other liabilities	8,830	8,085
Provisions for pensions	2,542	2,425
Non-current assets	1,364	1,455
Inventories	1,026	821
Unutilised tax loss carry-forwards <sup>5</sup>	436	375
Offset within tax jurisdictions	-8,628	-7,990
<b>Total deferred tax assets</b>	<b>5,570</b>	<b>5,171</b>
<b>Deferred tax liabilities</b>		
Provisions and other liabilities	884	776
Non-current assets	10,838	10,319
Tax allocation reserve <sup>6</sup>	189	345
Other	126	42
Offset within tax jurisdictions	-8,628	-7,990
<b>Total deferred tax liabilities</b>	<b>3,409</b>	<b>3,492</b>
<b>Deferred tax assets (-)/tax liabilities (+), net amount</b>	<b>-2,161</b>	<b>-1,679</b>

5 Deferred tax assets related to tax loss carry-forwards are recognised to the extent that it is likely that the loss carry-forwards can be utilised to offset profits in future tax returns. Deferred tax assets related to unutilised tax loss carry-forwards of SEK 497 m. (471) were not assigned a value. Unused tax loss carry-forwards for which no deferred tax asset is recognised can be utilised without time limit.

6 In Sweden, tax laws permit provisions to an untaxed reserve called a tax allocation reserve. Deductions for provisions to this reserve are allowed up to a maximum of 25 percent of taxable profits. Each provision to this reserve may be freely withdrawn and face taxation, and must be withdrawn no later than the sixth year after the provision was made.

Reconciliation of deferred tax assets (-)/liabilities (+), net amount	2021	2020
Carrying value on 1 January	-1,679	-1,688
Deferred taxes recognised in the year's income	-568	-254
Exchange rate differences	-39	325
Acquired/divested operations	2	-
Recognised in "Other comprehensive income," changes attributable to:		
- remeasurements of defined-benefit plans	23	-88
- fair value adjustment, equity instruments	100	26
<b>Deferred tax assets (-)/tax liabilities (+), net amount</b>	<b>-2,161</b>	<b>-1,679</b>



## Note 9 Depreciations

	Vehicles and Services		Financial Services		Elimination <sup>2</sup>		Scania Group	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Intangible assets</b>								
Research and development expenses	956	764	–	–	–	–	956	764
Selling expenses	126	151	16	14	–	–	142	165
<b>Total</b>	<b>1,082</b>	<b>915</b>	<b>16</b>	<b>14</b>	<b>–</b>	<b>–</b>	<b>1,098</b>	<b>929</b>
<b>Tangible non-current assets</b>								
Cost of goods sold and services rendered	9,316	9,382	3 864	3,995	–3,855	–3,986	9,325	9,391
Research and development expenses	240	195	–	–	–	–	240	195
Selling expenses	527	525	50	52	–27	–31	550	546
Administrative expenses	26	36	–	–	–	–	26	36
<b>Total</b>	<b>10,109</b>	<b>10,138</b>	<b>3,914</b>	<b>4,047</b>	<b>–3,882</b>	<b>–4,017</b>	<b>10,141</b>	<b>10,168</b>
<b>Total depreciation/amortisation <sup>1</sup></b>	<b>11,191</b>	<b>11,053</b>	<b>3,930</b>	<b>4,061</b>	<b>–3,882</b>	<b>–4,017</b>	<b>11,239</b>	<b>11,097</b>

<sup>1</sup> Whereof SEK 15 m. (276) is an impairment loss.

<sup>2</sup> Elimination relates to depreciation on right of use assets for Scania group internal leases.

## Note 10 Intangible assets

	Goodwill		Development		Other intangibles <sup>1</sup>		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Accumulated cost</b>								
1 January	1,334	1,466	17,239	15,632	1,525	1,596	20,098	18,694
Additions	–	–	1,986	1,624	73	69	2,059	1,693
Acquisition of subsidiaries	36	19	–	–	16	–	52	19
Divestments and disposals	–	–	–	–	–144	–60	–144	–60
Reclassifications	–	–	–	–	12	21	12	21
Exchange rate differences	42	–151	1	–17	27	–101	70	–269
<b>Total</b>	<b>1,412</b>	<b>1,334</b>	<b>19,226</b>	<b>17,239</b>	<b>1,509</b>	<b>1,525</b>	<b>22,147</b>	<b>20,098</b>
<b>Accumulated amortisation and impairment losses</b>								
1 January	35	36	6,498	5,759	1,052	994	7,585	6,789
Amortisation for the year	–	–	939	744	159	170	1,098	914
Impairment loss of the year	–	–	–	–	–	15	–	15
Divestments and disposals	–	–	–	–	–144	–53	–144	–53
Reclassifications	–	–	–	–	–2	–2	–2	–2
Exchange rate differences	1	–1	1	–5	21	–72	23	–78
<b>Total</b>	<b>36</b>	<b>35</b>	<b>7,438</b>	<b>6,498</b>	<b>1,086</b>	<b>1,052</b>	<b>8,560</b>	<b>7,585</b>
<b>Carrying amount, 31 December</b>	<b>1,376</b>	<b>1,299</b>	<b>11,788</b>	<b>10,741</b>	<b>423</b>	<b>473</b>	<b>13,587</b>	<b>12,513</b>
– of which capitalised expenditures for projects that have been placed in service	–	–	7,241	6,795	–	–	7,241	6,795
– of which capitalised expenditures for projects under development	–	–	4,547	3,946	–	–	4,547	3,946

1 Refers mainly to software, which is purchased externally in its entirety, and customer relationships capitalised upon acquisitions of subsidiaries.

Scania tests the value of goodwill and other intangible assets not yet available for use at least annually. Goodwill has been allocated to the cash-generating unit to which it belongs, which usually corresponds to a reporting unit. Goodwill has been allocated among a number of cash-generating units, and the amount allocated to each unit is not significant compared to the Group's total carrying amount for goodwill. Goodwill that has been allocated to cash-generating units coincides with the total carrying value of goodwill. Goodwill is tested for impairment on the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. The assumptions used in estimating recoverable amounts are disclosed in Note 2, "Key judgements and estimates".

Intangible assets are essentially attributable to capitalised product development expenditures and "acquisition goodwill". All goodwill items are attributable to acquisitions of previously independent importers/dealers that comprise separate cash-generating units.

## Note 11 Tangible assets

1 January	28,377	28,946	45,791	46,908	7,397	4,726	37,415	40,278	118,980	120,858
Acquisitions/divestment of subsidiaries <sup>2</sup>	–	–	12	–	–	–	–	–	12	–
Additions	1,707	1,190	923	1,064	5,400	5,622	7,645	7,989	15,675	15,865
Divestments and disposals	–623	–441	–1,411	–1,815	–15	–19	–7,411	–6,360	–9,460	–8,635
Reclassifications	1,380	504	3,827	2,029	–5,235	–2,654	–1,267	–1,725	–1,295	–1,846
Exchange rate differences	758	–1,822	598	–2,538	61	–278	1,575	–2,767	2,992	–7,405
<b>Total</b>	<b>31,599</b>	<b>28,377</b>	<b>49,740</b>	<b>45,791</b>	<b>7,608</b>	<b>7,397</b>	<b>37,957</b>	<b>37,415</b>	<b>126,904</b>	<b>118,980</b>
<b>Accumulated depreciation and impairment losses</b>										
1 January	11,909	11,419	31,402	30,680	–	–	9,955	8,942	53,266	51,041
Acquisition/divestment of subsidiaries <sup>2</sup>	–	–	–19	–	–	–	–	–	–19	–
Depreciation for the year	1,308	1,236	3,908	3,669	–	–	4,910	5,002	10,126	9,907
Impairment loss for the year	15	155	–	106	–	–	–	–	15	261
Divestments and disposals	–352	–249	–1,375	–1,613	–	–	–3,767	–2,640	–5,494	–4,502
Reclassifications	7	–1	–5	–8	–	–	–332	–523	–330	–532
Exchange rate differences	286	–651	398	–1,466	–	–	532	–826	1,216	–2,943
<b>Total</b>	<b>13,173</b>	<b>11,909</b>	<b>34,309</b>	<b>31,402</b>	<b>–</b>	<b>–</b>	<b>11,298</b>	<b>9,955</b>	<b>58,780</b>	<b>53,266</b>
<b>Carrying amount, 31 December</b>	<b>18,426</b>	<b>16,468</b>	<b>15,431</b>	<b>14,389</b>	<b>7,608</b>	<b>7,397</b>	<b>26,659</b>	<b>27,460</b>	<b>68,124</b>	<b>65,714</b>
– of which Buildings	10,830	9,694	–	–	–	–	–	–	10,830	9,694
– of which Land	3,239	3,137	–	–	–	–	–	–	3,239	3,137
– of which right-of-use assets	4,357	3,637	900	952	–	–	–	–	5,257	4,589
– of which Financial Services	150	164	59	58	2	0	81	72	292	294

1 Including assets for short-term rentals and assets capitalised due to repurchase obligations.

2 Whereof increase from acquisition of subsidiary of SEK 41 m.

## Note 12 Lease obligations

### Scania as a lessee

The Scania Group acts as a lessee in many areas of the company. These transactions relate primarily to leases of office equipment, real estate, and other production facilities. The leases are individually negotiated and contain a large number of contractual terms and conditions. Right-of-use assets arising from leases are reported in the following balance sheet items:

#### Right-of-use assets

	Buildings and land		Machinery and equipment		Total	
	2021	2020	2021	2020	2021	2020
<b>Accumulated cost</b>						
1 January	4,698	4,426	1,650	1,631	6,348	6,057
Acquisitions/divestments of subsidiaries	0	0	-13	-	-13	-
Additions	1,419	909	440	404	1,859	1,313
Disposals	-432	-309	-302	-308	-734	-617
Transfers	-1	0	0	0	-1	0
Exchange rate differences	204	-328	29	-77	233	-405
<b>Total</b>	<b>5,888</b>	<b>4,698</b>	<b>1,804</b>	<b>1,650</b>	<b>7,692</b>	<b>6,348</b>
<b>Accumulated depreciation and impairment losses</b>						
1 January	1,061	606	698	462	1,759	1,068
Acquisitions/divestments of subsidiaries	-	-	-6	-	-6	-
Depreciation for the year	681	630	484	492	1,165	1,122
Impairment loss for the year	-	58	-	5	-	63
Disposals	-256	-155	-286	-229	-542	-384
Transfers	-1	-4	0	1	-1	-3
Exchange rate differences	46	-74	14	-33	60	-107
<b>Total</b>	<b>1,531</b>	<b>1,061</b>	<b>904</b>	<b>698</b>	<b>2,435</b>	<b>1,759</b>
<b>Carrying amount, 31 December</b>	<b>4,357</b>	<b>3,637</b>	<b>900</b>	<b>952</b>	<b>5,257</b>	<b>4,589</b>
<b>Amounts recognised in profit and loss</b>					2021	2020
Depreciation expense on right-of-use assets					-1,166	-1,185
Interest expense on lease liabilities					-148	-163
Expense relating to short-term leases					-71	-70
Expense relating to leases of low value assets					-150	-168
<b>Total</b>					<b>-1,535</b>	<b>-1,586</b>

**Note 12 Lease obligations, continued**

At 31 December 2021, the Group is committed to SEK 62 m. (27) for short-term leases. The total cash outflow for leases amount to SEK 1,327 m. (1,298).

The following table shows an overview of potential future cash outflows from leases that were not included in the measurement of lease liabilities:

Potential exposure to future cash outflows from	2021	2020
Extension options	-424	-341
Termination options	-6	-5
Leases not yet commenced (contractual commitment)	-2	-435

**Lease liabilities**

	2021	2020
Interest-bearing liabilities – non-current	4,439	3,867
Interest-bearing liabilities – current	1,103	969
<b>Total</b>	<b>5,542</b>	<b>4,836</b>

	2021	2020
<b>Maturity analysis</b>		
Not later than 1 year	1,239	1,102
Later than 1 year and not later than 5 years	3,846	3,383
Later than 5 years	1,394	1,251

The Group does not face a significant liquidity risk with regard to its lease liabilities.

## Note 13 Holdings in associated companies and joint ventures

Balance sheet, condensed	2021	2020
Non-current assets	731	712
Current investments and cash and cash equivalents	79	123
Other current assets	1,295	948
<b>Total assets</b>	<b>2,105</b>	<b>1,783</b>
Equity	1,383	1,187
Other current liabilities	722	596
<b>Total equity and liabilities</b>	<b>2,105</b>	<b>1,783</b>
Scania Group's share of equity (50%)	692	594
<b>Carrying amount</b>	<b>692</b>	<b>594</b>

Scania did not receive dividends from Cummins-Scania XPI Manufacturing LLC in 2020 or 2021. Cummins-Scania XPI Manufacturing LLC is a joint venture with Scania and Cummins as partners. The joint venture manufactures fuel injection systems with extra-high pressure injection (XPI). The ownership in Cummins-Scania XPI Manufacturing LLC is recognised using the equity method.

Value of Scania's share in consolidated financial statements

Associated companies/Corporate ID number/Country of registration	Ownership, %	Carrying amount in Parent Company financial statements	2021	2020
BITS DATA i Södertälje AB, 556121-2613, Sweden	33.0	2	8	8
ScaValencia S.A., A46332995, Spain	26.0	16	31	30
Telematics GmbH, HRB 203799 B, Germany	46.73	15	15	15
sennder GmbH, HRB 170455 B, Germany	13.69	307	321	180
Holdings in associated companies	340		375	233
Share of:				
– net income			–44	77
– total comprehensive income			–44	77

Value of Scania's share in consolidated financial statements

Joint ventures/Corporate ID number/Country of registration	Ownership, %	Carrying amount in Parent Company financial statements	2021	2020
Cummins-Scania XPI Manufacturing LLC, 20-3394999, USA	50	502	691	594
Oppland Tungbilservice A/S, 982 787 602, Norway	50	1	5	7
Tynset Diesel A/S, 982 787 580, Norway	50	1	3	6
Holdings in joint ventures	504		699	607
Share of:				
– net income			25	92
– total comprehensive income			25	92
<b>Holdings in associated companies and joint ventures</b>			<b>1,074</b>	<b>840</b>

**NOTE 13 – HOLDINGS IN ASSOCIATED COMPANIES AND JOINT VENTURES, CONTINUED**

Summarised financial information regarding Scania's holdings in the joint venture Cummins-Scania XPI Manufacturing LLC is set out below:

<b>Income statement, condensed</b>	<b>2021</b>	<b>2020</b>
Net sales	2,561	2,284
Operating income <sup>1</sup>	51	106
Interest income/expenses and Other financial expenses	14	-29
Taxes	-6	103
<b>Net income for the year</b>	<b>59</b>	<b>180</b>
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>59</b>	<b>180</b>
Scania Group's share (50%)	30	90

1 Depreciation amounting to SEK 115 m. (107) is included in Operating income.

<b>Balance sheet, condensed</b>	<b>2021</b>	<b>2020</b>
Non-current assets	731	712
Current investments and cash and cash equivalents	79	123
Other current assets	1,295	948
<b>Total assets</b>	<b>2,105</b>	<b>1,783</b>
Equity	1,383	1,187
Other current liabilities	722	596
<b>Total equity and liabilities</b>	<b>2,105</b>	<b>1,783</b>
Scania Group's share of equity (50%)	692	594
<b>Carrying amount</b>	<b>692</b>	<b>594</b>

Scania did not receive dividends from Cummins-Scania XPI Manufacturing LLC in 2020 or 2021. Cummins-Scania XPI Manufacturing LLC is a joint venture with Scania and Cummins as partners. The joint venture manufactures fuel injection systems with extra-high pressure injection (XPI). The ownership in Cummins-Scania XPI Manufacturing LLC is recognised using the equity method.

**Note 14 Inventories**

	2021	2020
Raw materials, components and supplies	4,703	3,152
Work in progress	1,919	1,739
Finished goods <sup>1</sup>	17,321	16,214
<b>Total<sup>2</sup></b>	<b>23,943</b>	<b>21,105</b>

1) Whereof used vehicles SEK 822 m. (1,067).

2) Whereof value adjustment reserve SEK –1,011 m. (–939).

**Note 15 Other receivables**

	2021	2020
Prepaid expenses and accrued income	339	340
Derivatives with positive market value	845	2,565
Advance payments	41	35
Pension asset	292	5
Other receivables	834	355
<b>Total other non-current receivables</b>	<b>2,351</b>	<b>3,300</b>
Prepaid expenses and accrued income	1,717	2,070
Derivatives with positive market value	863	826
Value-added tax	2,553	1,883
Advance payments	586	296
Other receivables	2,166	2,185
<b>Total other current receivables</b>	<b>7,835</b>	<b>7,260</b>
<b>Total other receivables</b>	<b>18,021</b>	<b>10,560</b>



## Note 16 Equity

The consolidated statements of changes in equity shows a complete reconciliation of all changes in equity.

**The share capital** of Scania AB consists of 400,000,000 Series A shares outstanding with voting rights of one vote per share and 400,000,000 Series B shares outstanding with voting rights of 1/10 vote per share. A and B shares carry the same right to a portion of the company's assets and profit. The nominal value of both A and B shares is SEK 2.50 per share. All shares are fully paid and no shares are reserved for transfer of ownership. No shares are held by the company itself or its subsidiaries.

**Other contributed capital** consists of a statutory reserve contributed by the owners of Scania AB when it became a limited company in 1995.

**The currency translation reserve** arises when translating net assets outside Sweden according to the current method of accounting. The currency translation reserve also includes currency rate differences related to monetary items for businesses outside Sweden deemed to be a part of the company's net investment. The exchange rate difference of SEK 1,545 m. (–4,470) arose as a result of the Swedish krona's weakening against currencies important to Scania. The exchange rate differences were mainly due to that the krona has weakened against the BRL, EUR and USD.

**Retained earnings** consist not only of accrued profits but also of the change in pension liability attributable to remeasurements of defined-benefit plans etc. recognised in "Total other comprehensive income." Regarding changes in actuarial assumptions, see also Note 16, "Provisions for pensions and similar commitments."

The Board of Directors proposes to the 2022 Annual General Meeting that an amount of SEK 3,588 m. as ordinary dividend which represents 50 percent of the net income SEK 7,176 m. for 2021.

Retained earnings amounting to SEK 12,404 m. will be carried forward.

**Non-controlling interests** refer to the share of equity held by external owners outside of Scania in certain subsidiaries in the Group. Scania Group has only a few non-wholly owned subsidiaries of which none is considered to have a substantial non-controlling interest. In 2021, net income attributable to non-controlling interests amounted to SEK 4 m. (3) and accumulated non-controlling interests in the company amounted to SEK 24 m. (12) as of 31 December 2021.

Reconciliation of change in number of shares outstanding	2021	2020
Number of A shares outstanding, 1 January	400,000,000	400,000,000
<b>Number of A shares outstanding, 31 December</b>	<b>400,000,000</b>	<b>400,000,000</b>
Number of B shares outstanding, 1 January	400,000,000	400,000,000
<b>Number of B shares outstanding, 31 December</b>	<b>400,000,000</b>	<b>400,000,000</b>
<b>Total number of shares, 31 December</b>	<b>800,000,000</b>	<b>800,000,000</b>

The equity of the Scania Group consists of the sum of equity attributable to Scania's shareholders and equity attributable to non-controlling interests. At year-end 2021, the Group's equity totalled SEK 68,213 m. (61,547). According to the Group's Financial Policy, the Group's financial position shall meet the requirements of the business objectives it has established. At present, this is deemed to presuppose a financial position equivalent to the requirements for obtaining a Standard & Poor's Investment Grade Stand Alone Rating of BBB. In order to maintain the necessary capital structure, the Group may adjust the amount of its dividend to shareholders, distribute capital to the shareholders or sell assets and thereby reduce debt.

Financial Services includes 14 companies that are subject to oversight by national financial inspection authorities. In some countries, Scania must comply with local capital adequacy requirements. During 2021, these units met their capital adequacy requirements.

The Group's Financial Policy contains targets for key ratios related to the Group's financial position. These coincide with the ratios used by Standard & Poor's. At the end of 2021 Scania's Issuer Credit Rating according to Standard and Poor's was:

- long-term borrowing: BBB
- outlook: Stable
- short-term borrowing: A-2
- short-term borrowing, Sweden: K-2

## **Note 17 Provisions for pensions and similar commitments**

The Group's employees, former employees and their survivors may be included in both defined contribution and defined benefit plans related to post-employment compensation. The plans include retirement pensions, early retirement pensions, survivor pensions, health care and severance pay. For defined contribution plans, Scania makes continuous payments to public authorities and independent organisations, which thus take over obligations towards employees.

The Group's expenses for defined-contribution plans amounted to SEK 1 649 m. (1,670) during 2021. The commitment that is recognised in the balance sheet stems from the defined benefit plans. The plans are secured through reinsured provisions in the balance sheet, foundations and funds.

Calculations are performed according to the Projected Unit Credit Method, using the assumptions presented under each country below.

Scania's forecast pension payments related to defined benefit plans, both funded and unfunded plans, is SEK 840 m. for 2022.

The largest plans are described in more detail below.

### **Sweden**

Blue-collar workers are covered by the Avtalspension SAF-LO plan, which is a defined-contribution multi employer plan based on collective agreements, covering a number of different sectors.

Salaried employees are covered by the ITP plan, which is also a multi employer plan based on collective agreements, covering a number of different sectors. The ITP plan has two parts, firstly, ITP1, which is a defined contribution pension plan applying to employees born in 1979 or later, and secondly, ITP2, which is a defined benefit pension plan applying to employees born before 1979.

Most of the ITP2 plan is managed internally by Scania in the PRI system. Financing occurs partly through provisions to an account in the balance sheet and partly through provisions to a pension foundation, both safeguarded by credit insurance from the mutual insurance company Försäkringsbolaget PRI Pensionsgaranti. However, a portion of the ITP2 plan is safeguarded via premiums to the retirement insurance company Alecta. These obligations are recognised under the heading "Multi employer defined benefit plans."

Aside from these obligations, there are early retirement defined benefit obligations in Scania CV relating to blue-collar workers who at the age of 62 have worked for 30 years or who at the age of 63 have worked for 25 years in the company, as well as to a limited number of persons in managerial positions. Special payroll tax is included in the provision for pension provisions.

### **Switzerland**

The Pensionskasse and the Wohlfahrtsstiftung are the legal carriers of the pension plans and they review early retirement pension. There are two pension plans:

A basic pension plan for employees and management, covering retirement pension, disability pension, spouse pension, children's pension and life insurance.

A supplementary plan for members of the management, covering retirement pension, disability pension, spouse pension, children's pension and life insurance. This plan also includes early retirement pension, which covers employees with at least five years of service or who have retired prematurely at the request of the company. Contributions are split between employer and employees for the basic pension plan and in the supplementary plan for members of the management.

### **Brazil**

Employees at Scania Latin America Ltda are covered by four post-employment defined benefit plans. Three health care plans cover medical, dental and pharmaceutical expenses as well as the cost of a life insurance plan. The health care plans became unfunded in February 2018. The plans are open to personnel retiring at a minimum age of 55 with at least 10 years' service.

### **Great Britain**

Employees at Scania Great Britain (SGB) are covered by a premium based occupational pension. Both the company and employees contribute to the plan. There are defined-benefit plans, which are closed for future accruals since 31 May 2003. The defined-benefit plans operated by SGB include the following:

The Scania Staff Pension Plan

The Scania Executive Pension Plan

The Scania Reliable Vehicles Staff Pension Plan

All plans are administered by trustees who are responsible for ensuring that SGB has sufficient financing to fully meet all vested/earned benefits for all members.

The normal retirement age in the schemes is 65.

## Multi-employer defined benefit plans

### Sweden

A portion of the ITP2 plan is safeguarded by premiums to Alecta. These obligations are also defined benefit plans but since Alecta cannot present information necessary to account for the plan as a defined benefit plan, it is accounted for as a defined contribution plan.

At year-end 2021, Alecta's surplus, in the form of a collective consolidation level (assets in relation to the insurance obligation), amounted to 169 percent (144). If the consolidation level falls below or exceeds the normal range (125–175), Alecta shall take measures, for example raise agreed subscription prices and extension of existing benefits, or introduce premium reductions.

Alecta's insurance obligation is calculated according to Alecta's actuarial methods and assumptions, which deviate from the methods and assumptions applied in measurement of defined benefit pensions according to IAS 19. Premiums to Alecta amounted to SEK 122 m. (111).

### The Netherlands

Employees at Scania's Dutch companies are covered by the Dutch collectively agreed pension plans, which are multi-employer defined benefit plans. The plans Pensioenfond Metaal en Techniek (PMT) and Bedrijfstakpensioenfond Metaalektro (PME) are administered by MN Services. PMT and PME do not have information about allocation and therefore these obligations are recognised as a defined contribution plan. In the Dutch plans, both companies and employees contribute to the plan. Companies' premiums to MN Services totalled SEK 153 m. (155).

The consolidation level of PMT was 103 percent (95) and for PME 105 percent (97).

Information regarding the largest plans during 2021	Sweden	Switzerland	Brazil	Great Britain
Present value of defined benefit obligations	13,271	1,227	427	991
Fair value of plan assets	-2,215	-1,510	-57	-971
Net assets not fully valued due to curtailment rule	-	-	7	-
<b>Recognised as pension liability/(asset) in the balance sheet, SEK m.</b>	<b>11,056</b>	<b>-283</b>	<b>377</b>	<b>20</b>
<b>Breakdown into categories</b>				
Present value of defined benefit obligations for persons in active employment, SEK m.	8,481	700	-166	-
Persons in active employment, number	11,915	271	2,544	-
Present value of defined benefit obligations for paid-up policy holders, SEK m.	2,125	-	-	540
Paid-up policy holders, number	2,968	-	-	332
Present value of defined benefit obligations for retired employees, SEK m.	2,664	527	593	451
Retired employees, number	2,727	114	1,316	271
<b>Assumptions/Conditions</b>				
Discount rate, %	2.0	0.2	8.9	2.0
Average life expectancy, women/men, years	88	88	86	88
Average duration of obligations, years	22,4	15,7	9,5	18,0
<b>Sensitivity analysis concerning change in present value of obligations, SEK m.</b>				
0.5% increase in discount rate	-1,356	-89	-9	-80
0.5% decrease in discount rate	1,555	102	4	94
1 year increase in life expectancy	571	39	46	55

Information regarding the largest plans during 2020	Sweden	Switzerland	Brazil	Great Britain
Present value of defined benefit obligations	12,449	1,211	405	1,041
Fair value of plan assets	-1,523	-1,216	-52	-922
Net assets not fully valued due to curtailment rule	-	-	0	-
<b>Recognised as pension liability/(asset) in the balance sheet, SEK m.</b>	<b>10,926</b>	<b>-5</b>	<b>353</b>	<b>119</b>

## Scania CV AB 2021

### Breakdown into categories

Present value of defined benefit obligations for persons in active employment, SEK m.	7,953	708	-209	-
Persons in active employment, number	10,356	282	2,544	-
Present value of defined benefit obligations for paid-up policy holders, SEK m.	2,072	-	-	700
Paid-up policy holders, number	2,880	-	-	399
Present value of defined benefit obligations for retired employees, SEK m.	2,424	503	614	341
Retired employees, number	2,693	109	1,224	208

### Assumptions/Conditions

Discount rate, %	1.3	0.1	7.6	1.4
Average life expectancy, women/men, years	88	88	86	88
Average duration of obligations, years	22.9	16.0	11.5	20.0

### Sensitivity analysis concerning change in present value of obligations, SEK m.

0.5% increase in discount rate	-1,305	-91	-27	-97
0.5% decrease in discount rate	1,503	103	16	109
1 year increase in life expectancy	539	35	42	43

### Expenses for pensions and similar commitments

Expenses for pensions and other defined benefit payments recognised in the income statement	2021	2020
Current service expenses	-611	-606
Net Interest income/expenses	-171	-193
Past service expenses	-2	12
Net gains (+) and losses (-) due to curtailments and settlements	16	-2
<b>Total expense for defined benefit payments recognised in the income statement</b>	<b>-768</b>	<b>-789</b>

Pension expenses and other defined benefit payments are found in the income statement under the headings "Research and development expenses," SEK 146 m. (126), "Cost of goods sold," SEK 291 m. (271), "Selling expenses," SEK 113 m. (126) and "Administrative expenses," SEK 47 m. (73). The interest portion of the net liability is recognised as an interest expense and the interest portion in net assets is recognised as interest income.

Recognised as provision for pensions in the balance sheet	2021	2020
Present value of defined benefit obligations, wholly or partly funded	14,912	14,233
Present value of defined benefit obligations, unfunded	2,402	2,268
Present value of defined benefit obligations	17,314	16,501
Fair value of plan assets	-5,159	-4,122
Net assets not fully valued due to curtailment rule	8	0
<b>Recognised in the balance sheet</b>	<b>12,163</b>	<b>12,379</b>
Of which, pension liabilities recognised under the heading "Provisions for pensions"	12,455	12,384
Of which, pension assets recognised under the heading "Other long-term receivables"	-292	-5

## Liabilities related to pensions and similar commitments

<b>Present value of defined benefit obligations changed during the year as follows:</b>		
	2021	2020
Present value of defined benefit obligations, 1 January	16,501	15,947
Present value of reclassified obligations, 1 January	12	-4
Current service expenses	611	606
Interest expenses	209	237
Payments made by pension plan participants	18	18
Experience-based actuarial gains and losses	529	134
Adjustment effects from changes in demographic assumptions	-39	2
Adjustment effects from changes in financial assumptions	-353	303
Exchange rate differences	220	-379
Payments from the company's assets	-269	-255
Payments from plan assets	-111	-96
Past service expenses	2	-12
Gains and losses depending on net adjustments for the year	-16	-
<b>Present value of defined benefit obligations, 31 December</b>	<b>17,314</b>	<b>16,501</b>

## Plan assets related to pensions and similar commitments

<b>Fair value of plan assets changed as follows during the year:</b>		
	2021	2020
Fair value of plan assets, 1 January	4,122	3,717
Fair value of plan assets related to reclassified obligations, 1 January	1	-5
Interest income on plan assets	38	44
Actual return on plan assets excluding amount included in interest income	367	44
Effects of changes in financial assumptions	0	0
Exchange rate differences	191	-175
Payments made by employers	533	576
Payments made by pension plan participants	18	18
Payments from plan assets	-111	-96
Fair value of plan assets in acquired/divested companies	0	-1
<b>Fair value of plan assets, 31 December</b>	<b>5,159</b>	<b>4,122</b>

## Asset ceiling

<b>Present value of asset ceiling</b>		
	2021	2020
Present value of asset ceiling, 1 January	0	2
Interest expenses	-	0
Changes in present value of asset ceiling not included in interest expense	7	-1
Exchange rate differences	-	-1
<b>Present value of asset ceiling, 31 December</b>	<b>7</b>	<b>0</b>

	2021		2020	
	Quoted price in an active market	Unquoted price	Quoted price in an active market	Unquoted price
<b>Allocation of fair value in plan assets</b>				
Cash and cash equivalents	140	-	195	-
Equity instruments issued by others	1,027	-	973	-
Debt instruments issued by Scania	-	47	-	-
Debt instruments issued by others	1,376	-	794	-
Properties leased to Scania companies	-	51	-	48
Investment properties	-	-	-	-
Equity mutual funds	729	-	538	-
Fixed income mutual funds	622	-	455	47
Real estate funds	170	-	238	-
Other investment funds	319	-	300	-
Other plan assets	227	451	48	486
<b>Total</b>	<b>4,610</b>	<b>549</b>	<b>3,541</b>	<b>581</b>

## Note 18 Other provisions

2021	Product obligations	Legal and tax risks <sup>2</sup>	Other provisions <sup>1,3</sup>	Total
1 January	1,682	4,465	4,680	10,827
Provisions during the year	1,019	5,420	2,408	8,847
Provisions used during the year	-870	-41	-1,612	-2,523
Provisions reversed during the year	-108	-54	-68	-230
Exchange rate differences	2	2	9	13
<b>31 December</b>	<b>1,725</b>	<b>9,792</b>	<b>5,417</b>	<b>16,934</b>
– of which, current provisions	1,235	9,215	3,091	13,540
– of which, non-current provisions	490	577	2,326	3,394

2020	Product obligations	Legal and tax risks	Other provisions <sup>1</sup>	Total
1 January	1,828	4,624	4,310	10,762
Provisions during the year	1,053	145	2,167	3,365
Provisions used during the year	-1,116	-274	-1,737	-3,127
Provisions reversed during the year	-84	-39	-60	-183
Exchange rate differences	1	9	0	10
<b>31 December</b>	<b>1,682</b>	<b>4,465</b>	<b>4,680</b>	<b>10,827</b>
– of which, current provisions	1,247	221	2,494	3,962
– of which, non-current provisions	435	4,244	2,186	6,865

1) "Other provisions" include provisions for potential losses on service agreements. Total number of contracts increased during 2021 by 19,500 contracts (7,300) and amounted to 279,200 contracts (259,600) at year-end.

2) Includes provision for EU Truck case of SEK 9 029 m. (MEUR 880.5), of which SEK 5,229 m. affected 2021 and SEK 3,800 m. 2016.

"Other provisions" include provisions for interest regarding the EU truck case of SEK 542 m., of which SEK -315 m. affected 2021.

3) "Other provisions" include provisions for interest regarding the EU truck case of SEK -315 m., of which SEK 371 m. affected 2021.

## Note 19 Accrued expenses and deferred income

	2021	2020
Accrued employee-related expenses	7,477	6,172
Deferred income related to service and repair contracts	6,866	6,439
Deferred income related to repurchase obligations <sup>1</sup>	5,905	6,001
Other accrued expenses and deferred income	4,668	3,772
<b>Total</b>	<b>24,916</b>	<b>22,384</b>
– of which, current	18,014	14,882
– of which, non-current	6,902	7,502
Of the above total, the following was attributable to Financial Services operations	1,419	794

1) Of the above deferred income related to vehicles sold with repurchase obligations, SEK 1,995 m. (2,039) is expected to be recognised as revenue within 12 months. SEK 313 m. (284) is expected to be recognised as revenue after more than five years..

The following table provides an explanation of the changes of contract liabilities during the year.

SEK m.	2021	2020
<b>Contract liabilities as of 1 January</b>	<b>6,439</b>	<b>7,176</b>
Additions and disposals	99	-242
Currency translation adjustments	328	-495
<b>Contract liabilities as of 31 December</b>	<b>6,866</b>	<b>6,439</b>

Sales revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period totalled SEK 2,649 m. (3,076).

## Note 20 Assets pledged and contingent liabilities

Assets pledged	2021	2020
Financial receivables	663	–
Other	0	0
<b>Total<sup>1</sup></b>	<b>663</b>	<b>0</b>
<sup>1</sup> Of which, assets pledged for:		
Long-term borrowing	532	–
Short-term borrowing	131	–
– liabilities of others	–	–
<b>Contingent liabilities</b>	<b>2021</b>	<b>2020</b>
Contingent liability related to FPG credit insurance	100	93
Other guarantees	180	247
Other contingent liability related to tax	459	629
<b>Total</b>	<b>739</b>	<b>969</b>

In addition to the above contingent liabilities, the Group has issued vehicle repurchase guarantees worth SEK 12 m. (6) to customers' creditors.

## Note 21 Government grants and assistance

During 2021, the Scania Group received government grants amounting to SEK 59 m. (953) attributable to operating expenses of SEK 5,516 m. (14,144). Scania also received government grants of SEK 9 m. (-) attributable to investments with a gross cost of SEK 40 m. (-).

Scania recognised grants of SEK 249 m. related to short-term allowances of employees due to COVID-19 received in 2020.

## Note 22 Cash flow statement

In those cases a breakdown in segment is not done, the cash flow specification below refers to the Scania Group

	2021	2020
<b>a. Interest and dividends received/paid</b>		
Dividends received from associated companies	5	3
Interest received	4,617	4,243
Interest paid	-2,370	-2,460
<b>b. Items not affecting cash flow</b>	<b>2021</b>	<b>2020</b>
Depreciation/amortisation	11,239	11,097
Associated companies	24	-166
Provision for pensions	-21	-48
Other	-266	783
<b>Total</b>	<b>10,976</b>	<b>11,666</b>
<b>c. Financial Services: Net investments in credit portfolio etc.</b>	<b>2021</b>	<b>2020</b>
New financing <sup>1</sup>	-56,417	-42,439
Payments of principal and completed contracts	44,726	39,752
<b>Total</b>	<b>-11,691</b>	<b>-2,687</b>

<sup>1</sup> Refers mainly to financing of customers purchases of Scania vehicles.

	2021	2020
<b>d. Net investment through acquisitions/divestments of businesses<sup>2</sup></b>		
Divestments of businesses	13	0
Acquisitions of businesses	-58	-27
<b>Total</b>	<b>-45</b>	<b>-27</b>

<sup>2</sup> See [Note 22](#), "Business acquired/divested".

	2021	2020
<b>e. Vehicles and Services: Acquisitions of non-current assets</b>		
Investments in non-current assets <sup>3</sup>	-8,174	-8,235
Divestments of non-current assets	209	228
Investments in shares in other companies	-631	-103
<b>Total</b>	<b>-8,596</b>	<b>-8,110</b>

<sup>3</sup> Of which, SEK 1,986 m. (1,624) in capitalised research and development expenditures.

	2021	2020
<b>f. Change in debt through financing activities</b>		
Decrease in current liabilities	-49,795	-48,740
Increase in current liabilities	24,530	18,367
Decrease in non-current liabilities	-90	-1,107
Increase in non-current liabilities	28,138	34,755
Lease liabilities	-1,106	-1,067
<b>Total</b>	<b>1,677</b>	<b>2,208</b>

#### Reconciliation of liabilities arising from financing activities

2020	Cash flow		Non-cash changes			2021
			Foreign exchange movements	Re-classifications	New leases	
Non-current interest-bearing liabilities	49,697	28,048	350	-20,342	-	57,753
Current interest-bearing liabilities	41,147	-25,265	242	20,342	-	36,466
Lease liabilities	4,836	-1,106	-47	-	1,859	5,542
	<b>95,680</b>	<b>1,677</b>	<b>545</b>	<b>0</b>	<b>1,859</b>	<b>99,761</b>
Cash and cash equivalents	32,268	-3,411	405	-	-	29,262
	<b>127,948</b>	<b>-1,734</b>	<b>950</b>	<b>0</b>	<b>1,859</b>	<b>129,023</b>
2019	Cash flow		Non-cash changes			2020
			Foreign exchange movements	Re-classifications	New leases	
Non-current interest-bearing liabilities	49,967	33,648	-2,423	-31,495	-	49,697
Current interest-bearing liabilities	42,517	-30,373	-2,492	31,495	-	41,147
Lease liabilities	5,116	-1,067	-526	-	1,313	4,836
	<b>97,600</b>	<b>2,208</b>	<b>-5,441</b>	<b>0</b>	<b>1,313</b>	<b>95,680</b>
Cash and cash equivalents	20,981	12,221	-934	-	-	32,268
	<b>118,581</b>	<b>14,429</b>	<b>-6,375</b>	<b>0</b>	<b>1,313</b>	<b>127,948</b>

	2021	2020
<b>g. Cash and cash equivalents</b>		
Cash and bank balances	8,830	7,066
Short-term investments comprising cash and cash equivalents	20,432	25,202
<b>Total</b>	<b>29,262</b>	<b>32,268</b>



## Note 23 Businesses acquired/divested

Scania is not an acquisition-intensive Group or a Group that divests businesses to a large extent and no significant acquisitions or divestments have occurred during the years 2020–2021.

## Note 24 Wages, salaries and other remuneration and number of employees

Wages, salaries and other remuneration, pension expenses and other mandatory payroll fees (excluding personnel on hire)	2021	2020
Boards of Directors, Presidents and Executive Vice Presidents <sup>1</sup>	511	499
– of which bonuses	178	189
Other employees	21,299	19,967
<b>Subtotal</b>	<b>21,811</b>	<b>20,466</b>
Pension expenses and other mandatory payroll fees	7,141	7,082
– of which pension expenses <sup>2</sup>	2,250	2,269
<b>Total</b>	<b>28,952</b>	<b>27,548</b>

1 The number of Board members and executive officers was 671 (562).

2 Of the pension expense in the Group, SEK 32 m. (23) was for Boards of Directors and executive officers in the Scania Group. At year-end, the total pension obligation was SEK 205 m. (209) for this category.

	2021		2020	
Average number of employees (excluding personnel on hire)	Total	Women	Total	Women
Sweden	18,518	24%	18,137	24%
Europe (excluding Sweden)	16,486	15%	16,477	14%
Eurasia	646	27%	758	25%
America	8,847	13%	7,665	13%
Asia	1,899	22%	1,973	21%
Africa and Oceania	1,986	18%	2,006	18%
<b>Total</b>	<b>48,382</b>	<b>18%</b>	<b>47,016</b>	<b>18%</b>

Gender distribution	2021	2020
Board members in subsidiaries and the Parent Company	510	435
– of whom, men	474	401
– of whom, women	36	34
Presidents/Managing Directors of subsidiaries and the Parent Company, plus the Group's Executive Board	161	127
– of whom, men	151	121
– of whom, women	10	6

Number of employees, 31 December	2021	2020
Vehicles and Services		
Production and corporate units	28,340	25,825
Research and development	5,249	4,229
Sales and service companies	19,205	18,896
Subtotal	52,794	48,950
Financial Services	1,206	1,061
<b>Total</b>	<b>54,000</b>	<b>50,011</b>
– of whom, on temporary contracts and on hire	7,274	4,707

## Note 25 Related party transactions

	Revenue		Expenses		Receivables		Liabilities	
	2021	2020	2021	2020	2021	2020	2021	2020
Volkswagen Group (excl. TRATON GROUP)	20	14	1,132	886	155	142	608	484
TRATON GROUP	1,167	856	172	95	20,177	24,273	14,286	294
Associated companies and joint ventures	305	291	585	751	29	20	0	2

Disclosures of relationships with related parties that include a controlling influence are provided in the list of subsidiaries. See also the presentation of Scania's Board of Directors and Executive Board as well as [Note 26](#), "Compensation to executive officers." Disclosures of dividends from, and capital contributions to, associated companies and joint ventures etc. are provided in [Note 12](#), "Holdings in associated companies and joint ventures." Disclosures of pension plans are provided in [Note 16](#), "Provisions for pensions and similar commitments" and [Note 23](#), "Wages, salaries and other remuneration and number of employees." Purchases and leases of company cars are included in the transactions with the TRATON GROUP. TRATON GROUP receivables mainly refer to short-term investments which are included in the Scania Group's cash and cash equivalents. All related party transactions occur on market terms.

## Note 26 Compensation to executive officers

### Principles for compensation to executive officers

The principles for compensation to Scania executive officers are adopted by Scania's Board of Directors. The purpose is to offer a market-related compensation package that will enable the company to recruit and retain executive officers. Compensation to executive officers consists of the following parts:

1. Fixed salary
2. Variable earnings-dependent salary
3. Pension

The fixed salary of executive officers shall be competitive in relation to position, individual qualifications and performance. The fixed salary is reviewed annually. The size of the variable salary is dependent on Scania Group's operating income, TRATON GROUP's return of sales and a Volkswagen long-term incentive index. For the CEO, part of the annual fixed salary is paid from TRATON SE. The CEO has variable earnings-dependent salary based on the TRATON GROUP's return on sales, return on invested capital and a share-related programme TRATON SE. Executive officers are covered under the ITP Plan. Executive officers covered under the defined benefit ITP Plan are also covered under a defined contribution pension plan that applies in addition to the public pension and the ITP Plan

The share-related programme relates to a long-term incentive (LTI) bonus which is determined by the Supervisory Board of TRATON SE at its reasonable discretion. The LTI was introduced in January 2019. The terms and conditions for the LTI provide for a period of three years for calculating the target achievement, and may be amended from time to time. In this plan, a new performance period ("performance period") starts at the beginning of each fiscal year

At the beginning of each new performance period the CEO is conditionally awarded a certain number of performance shares. The number of performance shares depends (i) on the individual target amounts and (ii) on the calculated price of Volkswagen AG preferred shares (in the pre-IPO phase) or the price of TRATON SE shares (in the post-IPO phase), with the arithmetic mean of the closing prices of the 30 trading days preceding the performance period being used to calculate the price

If the employment contract begins or ends in the course of a year, the target amount for the LTI is calculated rateably for the period of service.

The number of performance shares at the end of a performance period ("final number of performance shares") depends on the number of performance shares conditionally awarded at the beginning of the performance period and the achievement of the "earnings per share" target amounts. These are determined at the beginning of the performance period. The payout amount depends on the final number of performance shares and the calculated price of Volkswagen AG preferred shares (in the pre-IPO phase) or the price of TRATON SE shares (in the post-IPO phase), using the arithmetic mean of the closing prices of the last 30 trading days of the performance period and including any dividends paid out during the performance period.

The amount paid out is capped at 200 percent of the target amount.

In the case of extraordinary events or developments, e.g., a business combination, significant changes in the shareholder structure, or certain corporate actions or structural measures implemented by the company, the company is entitled, under certain conditions, to modify the terms and conditions of the plan or the number of performance shares. In “bad leaver” cases, which are defined in the relevant performance share plan (in particular in the case of the extraordinary termination of an Executive Board member), all the performance shares of a current performance period are forfeited and not replaced or otherwise compensated

The terms and conditions of the LTI for each performance period are determined by the Supervisory Board of TRATON SE at its reasonable discretion. The Supervisory Board of TRATON SE has introduced provisions governing penalties and salary clawbacks in the event of misconduct (including breaches of oversight or organisational duties as a “cultural and integrity corrective”), which can lead to a reduction or the complete forfeiture of the LTI or to the clawback of an LTI that has already been paid out.

In the 2021 financial year, the following performance shares were awarded to the CEO:

A total of 11,857 (32,417) performance shares were awarded to Mr. Henrik Henriksson, who was CEO until 30 April 2021. The fair value of the performance shares obligation as of 31 December 2021 was SEK 11.6 (1) m. The expenses under the plan amounting to SEK 14.2 (3) m. were recognized in personnel expenses. At 30 April 2021, the obligation (intrinsic value) was SEK 6.1 (0) m.

A total of 8,893 performance shares were awarded to Mr. Christian Levin, who was appointed CEO on 1 May 2021, for the time period between 1 May 2021 and 30 September 2021. The fair value of the performance shares obligation as of 31 December 2021 was SEK 0.6 m. The expenses under the plan amounting to SEK 0.6 m. were recognized in personnel expenses. If Mr. Christian Levin had left the Company as of 31 December 2021, the obligation (intrinsic value) would have been SEK 0 m.

#### **Termination conditions for the executive board**

If the President and CEO resigns of his own volition, he is entitled to his salary for a 12-month notice period. Any variable salary during the year in question is disbursed according to conditions adopted by Scania’s Board of Directors. In case of termination by the company, a 12-month notice period applies with retained benefits and severance pay equivalent to 24 months of salary is payable.

If the company terminates their employment, the other members of the Executive Board are entitled to severance pay equivalent to a maximum of 18 months of salary, in addition to their salary during the six-month notice period. If they obtain new employment within 18 months, counting from their termination date, the severance pay ceases.

**Note 26 Compensation to executive officers, continued**

	Fixed salary	Board remuneration <sup>1</sup>	Variable salary	LTI	Other remuneration <sup>2</sup>	Total salary and remuneration	Pension expenses, defined contribution system	Pension expenses, defined benefit system	Total pension expenses	Pension obligations
<b>2021, SEK thousand</b>										
Chairman of the Board	–	–	–	–	–	0	–	–	0	–
President and CEO	6,257	–	–	–	15,973	22,230	4,320	572	4,892	7,399
Rest of Executive Board (8 persons)	23,215	–	34,335	–	1,760	59,310	8,984	3,180	12,164	20,499

1 Other Board members' total fees: Matthias Gründler 0; Peter Wallenberg Jr. 550; Stephanie Porsche-Schröder 350; Nina Macpherson 700; Christian Schulz 0; Lillian Fossum Biner 700; Gunnar Killian 0; Julia Kuhn-Piëch 275; Mark Philipp Porsche 275; Christian Porsche 275; Lisa Lorentzon 0; Michael Lyngsie 0; Mari Carlquist 0; Mikael Johansson 0.

Matthias Gründler and Christian Schulz resigned 30 September 2021, Annette Danielski was elected on 25 November 2021.

2 Includes loyalty bonus to the former CEO. SEK 865 thousand will be paid monthly during the period 2021-05-01 and 2022-10-31.

3 Includes pension obligation to the former CEO of SEK 3,889,345.

3 Includes pension obligation to the former CEO of SEK 3,889,345.

	Fixed salary	Board remuneration <sup>1</sup>	Variable salary	LTI	Other remuneration	Total salary and remuneration	Pension expenses, defined contribution system	Pension expenses, defined benefit system	Total pension expenses	Pension obligations
<b>2020, SEK thousand</b>										
Chairman of the Board	–	–	–	–	–	0	–	–	0	–
President and CEO	6,026	–	4,705	2,782	469	11,200	3,243	495	3,738	3,742
Rest of Executive Board (7 persons)	24,369	–	37,546	–	1,754	63,669	7,628	3,306	10,934	24,550

1 Other Board members' total fees: Andreas Renschler 0; Peter Wallenberg Jr 550; Mattias Gründler 0; Liza Lorentson 0; Stephanie Porsche-Schröder 0; Nina Macphersson 700; Christian Schulz 0; Lillian Fossum Biner 700; Michael Lyngsie 0.

Mattias Gründler acceded on 11 August, Gunnar Killian, Julia Kuhn-Piëch, Christian Porsche and Mark Philipp Porsche all appointed on 20 October 2020.

Andreas Renschler resigned on 15 July 2020

**Pension expenses, defined-contribution system:** annual premiums according to a defined contribution pension system and ITPK (defined contribution portion of the ITP occupational pension).

**Pension expenses, defined-benefit system (ITP):** risk insurance premiums and the increase of retirement pension liability according to the ITP occupational pension plan.

**Other remuneration:** taxable portion of car allowance, newspaper subscriptions and other perquisites.

**Retirement age:** the President and CEO is covered by the ITP plan and a defined contribution pension plan with premiums up to 65 years. Members of the Executive Board are covered by the ITP Plan with premiums up to 65 years. Members of the Executive Board covered under the defined benefit ITP Plan are also covered under defined contribution pension plan with premiums payments up to 65 years and, to a lesser extent, with premium payments up to 60 years.

## Note 27 Fees and other remuneration to auditors

Fees and other remuneration to auditors that were expensed during the year are reported below. Remuneration for consultations is reported in cases where the same public accountancy firm has the assignment to audit an individual company. "Auditing assignments" refers to statutory examination of the annual accounts as well as the administration of the Board of Directors and

the President and CEO. "Auditing activities beyond auditing assignments" refers to examination of administration or financial information that shall be performed in accordance with laws, articles of association, statutes or agreements that is also intended for parties other than the client, and which is not included in the auditing assignment. "Tax consultancy" is consultation on matters

of tax law. "Other services" refers to consultancy that cannot be attributed to any of the other categories. Auditing expenses that have arisen because Scania is a subsidiary of Volkswagen have been re invoiced.

	2021		2020	
	EY	Other auditors	EY	Other auditors
<b>Auditing firm</b>				
Auditing assignments	43	3	40	4
Auditing activities beyond auditing assignments	3	0	1	0
Tax consultancy	2	2	10	3
Other services	2	1	0	0
<b>Total</b>	<b>50</b>	<b>6</b>	<b>51</b>	<b>7</b>

## Note 28 Financial risk management

### Financial risk management in the Scania Group

In addition to business risks, Scania is exposed to various financial risks in its operations. The financial risks that are of the greatest importance are currency, interest rate, credit and refinancing risk, which are regulated by Scania Group Policies adopted by Scania's Board of Directors.

Credit risk related to customer commitments is managed, within established limits, on a decentralised basis by means of local credit assessments. Decisions on major credit commitments are made in corporate credit committees. Other risks are managed primarily at corporate level by Scania's treasury unit. On a daily basis, the corporate treasury unit measures the risks of outstanding positions, which are managed within established limits in compliance with the Scania Group Policy – Treasury.

### Liquidity risk

Liquidity risk describes the risk that the Scania Group will have difficulty in meeting its obligations associated with financial liabilities or that it can only procure liquidity at a higher price.

To counter this risk, cash inflows and outflows and due dates are continuously monitored and managed. Cash requirements are primarily met by our operating business and by external financing arrangements. As a result, there are no material concentrations of risk.

The solvency and liquidity of Scania are ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and the issuance of securities on the international money and capital markets. For Scania Financial Services, there shall be dedicated funding covering

**Note 28 Financial risk management, continued**

the net of the next coming three months of maturing debt less 50 percent of maturing customer contracts. There shall also always be borrowings and/or dedicated equity that safeguard the existing portfolio.

Local cash funds in certain countries (e.g. Brazil, China, India, Russia and South Korea) are only available to the Group for cross-border transactions subject to exchange controls. There are no significant restrictions over and above these

**Currency risk**

Currency risk is the risk of negative effects on earnings and balance sheet items denominated in foreign currency, due to currency movements. Changes in exchange rates also affect Scania's income statement and balance sheet as follows:

- An individual company may have monetary assets and liabilities in a currency other than its functional currency, which are translated to the functional currency using the exchange rate on the balance sheet date. When settling monetary assets and liabilities, an exchange rate difference arises between the exchange rate on the balance sheet date and on the payment date. All changes in exchange rates attributable to translation or settlement of monetary items are recognised in the income statement (transaction effect).
- Revenue, expenses, assets and liabilities in a functional currency other than the reporting currency of the Parent Company (SEK) are translated at the average exchange rate during the year and the exchange rate on the balance sheet date, respectively. The effect that arises because the exchange rate on the balance sheet date is changed from the beginning of the year and the average exchange rate of the year deviates from the balance sheet rate is recognised in the translation reserve in other comprehensive income (translation effect).

During 2021, 95 (94) percent of Scania's sales occurred in countries outside Sweden. Since a large proportion of production occurs in Sweden, at costs denominated in Swedish kronor, this means that Scania has large net inflows of foreign currencies.

During 2021, total currency exposure in Scania's operating income amounted to about SEK 52,400 m. (35,800). The largest currencies in this flow were USD, GBP and EUR. The table below shows currency exposure in Scania's operating income in the most commonly occurring currencies.

<b>Currency exposure in operating income, Vehicles and Services</b>	<b>2021</b>	<b>2020</b>
Euro (EUR)	12,100	5,300
Russian rouble (RUB)	6,300	3,700
British pound (GBP)	6,200	5,900
US dollar (USD)	6,100	6,200
Norwegian krone (NOK)	3,500	3,500
Korean won (KRW)	2,700	2,300
Danish krone (DKK)	2,100	1,600
Australian dollar (AUD)	2,000	600
Chinese yuan renminbi (CNY)	1,700	2,600
Swiss franc (CHF)	1,600	1,700
Taiwandollar (TWD)	1,600	1,400
Polish zloty (PLN)	-1,500	-1,500
Other currencies	5,600	900
<b>Total currency exposure in operating income</b>	<b>50,000</b>	<b>34,200</b>

  

<b>Currency exposure in operating income, Financial Services</b>	<b>2021</b>	<b>2020</b>
Euro (EUR)	800	600
Other currencies	1,600	1,000
<b>Total currency exposure in operating income</b>	<b>2,400</b>	<b>1,600</b>

Based on revenue and expenses in foreign currencies during 2021, a one percentage point change in the Swedish krona against other currencies, excluding currency hedges, has an impact on operating income of about SEK 524 m. (358) on an annual basis. In Vehicles and Services, compared to 2020, the total currency rate effects amounted to SEK 1,409 m. (-1,762).

According to Scania Group Policy – Treasury, the CFO has a mandate to approve hedging of up to 75

**Note 28 Financial risk management, continued**

percent of anticipated exposure by currency up to six months. The CEO has a mandate to approve hedging of up to 50 percent of anticipated exposure by currency for a period from above six months up to 12 months. When currency risks are hedged, currencies are mainly sold by means of forward contracts, but currency options may also be used.

To ensure efficiency and risk control, borrowings in Scania's subsidiaries largely occur through the corporate treasury unit, mainly in EUR and SEK, and are then transferred to subsidiaries in the form of internal loans in their local currencies.

By means of derivative contracts, corporate-level borrowings are converted to lending currencies. In Financial Services, assets should be financed by liabilities in the same currency. Scania's borrowings in various currencies excluding and including currency derivatives can be seen in the table "Borrowings" in the section on interest rate risk.

At the end of 2021, Scania's net assets in foreign currencies amounted to SEK 33,200 m. (27,400). The net foreign assets of subsidiaries are normally not hedged. To the extent subsidiaries have significant net monetary assets in functional currencies, however, they may be hedged. At year-end 2021 no foreign net assets were hedged (–).

<b>Net assets, Vehicles and Services</b>	<b>2021</b>	<b>2020</b>
Brazilian real (BRL)	6,800	4,600
US dollar (USD)	2,100	1,600
Euro (EUR)	1,800	3,400
Chinese yuan renminbi (CNY)	1,200	600
Swiss franc (CHF)	1,000	400
Taiwandollar (TWD)	900	600
Korean won (KRW)	700	500
South African rand (ZAR)	600	500
Colombian pesos (COP)	500	500
Norwegian krone (NOK)	400	500
Kenyan shilling (KES)	400	200
Australian dollar (AUD)	400	400
Danish krone (DKK)	300	400
Other currencies	2,800	2,500
<b>Total net assets in foreign currencies, Vehicles and Services</b>	<b>19,900</b>	<b>16,700</b>
<b>Net assets, Financial Services</b>	<b>2021</b>	<b>2020</b>
Euro (EUR)	5,700	5,300
Other currencies	7,600	5,400
<b>Total net assets in foreign currencies, Financial Services</b>	<b>13,300</b>	<b>10,700</b>
<b>Total net assets in foreign currencies, Scania Group</b>	<b>33,200</b>	<b>27,400</b>

**Effect on exchange rate differences on net income**

Net income for the year was affected by exchange rate differences as shown in the following table:

	<b>2021</b>	<b>2020</b>
Operating income	179	–56
Financial income and expenses	–161	–446
Taxes	–4	155
<b>Effect on net income for the year</b>	<b>14</b>	<b>–347</b>

**Note 28 Financial risk management, continued****Interest rate risk**

Interest rate risk is the risk of negative effects on interest income and expenses due to movements in interest rates. For Scania's assets and liabilities that carry variable interest rates, a change in market interest rates has a direct effect on cash flow, while for fixed-interest assets and liabilities, the fair value of the portfolio is affected

instead. To manage interest rate risks, Scania primarily uses interest rate derivatives in the form of interest rate swap agreements.

At year-end 2021, Scania's interest-bearing assets mainly consisted of assets in Financial Services and of short-term investments and cash and cash equivalents. Interest-bearing liabilities consisted mainly of loans, to a great extent intended to fund lending in Financial Services operations and to a lesser extent to fund working capital in Vehicles and Services.

**Interest rate risk in Vehicles and Services**

Borrowings in Vehicles and Services are mainly used for funding of working capital. To match the turnover rate of working capital, a short interest rate refixing period is used in the borrowing portfolio. Scania's Group policy – Treasury concerning interest rate risks in the Vehicles and Services segment is that the interest rate refixing period on its net debt should normally be within 0–6 month range, but that divergences are allowed up to 24 months. The Board of Directors approves maturities of more than 24 months.

Net cash in Vehicles and Services was SEK 25,520 m. (21,824) at year-end 2021. The borrowing portfolio amounted to SEK 5,526 m. (9,765). Short-term investments and cash and cash equivalents amounted to SEK 31,046 m. (31,589) and the average interest rate refixing period on these assets was less than 2 (2) month. Net cash does not include derivatives as of 2019.

Given the same loan liabilities, short-term investments, cash and cash equivalents and interest rate refixing periods as at year-end 2021, a change in market interest rates of 100 basis points (1 percentage point) would change the interest expenses by approximately SEK 41 (98) m. and interest income in Vehicles and Services by approximately SEK 260 m. (315) on an annual basis.

**Interest rate risk in Financial Services**

In accordance with Scania Group Policy – Treasury interest rate risks in the Financial Services segment is that assets and liabilities should match in terms of interest rates and maturity periods. Interest rate refixing related to the credit portfolio and borrowing in Financial Services had the following structure as of 31 December 2021:

Interest rate refixing in Financial Services, 31 December 2021	Interest-bearing portfolio <sup>1</sup>	Interest-bearing liabilities <sup>2</sup>
2022	52,744	51,324
2023	23,523	22,284
2024	16,795	15,941
2025	9,728	5,789
2026	4,334	1,106
2027 and later	1,735	656
<b>Total</b>	<b>108,859</b>	<b>97,100</b>

Interest rate refixing in Financial Services, 31 December 2020	Interest-bearing portfolio <sup>1</sup>	Interest-bearing liabilities <sup>2</sup>
2021	47,906	47,262
2022	20,265	19,359
2023	14,422	13,169
2024	8,096	4,933
2025	3,372	964
2026 and later	1,372	557
<b>Total</b>	<b>95,433</b>	<b>86,244</b>

1. Including operating leases.
2. Including the effect of interest rate derivatives. Other funding consists mostly of equity.
- 3.



**Note 28 Financial risk management, continued**

Given the same lending and borrowing structure as at year-end 2021, a change in market interest rate of 50 basis points (0.5 percent point) would change the interest in Financial Services by about SEK 9.1 m. (4.8) on an annual basis.

Scania's total borrowing portfolio amounted to SEK 94,604 m. (91,205) at year-end 2021.

	Borrowings incl. currency swap agreements	Borrowings excl. currency swap agreements
<b>Borrowings, 31 December 2021</b>		
EUR	53,704	46,594
BRL	5,724	3,148
GBP	5,249	3,051
RUB	4,952	43
USD	3,369	858
CLP	2,732	1,697
ZAR	2,456	1,729
KRW	2,446	49
NOK	1,725	4,515
DKK	1,571	–
CHF	1,570	48
AUD	1,426	–
THB	842	–
SEK	2,456	30,193
Other currencies	3,997	2,294
<b>Total<sup>1</sup></b>	<b>94,220</b>	<b>94,220</b>
Accrued interest	384	384
<b>Total</b>	<b>94,604</b>	<b>94,604</b>

<sup>1</sup> Total borrowings excluded SEK 384 m. (361) related to accrued interest.

**Note 28 Financial risk management, continued****Credit risk**

Credit risk is the risk that the counterparty in a transaction will not fulfil its contractual obligations and that any collateral will not cover the company's claim. An overwhelming share of the credit risk for Scania is related to receivables from customers. Scania sales are distributed among a large number of end customers with a large geographic dispersion, which limits the concentration of credit risk.

**Reconciliation of loss allowance for financial assets measured at amortised cost, including lease receivables.**

	2021					2020				
	General approach			Simplified approach	Total	General approach			Simplified approach	Total
	12 month expected credit loss (Stage 1)	Life time expected credit loss – not impaired (Stage 2)	Life time expected credit loss – impaired (Stage 3)			12 month expected credit loss (Stage 1)	Life time expected credit loss – not impaired (Stage 2)	Life time expected credit loss – impaired (Stage 3)		
<b>Loss allowance as at 1 January</b>	117	34	208	1,292	2,011 <sup>1</sup>	59	45	306	1,289	1,699
Changes due to financial instruments recognised as at 1 January										
Transfer to stage 1	0	–9	–2		–11	4	–19	–13		–28
Transfer to stage 2	–21	38	–2		15	–14	33	–11		8
Transfer to stage 3	–37	–12	85		36	–14	–8	48		26
Write-offs (Utilization)			–55	–80	–135			–77	–133	–210
Financial assets acquired/issued	84			267	351	93			378	471
Changes to models or risk parameters					–225 <sup>2</sup>					360 <sup>1</sup>
Reversals	–60	–11	–62	–489	–397 <sup>2</sup>	–22	–11	–44	–368	–445
Foreign exchange movements	3	1	4	27	35	–10	–9	–63	–88	–170
Other changes within a stage	2	1	46	122	171	21	3	62	214	300
<b>Loss allowance as at 31 December</b>	<b>88</b>	<b>42</b>	<b>222</b>	<b>1,139</b>	<b>1,851<sup>1</sup></b>	<b>117</b>	<b>34</b>	<b>208</b>	<b>1,292</b>	<b>2,011</b>

1) The total amount includes a manual overlay of SEK 360 m. added in 2020. This group adjustment is included in the opening balance loss allowance of SEK 2,011 m. For more information see Note 2.

2) During 2021 SEK 225 m. of the manual overlay was allocated to offset reversals of loss allowance.

**Note 28 Financial risk management, continued****Reconciliation of gross carrying amount for financial assets measured at amortised cost, including lease receivables.**

	2021					2020				
	General approach			Simplified approach	Total	General approach			Simplified approach	Total
	12 month expected credit loss (Stage 1)	Life time expected credit loss – not impaired (Stage 2)	Life time expected credit loss – impaired (Stage 3)			12 month expected credit loss (Stage 1)	Life time expected credit loss – not impaired (Stage 2)	Life time expected credit loss – impaired (Stage 3)		
<b>SEK m.</b>										
<b>Gross carrying amount as at 1 January</b>	68,950	898	718	51,480	122,046	58,886	1,419	995	56,648	117,948
Transfer to stage 1	201	–183	–18			469	–427	–42		0
Transfer to stage 2	–628	644	–16			–479	511	–32		0
Transfer to stage 3	–136	–113	249			–93	–166	259		0
Changes in gross carrying amount (due to additions and disposals, significant modifications)	4,647	104	–244	5,863	10,370	15,648	–213	–311	–683	14,441
Foreign exchange movements	1,618	44	15	1,759	3,426	–5,481	–226	–151	–4,485	–10,343
<b>Gross carrying amount as at 31 December</b>	<b>74,652</b>	<b>1,394</b>	<b>704</b>	<b>59,102</b>	<b>135,852</b>	<b>68,950</b>	<b>898</b>	<b>718</b>	<b>51,480</b>	<b>122,046</b>

Gross carrying amount of Scania's irrevocable credit commitments related to lending at 31 December 2021 amounts to SEK 7,186 m. (4,949) with a loss allowance of SEK 2 m. (2).

**Note 28 Financial risk management, continued****Gross carrying amounts of financial assets by rating category**

	2021					2020				
SEK m.	12 month expected credit loss (Stage 1)	Life time expected credit loss – not impaired (Stage 2)	Life time expected credit loss – impaired (Stage 3)	Financial assets – simplified approach	Total	12 month expected credit loss (Stage 1)	Life time expected credit loss – not impaired (Stage 2)	Life time expected credit loss – impaired (Stage 3)	Financial assets – simplified approach	Total
<b>Rating Grade</b>										
Credit Risk Rating Grade 1	74,652			54,444	129,096	68,950			46,612	115,562
Credit Risk Rating Grade 2		1,394		3,459	4,853		898		3,577	4,475
Credit Risk Rating Grade 3			704	1,199	1,903			718	1,291	2,009
<b>Total</b>	<b>74,652</b>	<b>1,394</b>	<b>704</b>	<b>59,102</b>	<b>135,852</b>	<b>68,950</b>	<b>898</b>	<b>718</b>	<b>51,480</b>	<b>122,046</b>

**Note 28 Financial risk management, continued****Credit risk in Vehicles and Services**

In the Vehicles and Services segment, carried receivables before provisions for bad debts from customers totalled SEK 10,166 m. (8,506), most of which consisted of receivables from independent dealerships and end customers. The total estimated fair value of collateral was SEK 1,143 m. Most of the collateral consisted of bank guarantees, mortgages and similar securities. During the year, collateral corresponding to SEK 307 m. was obtained.

Timing analysis of portfolio assets past due but not recognised as impairment losses	Past-due payments	
	2021	2020
< 30 days	723	783
30–90 days	235	441
91–365 days	195	66
> 180 days	206	24
<b>Total</b>	<b>1,359</b>	<b>1,314</b>

Provisions for bad debts amounted to SEK 508 m. (492), equivalent to 5.4 (6.4) percent of total receivables. The year's bad debt expense amounted to SEK 54 m. (167).

Provisions for bad debts changed as follows:

Provisions for bad debts	2021	2020
Provisions, 1 January	492	455
Provisions for potential losses	126	198
Withdrawals due to actual credit losses	–114	–122
Currency rate effects	10	–33
Other	–6	–6
<b>Provisions, 31 December</b>	<b>508</b>	<b>492</b>

**Credit risk in Financial Services**

The credit portfolio including operating leases in the Financial Services segment can be seen in the table below:

Credit portfolio	2021	2020
Exposure	110,198	96,952
– of which, operating leases	16,977	17,917
Credit risk reserve	1,339	–1,519
<b>Carrying amount</b>	<b>108,859</b>	<b>95,433</b>
– of which, operating leases	16,730	17,675

To maintain a controlled level of credit risk in the segment, the process of issuing credit is supported by a credit policy as well as credit instructions. Credit risks are limited by active credit assessment, management of the loan portfolio and its underlying assets as well as an intensive focus and constructive dialogue with those customers who do not follow the agreed payment plan. Collateral in Financial Services operations mainly exist in the form of the possibility of repossessing the financed assets.

The portfolio mainly consists of financing of trucks, buses and trailers for small and medium-sized companies. The credit risk concentration in 2021 was equal to that of 2020.

**Note 28 Financial risk management, continued****Timing analysis of portfolio assets**

	2021			2020		
	Past-due payments	Total exposure <sup>1</sup>	Estimated fair value of collateral	Past-due payments	Total exposure <sup>1</sup>	Estimated fair value of collateral
<b>Past due receivables</b>						
< 30 days	104	3,658	3,629	73	3,119	2,925
30–90 days	95	1,648	1,592	85	1,563	1,441
91–180 days	39	498	405	71	511	480
> 180 days	122	383	375	174	684	599
Inactive contracts	220	521	342	197	744	424
<b>Total</b>	<b>580</b>	<b>6,708</b>	<b>6,343</b>	<b>600</b>	<b>6,621</b>	<b>5,869</b>

<sup>1</sup> Exposure is defined as maximum potential loss, without regard to the value of any collateral.

A description of credit risk exposure can be seen in the table below.

	31 December 2021			31 December 2020		
	Number of customers	Percentage of total number of customers	Percentage of portfolio value	Number of customers	Percentage of total number of customers	Percentage of portfolio value
<b>Concentration of credit risk</b>						
Exposure < SEK 15 m.	45,051	97.8	67.1	42,270	97.9	66.7
Exposure SEK 15–50 m.	774	1.7	16.2	752	1.7	17.6
Exposure > SEK 50 m.	250	0.5	16.7	175	0.4	15.7
<b>Total</b>	<b>46,075</b>	<b>100.0</b>	<b>100.0</b>	<b>43,197</b>	<b>100.0</b>	<b>100.0</b>

## Note 28 Financial risk management, continued

Accounts with past-due receivables normally lead to quick repossession of the financed vehicle. Reschedulings only occur in those cases where, after a new credit evaluation, Financial Services deems the customer's payment problems to be of a short-term and temporary nature and where rescheduling can take place without greatly worsening the risk position.

In 2020, the rescheduling of financing contracts increased sharply during the first and second quarters due to the pandemic's effects on societies and transport systems.

During the second half of 2020, the vast majority of customers returned to their original payment plans. The reschedulings returned to normal levels and have remained there throughout 2021, with the exception of customers operating in the tourism and passenger transport industry which continues to experience weak demand.

The carrying amount of the financial assets, whose terms had been rescheduled at any time, amounted to SEK 16,312 m. (22,554) at year-end. Contracts are regarded as impaired when payment is more than 90 days past due or when there is information that causes Scania to terminate the contracts early.

The market for used vehicles has been well-functioning throughout 2021. Shortages and delays throughout the supply chain for components for new trucks as a consequence of the pandemic has created a strong demand for used trucks. During the year, 955 (1,652) financed vehicles were repossessed. At year-end, the number of repossessed but not yet sold vehicles amounted to

141 (248), with a total carrying amount of SEK 66 m. (103). Financial Services sell the majority of repossessed vehicles to the Scania dealer network, who in turn sell the vehicles to new end customers.

### Provisions for bad debts changed as follows:

Provisions for bad debts	2021	2020
Provisions, 1 January	1,519	1,243
Provisions for potential losses	-71	657
Utilisation due to actual credit losses	-134	-242
Exchange rate differences	25	-139
<b>Provisions, 31 December</b>	<b>1,339</b>	<b>1,519</b>
Provisions as percentage of gross portfolio	1.2	1.6

The year's expenses for actual and potential credit losses amounted to a positive SEK 130 m. (-730).

### Asset-Backed Securities Transaction

As of the reporting date, financial liabilities included asset-backed securities transactions implemented to refinance the Financial Services segment with a carrying amount of SEK 782 m (1,750). The corresponding carrying amount of financial services receivables is SEK 1,116 m (2,068). Collateral totalling SEK 1,116 m. (2,068) was provided in connection with asset-backed securities transactions. The expected payments to structured entities are assigned in this process and ownership of the financed vehicles pledged as collateral is transferred. These asset-backed securities transactions did not lead to the derecognition of financial services receivables in the balance sheet because the Scania group retains the bad debt and payment date risk. The difference between the amount of receivables assigned and the associated liabilities is the result of different terms and conditions and the proportion of bonds held by Scania itself. Under certain conditions, the asset-backed securities transactions implemented by the Scania group may be repaid early (clean-up call). The assigned receivables cannot be assigned a second time or used as collateral in any other way. The bondholders' claims are limited to the assigned receivables, the cash inflows arising from these receivables are intended for the settlement of the corresponding liability.

As of 31 December 2021, the fair value of assigned receivables that continue to be recognised in the balance sheet was SEK 1,116 m. (2,068). The fair value of the associated liabilities amounted to SEK 782 m. (1,750) as of that date. The resulting net position is SEK 334 m. (318).

### Other credit risks at Scania

The administration of the financial credit risks that arise primarily in corporate treasury operations, among other things when investing liquidity and in derivatives trading, is regulated in Scania Group Policy – Treasury. Transactions occur only within established limits and with selected, creditworthy counterparties. To reduce credit risk, the volume of exposure allowed per counterparty is limited, depending on the counterparty's credit rating. To further limit credit risk, Scania has entered into International Swaps and Derivatives Association (ISDA) netting contracts with all of its counterparties.

**Note 28 Financial risk management, continued**

The corporate treasury unit is responsible for ensuring compliance with the rules of Scania Group Policy – Treasury.

Net exposure to counterparty risk related to derivatives trading amounted to SEK 978 m. (2,686) at the end of 2021. Estimated gross exposure to counterparty risks related to derivatives trading totalled SEK 1,661 m. (3,391). Estimated gross exposure to cash and cash equivalents and short-term investments amounted to SEK 29,636 m. (32,322). Short-term investments are mainly deposited with TRATON.

Scania had short-term investments worth SEK 20,804 m. (25,256), of which SEK 20,482 m. (25,253) consists of investments with a maturity of less than 90 days and SEK 322 m. (3) consisted of investments with a maturity of 91–365 days. In addition to short-term investments, Scania had bank balances worth SEK m. 8,830 (7,066).

**Refinancing risk**

Refinancing risk is the risk of not being able to meet the need for future funding. Scania applies a conservative policy concerning refinancing risk. For Vehicles and Services, there shall be a liquidity reserve consisting of available cash and cash equivalents as well as unutilised credit facilities which exceeds the funding needs over a two-year period. For Financial Services, there shall be dedicated funding covering the net of the next coming three months of maturing debt less 50 percent of maturing customer contracts. There shall also always be borrowings and/or dedicated equity that safeguard the refinancing of the existing portfolio.

At the end of 2021, Scania's liquidity reserve, consisting of guaranteed credit facilities, cash and cash equivalents and short-term investments, amounted to SEK 52,721 m. (61,391). Scania's credit facilities include customary Change of Control clauses, which means that the counterparty could demand early payment in case of significant changes in ownership involving a change in control of the company.

**At year-end, Scania had borrowings, in some cases with related ceilings, as follows:**

<b>Borrowings, 2021</b>	<b>Total borrowings</b>	<b>Ceiling</b>
European Medium Term Note Programme	50,796	92,293
Credit facility (EUR)	–	23,073
Commercial paper, Sweden	–	10,000
Commercial paper, Belgium	10,203	15,382
Bank loans and Other loans	33,221	–
<b>Total<sup>1,2</sup></b>	<b>94,220</b>	<b>140,748</b>

<b>Borrowings, 2020</b>	<b>Total borrowings</b>	<b>Ceiling</b>
European Medium Term Note Programme	70,178	120,296
Credit facility (EUR, SEK)	–	28,069
Commercial paper, Sweden	–	10,000
Commercial paper, Belgium	2,105	15,037
Bank loans and Other loans	18,561	–
<b>Total<sup>1,2</sup></b>	<b>90,844</b>	<b>173,402</b>

1) Of the total ceiling, SEK 23,073 m. (28,069) consisted of guaranteed revolving credit facilities.

2) Total borrowings excluded SEK 384 m. (361) related to accrued interest and fair value adjustments on bonds where hedge accounting was previously applied.

Controlling Scania's refinancing risk includes safeguarding access to credit facilities and ensuring that the maturity structure of borrowings is diversified.

**At year-end, Scania's total borrowings had the following maturity structure:**

<b>Maturity structure of Scania's borrowings</b>	<b>2021</b>	<b>2020</b>
2021	–	41,147
2022	36,467	23,577
2023	27,981	14,331
2024	17,060	1,940
2025	10,759	8,320
2026	1,426	1,041
2027 and later	527	488
<b>Total<sup>1</sup></b>	<b>94,220</b>	<b>90,844</b>

Total borrowings excluded SEK 384 m. (361) related to accrued interest and lease liabilities. Maturity structure for lease liabilities, see Note 11.



**Note 28 Financial risk management, continued**

<b>Maturity structure of derivatives attributable to borrowings, 2021</b>	<b>Derivatives with positive value</b>	<b>Derivatives with negative value</b>
2022	22	-11
2023	5	-19
2024	-	-32
2025	-	-44
2026 and later	-	-
<b>Total<sup>2</sup></b>	<b>27</b>	<b>-106</b>

<b>Maturity structure of derivatives attributable to borrowings, 2020</b>	<b>Derivatives with positive value</b>	<b>Derivatives with negative value</b>
2021	2	-49
2022	57	-2
2023	19	0
2024	0	-18
2025 and later	47	0
<b>Total<sup>2</sup></b>	<b>125</b>	<b>-69</b>

<sup>2</sup> Does not include accrued interest.

## Note 29 Financial instruments

Financial assets in the Scania Group mainly consist of financial leases and hire purchase receivables that have arisen in the Financial Services segment due to financing of customers' vehicle purchases. Other financial assets of significance are trade receivables from independent dealerships and end customers in the Vehicles and Services segment plus short-term investments and cash and cash equivalents. Scania's financial liabilities consist largely of loans, mainly taken out to fund Financial Services' lending and leasing to customers and, to a lesser extent, to fund capital employed in Vehicles and Services. Financial assets and liabilities give rise to various kinds of risks, which are largely managed by means of various derivative instruments. Scania uses derivative instruments, mainly for the purpose of:

- Transforming corporate-level borrowings in a limited number of currencies to the currencies in which the financed assets are denominated.
- Transforming the interest rate fixing period for borrowings in Financial Services as well as achieving the desired interest rate fixing period for other borrowings.
- Converting future commercial payments to functional currency.
- To a lesser extent, converting surplus liquidity in foreign currencies to SEK.

### Fair value of financial instruments

In Scania's balance sheet, items carried at fair value are mainly derivatives, current investments and equity instruments. For derivatives for which hedge accounting is not applied, fair value adjustment is carried at fair value via the income statement. 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 and cash and cash equivalents are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 136 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. Scania applies a valuation technique that consists of estimating the present value of future cash flows based on observable yield curves. The yield curve applied is derived from relevant listed yields for the respective period during which cash flows are received or paid. The derivatives are recognised under other non-current assets, other current assets, other non-current liabilities and other current liabilities and amounted to SEK 942 m. (2,686) net.

For financial instruments that are carried at amortised cost, fair value disclosures are provided in the table below. The carrying amounts of interest-bearing assets and liabilities in the balance sheet may diverge from their fair value, among other things as a consequence of changes in market interest rates. To establish the fair value of financial assets and liabilities, official market quotations have been used for those assets and liabilities that are traded in an active market.

In those cases where assets and liabilities are not traded in an active market, fair value has been established by discounting future payment flows at current market interest rates and then converting to SEK at the current exchange rate.

Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at accrued cost minus any impairment losses, is regarded as coinciding with the carrying amount.

Impairment losses on assets occur only when there is reason to believe that the counterparty will not fulfil its contractual obligations, not as a consequence of changes in market interest rates.

Financial assets and liabilities that can be offset against each other consist of derivatives covered by legally binding master netting agreements. Carrying amounts of assets and liabilities amounted to SEK 1,661 m. (3,337) and SEK -684 m. (-672). The amount that can be offset from each amount was SEK 564 m. (636).

	2021					2020				
	Measured at fair value	Measured at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount	Total fair value	Measured at fair value	Measured at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount	Total fair value
<b>Scania Group, SEK m.</b>										
Equity instruments	1,144			1,144	1,144	341			341	341
Non-current interest-bearing receivables		57,507		57,507	56,378		48,004		48,004	48,103
Current interest-bearing receivables		35,643		35,643	36,147		30,815		30,815	30,906
Non-interest-bearing trade receivables		8,859		8,859	8,859		6,936		6,936	6,936
Current investments and Cash and cash equivalents	136	29,512		29,648	29,598	130	32,192		32,322	32,317
Other non-current receivables <sup>1</sup>	845	203		1,048	1,048	2,565	50		2,615	2,615
Other current receivables <sup>2</sup>	863	94		956	956	826			826	826
<b>Total assets</b>	<b>2,988</b>	<b>131,818</b>	<b>–</b>	<b>134,805</b>	<b>134,130</b>	<b>3,862</b>	<b>117,997</b>	<b>–</b>	<b>121,859</b>	<b>122,043</b>
Non-current interest-bearing liabilities			57,753	57,753	58,154			49,696	49,696	50,980
Current interest-bearing liabilities			40,351	40,352	40,384			47,710	47,710	47,560
Trade payables			15,301	15,301	15,301			13,886	13,886	13,886
Other non-current liabilities <sup>3</sup>	384			384	384	355			355	355
Other current liabilities <sup>4</sup>	381		3,976	4,357	4,357	350		2,927	3,277	3,277
<b>Total liabilities</b>	<b>765</b>	<b>–</b>	<b>117,381</b>	<b>118,146</b>	<b>185,580</b>	<b>705</b>	<b>–</b>	<b>114,219</b>	<b>114,924</b>	<b>116,058</b>

1 Financial instruments included in the balance sheet under "Other non-current receivables," SEK 2,351 m. (3,300).

2 Financial instruments included in the balance sheet under "Trade receivables and Other current receivables," SEK 16,904 m. (14,196).

3 Financial instruments included in the balance sheet under "Other non-current liabilities," SEK 4,866 m. (5,303).

4 Financial instruments included in the balance sheet under "Other current liabilities," SEK 7,417 m. (6,898).

## Note 29 Financial instruments, continued

### Hedge accounting

During 2021 Scania has not applied hedge accounting.

Scania considers that it is hedged economically, and risk management follows the financial policy approved by the Board. For more detailed information on accounting for hedging instruments and hedged items, see Note 1 Accounting principles.

### Net gains/losses on financial instruments recognised in the income statement

The table below shows the following items that are recognised in the income statement:

- Gains and losses related to currency rate differences, including gains and losses attributable to derivatives.

Net gains/losses	2021	2020
Financial assets and liabilities carried at fair value	451	424
Financial assets measured at amortised cost <sup>1</sup>	568	-784
Financial liabilities measured at amortised cost	-555	-237
<b>Total</b>	<b>464</b>	<b>-597</b>

1 Also includes operating leases.

Gains and losses due to currency rate differences related to derivatives, loan receivables and borrowings mainly arise in Scania's treasury unit. Most of the loan receivables that give rise to currency rate differences comprise the treasury unit's receivables from Group companies.

### Interest income and expenses on financial instruments

The table below shows interest income and interest expenses for all of Scania's financial assets and financial liabilities:

	2021	2020
Interest income on financial assets <sup>1</sup>	5,067	4,100
Interest expenses on financial liabilities <sup>2,3</sup>	-2,110	-2,091
<b>Total</b>	<b>2,957</b>	<b>2,009</b>

1 SEK 440 m. (393) consists of interest income generated from financial assets carried at fair value.

2 Also includes interest expenses related lease liabilities and interest expenses related to Financial Services that were recognised in the operating income.

3 SEK -958 m. (-1 064) consists of interest expenses generated from financial liabilities carried at fair value.

The reason why income diverges from recognised interest income in net financial items is largely that Financial Services is included in the table and that interest income and interest expenses attributable to pensions are excluded.

## Note 30 Shares and participations in subsidiaries

The following listing shows shareholdings owned directly and indirectly by the Parent Company as of 31 December 2021:

Company	Corporate ID no.	Registered office	Country	% Ownership
<b>Vehicles and services</b>				
Fastighetsaktiebolaget Flygmotorn	556528-9112	Södertälje	Sweden	100
Fastighetsaktiebolaget Hjulnavet	556084-1198	Södertälje	Sweden	100
Fastighetsaktiebolaget Vindbron	556040-0938	Södertälje	Sweden	100
HTD i Oskarshamn AB	556707-3472	Södertälje	Sweden	100
Kai Tak Holding AB	556548-4739	Södertälje	Sweden	100
LOTS Group AB	556593-3057	Södertälje	Sweden	100
MW-hallen Restaurang AB	556616-7747	Södertälje	Sweden	100
Mälardalens Tekniska Gymnasium AB	556548-4754	Södertälje	Sweden	80
Scania Bus Financing AB	556728-9433	Södertälje	Sweden	100
Scania CV AB	556084-0976	Södertälje	Sweden	100
Scania Delivery Center AB	556593-2976	Södertälje	Sweden	100
Scania Growth Capital AB	559090-6524	Södertälje	Sweden	90.10
Scania Industrial Maintenance AB	556070-4818	Södertälje	Sweden	100
Scania IT AB	556084-1206	Södertälje	Sweden	100
Scania Overseas AB	556593-2984	Södertälje	Sweden	100
Scania Real Estate Lund AB	556791-9823	Södertälje	Sweden	100
Scania Real Estate Services AB	556593-3024	Södertälje	Sweden	100
Scania Sales and Services AB	556593-3073	Södertälje	Sweden	100
Scania Sverige AB	556051-4621	Södertälje	Sweden	100
Scania Transportlaboratorium AB	556528-9294	Södertälje	Sweden	100
Scania Treasury AB	556528-9351	Södertälje	Sweden	100
Scania Trucks & Buses AB	556267-1585	Södertälje	Sweden	100
Sågverket 6 AB	556528-9062	Södertälje	Sweden	100
Vabis Försäkringsaktiebolag	516401-7856	Södertälje	Sweden	100
Vindbron Arendal AB	556822-2367	Södertälje	Sweden	100

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TRATON AB	556528-9104	Södertälje	Sweden	100
Laxå Specialvehicles AB	556548-4705	Laxå	Sweden	100
Ferruform AB	556528-9120	Luleå	Sweden	100
Scania Vabis 118 AB	556387-4659	Värnamo	Sweden	100
Scania Argentina S.A.	30-51742430-3	Buenos Aires	Argentina	100
Scania Australia Pty Ltd.	000537333	Melbourne	Australia	100
Scania Real Estate Österreich GmbH	FN95419y	Brunn am Gebirge	Austria	100
Scania Österreich GmbH	FN366024x	Brunn am Gebirge	Austria	100
Scania Belgium N.V.	BE0402.607.507	Neder-Over-Heembeek	Belgium	100
Scania Real Estate Belgium N.V.	BE0423.251.481	Neder-Over-Heembeek	Belgium	100
Scania BH d.o.o., Sarajevo	4200363460007	Sarajevo	Bosnia-Herzegovina	100
Scania Botswana (Pty) Ltd.	CO.2000/6045	Gaborone	Botswana	100
Codema Comercial e Importadora Ltda.	60.849.197/0001-60	Guarulhos	Brazil	99,98
LOTS Latin América Logística de Transportes Ltda.	29.094.173/0001-06	São Bernardo do Campo	Brazil	100
Scania Latin America Ltda.	59.104.901/0001-76	São Bernardo do Campo	Brazil	100
Scania Bulgaria EOOD	BG121796861	Sofia	Bulgaria	100
Scania Real Estate Bulgaria EOOD	BG201589120	Sofia	Bulgaria	100
LOTS Ventures Canada Inc	BC1306486	Victoria British Columbia	Canada	80
Scania Chile S.A	96.538.460-K	Santiago de Chile	Chile	100
LOTS Chile S.p.A	77.418.964-5	Santiago de Chile	Chile	100
Lots Logistics (Guangxi) Co.Ltd	32956526-9	Beihai, Guangxi Province	China	100
Scania Sales (China) Co.Ltd	110000450001661	Beijing	China	100
Scania Sales and Service (Guangzhou) Co., Ltd.	440101400126397	Guangzhou	China	100
Scania (Hong Kong) Ltd.	1205987	Hong Kong	China	100
Scania Production (China) Co., Ltd.	91360924754233361N	Rugao City	China	100
Scania Colombia S.A.S.	900.353.873-2	Bogotá	Colombia	100
Scania Hrvatska d.o.o.	080213913	Zagreb	Croatia	100
Scania Czech Republic s.r.o.	CZ61251186	Praha	Czech Republic	100
Scania Real Estate Czech Republic s.r.o.	24196746	Praha	Czech Republic	100
Scania Danmark A/S	DK17045210	Ishøj	Denmark	100
Scania Danmark Ejendom Aps	33156332	Ishøj	Denmark	100
Scania Eesti AS	10238872	Tallinn	Estonia	100
Scania Real Estate Finland Oy	2559582-1	Helsinki	Finland	100
Scania Real Estate Holding Oy	2566377-5	Helsinki	Finland	100
Scania Suomi Oy	0202014-4	Helsinki	Finland	100
SOE Busproduction Finland Oy	26121679	Lahti	Finland	100
Scania France S.A.S.	307166934	Angers	France	100
Scania Holding France S.A.S.	403092786	Angers	France	100
Scania IT France S.A.S.	412282626	Angers	France	100
Scania Production Angers S.A.S.	378442982	Angers	France	100
Scania Real Estate France S.A.S.	78961241300011	Angers	France	100
Tachy Experts S.A.S	824579163	Angers	France	100
Scania CV Deutschland Holding GmbH	HRB 6077	Koblenz	Germany	100
SCANIA DEUTSCHLAND GmbH	HRB 532	Koblenz	Germany	100
SCANIA Real Estate Deutschland GmbH	HRB 23798	Koblenz	Germany	100
SCANIA Vertrieb und Service GmbH	HRB 20490	Koblenz	Germany	100
Scania West Africa Ltd.	CS450862014	Accra	Ghana	100
Scania Great Britain Ltd.	831017	Milton Keynes	Great Britain	100
Scania Real Estate (UK) Ltd.	7648886	Milton Keynes	Great Britain	100
Griffin Automotive Ltd.	27922106	Road Town	Great Britain	100
Scania Hungaria Kft.	10415577	Biatorbágy	Hungary	100
Scania Real Estate Hungaria Kft.	13-09-159119	Biatorbágy	Hungary	100
Scania Commercial Vehicles India Pvt. Ltd.	U35999KA2011FTC05698	Bangalore	India	100
SST Sustainable Transport Solutions India Private Ltd	U74999MH2017PTC29098	Nagpur	India	99,99
PT Scania Parts Indonesia	AHU-09655.40.10.2014	Balikpapan	Indonesia	100
Italscania S.p.A.	11749110158	Trento	Italy	100
Scania Commerciale S.p.A.	IT 01184460226	Trento	Italy	100
Scania Milano S.p.A.	IT 02170120220	Trento	Italy	100
N.W.S. S.r.L.	IT 1541500227	Trento	Italy	52,50
Scania Japan Ltd.	0104-01-083452	Tokyo	Japan	100
LOTS Ventures Canada	BC1306486	Victoria British Columbia	Canada	80
100Scania Central Asia LLP	84931-1910-TOO	Almaty	Kazakhstan	100
Scania East Africa Ltd.	PO51426902Z	Nairobi	Kenya	100
Scania Real Estate Kenya Ltd.	PVT-XYUME96	Nairobi	Kenya	100
Scania Latvia SIA	50003118401	Riga	Latvia	100
UAB Scania Lietuva	123873025	Vilnius	Lithuania	100
Scania Luxembourg S.A.	B53.044	Münsbach	Luxembourg	100
Scania Real Estate Holding Luxembourg S.à.r.l	B160795	Münsbach	Luxembourg	100
Scania Makedonija d.o.o.e.l	7027532	Ilinden	North Macedonia	100
Scania (Malaysia) Sdn. Bhd.	518606-D	Shah Alam	Malaysia	100
Scania Comercial, S.A. de C.V.	SCO031124MF5	Queretaro	Mexico	100
Scania Servicios, S.A. de C.V.	SSE031124MF5	Queretaro	Mexico	100

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Scania Maroc S.A.	06100472	Casablanca	Morocco	100
Scania Moçambique, S.A.	100453150	Beira	Mozambique	100
Scania Crna Gora d.o.o	50950351	Danilovgrad	Montenegro	100
Scania Namibia (Pty) Ltd.	2004/438	Windhoek	Namibia	100
Scania New Zealand Limited	9429047066823	Wellington	New Zealand	100
Norsk Scania A/S	879263662	Oslo	Norway	100
Norsk Scania Eiendom A/S	996036545	Oslo	Norway	100
Scania del Perú S.A.	20101363008	Lima	Peru	100
Scania Polska S.A.	KRS0000091840	Nadarzyn	Poland	100
Scania Real Estate Polska Sp.z o.o.	435941	Nadarzyn	Poland	100
Scania Production Slupsk S.A.	KRS0000083601	Slupsk	Poland	100
Scania Power Polska Sp. z o.o.	517301	Warszawa	Poland	100
Scania Portugal Unipessoal Lda.	PT502929995	Santa Iria de Azóia	Portugal	100
Scania Investimentos Imobiliários S.A.	PT508948118	Vialonga	Portugal	100
Scania Real Estate Romania S.R.L.	J23/2019/29.07.2011	Ciorogârla	Romania	100
Scania Romania S.R.L.	J23/588/27.04.2004	Ciorogârla	Romania	100
OOO Scania Service	1035006456044	Golitsino	Russia	100
OOO Scania-Rus	1025004070079	Golitsino	Russia	100
OOO Scania Peter	1027804908372	St. Petersburg	Russia	100
Scania Senegal SUARL	SN.DKR.2018.B.25840	Dakar	Senegal	100
Scania Srbija d.o.o.	17333321	Krnjesevci	Serbia	100
Scania Singapore Pte. Ltd.	200309593R	Singapore	Singapore	100
Scania Real Estate Slovakia s.r.o.	44767668	Senec	Slovakia	100
Scania Slovakia s.r.o.	35826649	Senec	Slovakia	100
Scania Slovenija d.o.o.	1124773	Ljubljana	Slovenia	100
Scania South Africa Pty Ltd.	1995/001275/07	Aeroton	South Africa	100
Scania Korea Group Ltd.	110111-5304681	Seoul	South Korea	100
Scania Hispania Holding S.L.	B82853938	San Fernando de Henares	Spain	100
Scania Hispania S.A.	A59596734	San Fernando de Henares	Spain	100
Scania Real Estate Hispania, S.L.U.	B36682003	San Fernando de Henares	Spain	100
SLA Treasury Spain S.L.U	B67626788	Barcelona	Spain	100
Scania Schweiz AG	CH-020.3.926.624-8	Kloten	Switzerland	100
Scania Real Estate Schweiz AG	CH-020.3.035.714-4	Kloten	Switzerland	100
Scania Tanzania Ltd.	39320	Dar es Salaam	Tanzania	100
Power Vehicle Co. Ltd.	01055547132895	Bangkok	Thailand	100
Scan Siam Service Co. Ltd.	0105545023525	Bangkok	Thailand	100
Scania Siam Co Ltd.	0105543060121	Bangkok	Thailand	100
Scania Thailand Co Ltd.	0105534098031	Bangkok	Thailand	100
Scania Group (Thailand) Co., Ltd.	0115560001383	Smutprakarn	Thailand	100
Scania Manufacturing (Thailand) Co., Ltd.	0115560001375	Smutprakarn	Thailand	100
Scania Nederland B.V.	27136821	Breda	The Netherlands	100
Scania Real Estate The Netherlands B.V.	50687921	Breda	The Netherlands	100
Scania Production Meppel B.V.	05046846	Meppel	The Netherlands	100
Scania IT Nederland B.V.	05062402	Zwolle	The Netherlands	100
Scania Logistics Netherlands B.V.	56552793	Zwolle	The Netherlands	100
Scania Production Zwolle B.V.	05020370	Zwolle	The Netherlands	100
Scania Middle East FZE	150175	Dubai	The United Arab Emirates	100
TOV Kyiv-Scan	35706433	Kyiv	Ukraine	100
TOV Scania Ukraine	30107866	Kyiv	Ukraine	100
TOV Scania-Lviv	37497108	Lviv	Ukraine	100
TOV Donbas-Scan-Service	34516735	Makijivka	Ukraine	100
Scania USA Inc.	06-1288161	San Antonio/TX	United States	100
Scania Holding Inc.	4019619	Wilmington	United States	100
Scanexpo International S.A.	21.490591.0012	Montevideo	Uruguay	100
Scania de Venezuela S.A.	J-30532829-3	Valencia	Venezuela	100

## Financial Services

Scania Credit AB	556062-7373	Södertälje	Sweden	100
Scania Finance Holding AB	556548-4697	Södertälje	Sweden	100
Scania Finans AB	556049-2570	Södertälje	Sweden	100
Scania Credit Argentina S.A.U	30717023990	Buenos Aires	Argentina	100
Scania Finance Australia Pty Ltd.	609637596	Melbourne	Australia	100
Scania Leasing Österreich GmbH	FN246699v	Brunn am Gebirge	Austria	100
Scania Österreich Holding GmbH	FN 316321 d	Brunn am Gebirge	Austria	100
Scania Finance Belgium N.V.	BE0413.545.048	Neder-Over-Heembeek	Belgium	100
Scania Administradora de Consórcios Ltda.	96.479.258/0001-91	Cotia	Brazil	99.99
Scania Banco S.A.	CNPJ11.417.016/00011	São Bernardo do Campo	Brazil	100
Scania Corretora de Seguros Ltda.	CNPJ11.513.179/00105	São Bernardo do Campo	Brazil	100
Scania Finance Bulgaria EOOD	BG175108126	Sofia	Bulgaria	100
Scania Finance Chile S.A.	76.574.810-0	Santiago de Chile	Chile	100
Scania Financial Leasing (China) Co Ltd.	41000002201903280018	Shanghai	China	100
Scania Finance Colombia S.A.S.	901197448	Bogotá	Colombia	100
Scania Credit Hrvatska d.o.o.	80516047	Lucko	Croatia	100
Scania Finance Czech Republic spol. s r.o.	CZ25657496	Prague	Czech Republic	100
Scania Finance France S.A.S.	350890661	Angers	France	100
Scania Location S.A.S.	402496442	Angers	France	100

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Scania Finance Deutschland GmbH	HRB 3917	Koblenz	Germany	100
Scania Versicherungsvermittlung GmbH	HRB 22831	Koblenz	Germany	100
Scania Finance Great Britain Ltd.	2173954	London	Great Britain	100
Scania Finance Magyarország Zrt.	13-10-040959	Biatorbágy	Hungary	100
Scania Lizing Kft.	13-09-107823	Biatorbágy	Hungary	100
Scania Finance Ireland Ltd.	482137	Dublin	Ireland	100
Scania Finance Israel Ltd	515988814	Ashdod	Israel	100
Scania Finance Italy S.p.A.	03333020158	Milano	Italy	100
Scania Finance Luxembourg S.A.	B0082907	Münsbach	Luxembourg	100
Scania Credit (Malaysia) Sdn. Bhd.	1011611-H	Shah Alam	Malaysia	100
Scania Finance Mexico, S.A. de C.V. SOFOM, E.N.R.	NPR19158-4	Querétaro	Mexico	100
Scania Finance New Zealand Limited	7857037	Auckland	New Zealand	100
Scania Services del Perú S.A.	20392923277	Lima	Peru	100
Scania Finance Polska Sp.z.o.o.	0000036594	Stara Wies	Poland	100
Scania Insurance Polska Sp.z o.o.	0000478529	Stara Wies	Poland	100
Scanrent – Alguer de Viaturas sem Condutor, S.A.	502631910	Santa Iria de Azóia	Portugal	100
Scania Credit Romania IFN S.A.	J23/1818/2005	Ciorogârla	Romania	100
Scania Regional Agent de Asigurare S.R.L.	J23/534/2011	Ciorogârla	Romania	100
Scania Rent Romania S.R.L.	J23/1669/2008	Ciorogârla	Romania	100
OOO Scania Finance	1045005504774	Moscow	Russia	100
OOO Scania Leasing	1027700203970	Moscow	Russia	100
OOO Scania Strachovanie	1127747003097	Moscow	Russia	100
Scania Leasing RS d.o.o.	21401625	Krnjesevci	Serbia	100
Scania Credit Singapore Pte. Ltd.	201816765C	Singapore	Singapore	100
Scania Finance Slovak Republic s.r.o.	43874746	Senec	Slovakia	100
Scania Leasing d.o.o.	356417700	Ljubljana	Slovenia	100
Scania Credit Solutions Pty Ltd.	2009/016998/07	Aeroton, Gauteng	South Africa	100
Scania Finance Southern Africa (Pty) Ltd.	2000/025215/07	Aeroton, Guateng	South Africa	100
Scania Finance Korea Ltd.	195411-0007994	Chung-Ang	South Korea	100
Scania Commercial Vehicles Renting S.A.	A82853995	San Fernando de Henares	Spain	100
Scania Finance Hispania EFC S.A.	A82853987	San Fernando de Henares	Spain	100
Scania Finance Schweiz AG	CH-020.3.029.627-6	Kloten	Switzerland	100
Scania Credit Taiwan Ltd.	54330725	Taipeh	Taiwan	100
Scania Siam Leasing Co. Ltd.	0105550082925	Bangkok	Thailand	100
Scania Finance Nederland B.V.	3446773	Breda	The Netherlands	100
Scania Insurance Nederland B.V.	1745773	Middelharnis	The Netherlands	100
TOV Scania Credit Ukraine	33052443	Kyiv	Ukraine	100

Dormant companies are not included.

## ***Note 31 Events after the reporting period***

On 3 January 2022, Scania Sverige AB acquired Bilmetro AB and three real estate companies. The acquisition relates to 100 percent of the shares. Bilmetro AB is an authorized dealer of Scania trucks as well as of the passenger car brands Volkswagen, Audi, ŠKODA, SEAT, CUPRA and Volkswagen Commercial Vehicles.

The passenger car business was sold to Din Bil Sverige AB as of 3 January 2022.

Bilmetro AB is located in Central Sweden with operations in 11 locations in Gävleborg, Dalarna and Uppsala.

The balance sheet total for Bilmetro AB, excluding Din Bil Sverige AB, as of the acquisition date amounted to SEK 3,406 million, including a financing portfolio amounting to SEK 2,620 million. The acquisition analysis shows no material goodwill and has no material impact on Scania's Group's sales and balance sheet total.

In February 2022, the EU General court delivered its judgement in the EU truck case, dismissing Scania's appeal and upholding the full amount of fines as set by the EC. Scania is currently reviewing the judgement, and considers lodging another appeal to the European Court of Justice. (For further details see Note 2.)

The impact of the Russian invasion of Ukraine in February 2022 is at this point difficult to assess, and on how it develops, and which measures different countries take to handle the situation. Scania will continuously assess the situation and potential impacts on future development and/or risks that can affect the future financial position. The situation 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 articles, 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 Group's business, financial development and performance. Our operations within the Russian and Ukraine markets amounts to 6 percent of the turnover of which Ukraine represents less than 1 percent. Balance sheet value amounts to 3 percent of which Ukraine represents much less than 1 percent



# Parent company financial statements, Scania CV AB

## Parent company Scania CV AB, Income statement

January – December, SEK m.	Note	2021	2020
Net sales	1	83,046	68,171
Cost of goods sold		-71,823	-59,731
Gross income		11,223	8,440
Research and development expenses		-7,344	-6,308
Selling expenses		-2,416	-2,136
Administrative expenses		-1,940	-2,086
Items affecting comparability 1)		-5,230	-
<b>Operating income</b>		<b>-5,707</b>	<b>-2,090</b>
<b>Financial income and expenses</b>	2		
Share of income from Group companies		5,951	4,760
Share of income in associated company/other companies		-	-
Interest income		1,087	1,236
Interest expenses.		-1,655	-2,189
Items affecting comparability 1)		-314	-
<b>Net financial items</b>		<b>5,069</b>	<b>3,807</b>
<b>Income after financial items</b>		<b>-638</b>	<b>1,717</b>
Allocations	3	1,221	1,948
<b>Income before taxes</b>		<b>583</b>	<b>3,665</b>
Taxes	4	115	-71
<b>Net income</b>		<b>698</b>	<b>3,594</b>

1 Provision related to the European Commission's competition investigation.

## Statement of other comprehensive income

January – December, SEK m.	2021	2020	
Net income	698	3,594	
Other comprehensive income	-	-	
<b>Total comprehensive income</b>	<b>698</b>	<b>3,594</b>	
<i>Depreciation/amortisation included in operating income</i>	5	-2,644	-2,355

## Parent company Scania CV AB, Balance sheet

31 December, SEK m.	Note	2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible non-current assets	6	140	145
Tangible non-current assets	7	19,813	19,140
Financial non-current assets			
Shares in group companies	8	101,979	106,989
Holdings in associated companies etc.	8	800	282
Long-term interest-bearing receivables, group companies	10	4,926	4,423
Other long-term non-interest bearing receivables		913	2,654
Tax receivable		483	249
Deferred tax assets		584	398
Total financial non-current assets		109,685	114,995
<b>Total non-current assets</b>		<b>129,638</b>	<b>134,280</b>
<b>Current assets</b>			
Inventories	9	9,880	8,711
Current receivables			
Trade receivables		1,552	881
Interest-bearing receivables, group companies	10	9,150	8,920
Non-interest-bearing receivables, group companies		9,504	7,101
Tax receivables		530	35
Other current receivables	11	2,200	2,816
Total current receivables		22,936	19,753
Short-term investments		19,102	24,171
Cash and bank balances		4,131	3,738
Total current assets		56,049	56,373
<b>Total assets</b>		<b>185,687</b>	<b>190,653</b>

**Parent company Scania CV AB, Balance sheet**

31 December, SEK m.	Note	2021	2020
<b>EQUITY AND LIABILITIES</b>			
	12		
<b>Equity</b>			
Share capital		100	100
Statutory reserve		20	20
Revaluation reserve		27	27
Total restricted equity		147	147
Unrestricted reserves		44,461	40,867
Net income		697	3,594
Total unrestricted equity		45,159	44,461
<b>Total equity</b>		45,305	44,608
Untaxed reserves	13	6,014	6,376
<b>Provisions</b>			
Provisions for pensions	14	2,948	3,324
Other provisions	15	11,252	5,610
<b>Total provisions</b>		14,200	8,934
<b>Liabilities</b>			
Long-term interest-bearing liabilities	16	47,958	41,520
Other long-term liabilities		541	532
Current liabilities			
Current interest-bearing liabilities	16	30,012	34,173
Advance payments from customers		122	91
Trade payables		10,080	9,278
Liabilities, group companies		25,124	39,574
Tax liabilities		0	0
Other current liabilities		860	984
Accrued expenses and deferred income	17	5,471	4,583
Total current liabilities		71,669	88,683
<b>Total equity and liabilities</b>		185,687	190,653

## Parent company Statement of changes in equity

Note 12 shows a complete reconciliation of all changes in equity.

<b>2021</b>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Revaluation reserve</b>	<b>Unrestricted shareholders equity</b>	<b>Total</b>
Equity, 1 January	100	20	27	40,461	44,608
Net income				698	698
Total comprehensive income				-	-
Dividend				-	-
<b>Equity, 31 December</b>	<b>100</b>	<b>20</b>	<b>27</b>	<b>45,159</b>	<b>45,306</b>

<b>2020</b>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Revaluation reserve</b>	<b>Unrestricted shareholders equity</b>	<b>Total</b>
Equity, 1 January	100	20	27	40,867	41,014
Net income				3,594	3,594
Other comprehensive income				-	-
Total comprehensive income				3,594	3,594
Dividend				-	-
<b>Equity, 31 December</b>	<b>100</b>	<b>20</b>	<b>27</b>	<b>44,461</b>	<b>44,608</b>

## Parent company Scania CV AB, Cash flow statement

January – December, SEK m.	2021	2020
<b>Cash flow from operating activities</b>		
Income before tax	583	3,665
<b>Items not affecting cash flow</b>		
Write-down of shares	6,153	124
Fair value adjustment derivatives	-291	-103
Depreciation/Amortisations	2,994	2,630
Change in tax allocation reserve	-712	-1,564
Capital loss on sales of fixed assets	28	75
Capital loss on sales of shares	6	-
Bad debts	32	65
Group contribution, not settled	-856	-658
<b>Total items not affecting cash flow</b>	<b>7,354</b>	<b>569</b>
<b>Taxes paid</b>	<b>-801</b>	<b>-287</b>
	<b>7,136</b>	<b>3,947</b>
<b>Cash flow from the operating activities before changes in working capital</b>		
<b>Cash flow change in working capital</b>		
Inventories	-1,169	-531
Receivables	-344	-20
Provisions for pensions	-376	-155
Non-interest bearing liabilities and provisions	6,967	185
<b>Total change in working capital</b>	<b>5,078</b>	<b>-521</b>
<b>Cash flow from operating activities</b>	<b>12,214</b>	<b>3,426</b>
<b>Investing activities</b>		
Investment in intangible fixed assets	-43	-15
Investment in tangible fixed assets	-3,300	-4,320
Divestments of tangible fixed assets	3	7
Investment in shares	-1,685	-1,389
Divestments of shares	19	-
<b>Cash flow from investing activities</b>	<b>-5,006</b>	<b>-5,717</b>
<b>Cash flow before financing activities</b>	<b>7,208</b>	<b>-2,291</b>
<b>Financing activities</b>		
Change of interest-bearing Group transactions	-14,467	17,081
Change in consolidated transactions	16	975
Interest on borrowings	64	98
New borrowings	36,160	33,494
Amortization	-33,656	-39,499
Dividend	-	-
<b>Cash flow from financing activities</b>	<b>-11,883</b>	<b>12,149</b>
<b>Cash flow for the year</b>	<b>-4,675</b>	<b>9,858</b>
Cash and cash equivalents, 1 January	27,909	18,051
Cash and cash equivalents, 31 December	23,234	27,909
<b>Paid interests and dividends</b>		
Interest received during the year	9,889	624
Interest paid during the year	-11,014	-1,889
Received dividends during the year	12,111	4,884
Paid dividends during the year	-	-

## **Parent company accounting principles**

### **PARENT COMPANY ACCOUNTING PRINCIPLES**

The Parent Company has prepared its Annual Report in compliance with Sweden's Annual Accounts Act and Recommendation RFR 2 "Accounting for Legal Entities" of the Swedish Financial Reporting Board. RFR 2 implies that the Parent Company in the Annual Report of a legal entity shall apply all International Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act, and taking into account the relationship between accounting and taxation. The recommendation states what exceptions from IFRS and additions shall be made.

#### **Presentation formats**

The presentation format for the parent company's income statements and balance sheets follows the model in Sweden's Annual Accounts Act. The difference compared to the consolidated income statement and balance sheet is mainly related to equity and provisions.

#### **Employee compensation**

The parent company accounts for its defined-benefit plans in compliance with Sweden's Security of Income Act. The difference between the consolidated and parent company accounting of defined-benefit plans is primarily related to how the discount rate is established and the fact that calculation of pension liability is performed on the basis of current salary level without taking into account assumptions about future salary increases.

#### **Research and Development expenses**

Research and Development expenses are recognised in the income statement as incurred.

#### **Leases**

The parent company does not apply IFRS 16 Leases. Lease payments are expensed on an straight-line basis over the lease term.

#### **Subsidiaries**

Holdings in subsidiaries are recognised in the Parent Company financial statements according to the cost method of accounting. Testing of the value of subsidiaries occurs when there is an indication of a decline in value. Dividends received from subsidiaries are recognised as income.

#### **Anticipated dividends**

Anticipated dividends from subsidiaries are recognised in cases where the Parent Company has the exclusive right to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before having published its financial reports.

#### **Taxes**

The Parent Company financial statements recognise untaxed reserves including deferred tax liability. The consolidated financial statements, however, reclassify untaxed reserves to deferred tax liability and equity.

#### **Group contributions**

The Parent Company recognises Group contributions received and provided as appropriations in the income statement.

# Notes to the Parent Company financial statements

All amounts are stated in millions of Swedish kronor (SEK m.) unless otherwise indicated.

## Note 1 Net sales

	2021	2020
Trucks	60,772	47,680
Buses	3,035	4,663
Power Solutions	1,938	1,820
Gearboxes	1,092	775
Service-related products	11,279	9,915
Components	4,635	3,048
Other products	295	270
Total	83,046	68,171

Of the total net sales, SEK 83,046 m. (68,171), SEK 4,772 m. (4,995), is referable to sales within Sweden, SEK 49,401 m. (42,315) sales to countries within Europe and SEK 28,873 m. (20,861) sales to countries outside Europe. Sales to Group companies amounted to SEK 74,576 m. (60,899).

## Note 2 Financial income and expenses

	2021	2020
<b>Income from participations in group companies</b>		
Sales of shares	-6	0
Dividends received	12,110	4,884
Write-down of shares	-6,153	-124
Total income from participations in group companies	5,951	4,760
<b>Income from participations in associated companies and other companies</b>		
Dividends received	-	-
Write-down of shares	-	-
Total income from participations in associated companies and other companies	-	-
<b>Interest income and other financial income</b>		
Interest income from Group companies	644	712
Interest income from others	438	523
Other financial income <sup>1)</sup>	5	1
Total interest income and other financial income	1,087	1,236
<b>Interest expenses and other financial expenses</b>		
Interest expenses to Group companies	-214	-261
Interest expenses on borrowings	-1,460	-1,708
Interest on pension liabilities (PRI)	-126	-135
Adjustment marketvalue derivatives	291	103
Other financial expenses <sup>1) 2)</sup>	-460	-188
Total interest expenses and other financial expenses	-1,969	-2,189
Net financial items	5,069	3,807

1) Exchange rate differences and unrealised gains of SEK 9,468 m. (14,542) and unrealised losses of SEK 9,465 m. (14,542) attributable to foreign exchange included net.

2) Items affecting comparability related to the European Commission's competition investigation of SEK 314 m. are included in the figures for 2021.

## Note 3 Allocations

	2021	2020
Allocated to excess depreciation: Machinery and Equipment	-350	-275
Allocated to tax allocation reserve	712	1,564
Group contribution from subsidiaries	1,142	825
Group contribution to subsidiaries	-283	-165
Total	1,221	1,949

## Note 4 Taxes

<b>Tax income/expense for the year</b>	<b>2021</b>	<b>2020</b>
Current tax	-72	-76
Deferred tax	187	5
Total	115	-71

<b>Deferred tax is attributable to the following</b>	<b>2021</b>	<b>2020</b>
Deferred tax related to temporary differences	186	8
Deferred tax related to new accounting principle	1	-3
Total	187	5

	2021		2020	
Reconciliation of effective tax	Amount	%	Amount	%
Income before tax	583		3,665	
Tax calculated using Swedish tax rate	-120	20,6	-784	21,4
Tax effect and percentage influence:				
Tax-exempt dividends	2,457	-422	1,006	-27
Tax-exempt income	174	-33	0	0
Non-deductible expenses	-1,162	199	-266	7
Tax on standard income concerning the tax allocation reserve	-2	0	-4	0
Write down of shares	-1,268	218	-27	1
Valuation of deferred tax assets previously not recognised	54	-9	11	0
Effect on change in tax rate on allocation reserves	0	0	10	0
Adjustment for taxes pertaining to previous years	-18	3	-17	0
<b>Tax recognised</b>	<b>115</b>	<b>-20</b>	<b>-71</b>	<b>2</b>

<b>Deferred tax assets and tax liabilities are attributable to the following:</b>	<b>2021</b>	<b>2020</b>
<b>Deferred tax assets</b>		
Provisions for pensions	521	475
Other reserves	248	107
<b>Total deferred tax assets</b>	<b>769</b>	<b>582</b>
<b>Deferred tax liabilities</b>		
Buildings and land	-185	-184
<b>Total deferred tax liabilities</b>	<b>-185</b>	<b>-184</b>
<b>Net deferred tax liabilities</b>	<b>584</b>	<b>398</b>
<b>Reconciliation of net deferred tax liabilities</b>	<b>2021</b>	<b>2020</b>
Carrying values 1 January	398	392
Deferred tax recognised in the year's income	186	6
Deferred tax liabilities, 31 December	584	398



## Note 5 Depreciation/Amortisation

The operating income has been charged with depreciation/amortisation distributed by function according to the table below:

	2021	2020
<b>Intangible fixed assets</b>		
Cost of goods sold	-11	-11
Research and development expenses	-16	-20
Selling expenses	-2	-8
Administrative expenses	-19	-18
Total amortisation	-48	-57
<b>Tangible fixed assets</b>		
Cost of goods sold	-2,380	-2,126
Research and development expenses	-212	-166
Selling expenses	-1	-2
Administrative expenses	-3	-4
Total depreciation	-2,596	-2,298
Total depreciation/amortisation	-2,644	-2,355

## Note 6 Intangible fixed assets

	Software 2021	2020
<b>Accumulated acquisition value</b>		
1 January	470	483
New acquisitions	42	18
Reclassification from tangible fixed assets	7	-
Reclassification to other assets	-7	-
Divestments and disposals	-119	-31
<b>Total</b>	<b>393</b>	<b>470</b>
<b>Accumulated amortisation</b>		
1 January	325	296
New acquisitions	-	3
Reclassification from tangible fixed assets	-1	-
Divestments and disposals	-119	-31
Depreciation for the year	48	57
<b>Total</b>	<b>253</b>	<b>325</b>
<b>Carrying amount, 31 December</b>	<b>140</b>	<b>145</b>

Of the reported value of capitalised software, none is related to internally developed assets.

**Note 7 Tangible fixed assets**

	Buildings and land	Machinery and equipment	Construction in progress
<b>2021</b>			
<b>Accumulated acquisition value</b>			
1 January	6,187	29,782	6,266
Additions	17	225	3,292
Reclassifications to other BS items	-	-222	-
Reclassifications	1065	3,311	-4,376
Reclassification to intangible fixed assets	-	-	-7
Divestments and disposals	-4	-572	-11
Total	7,265	32,524	5,164
<b>Accumulated depreciation</b>			
1 January	2,355	20,767	-
Additions	-	4	-
Divestments and disposals	-1	-555	-
Depreciation for the year	184	2,412	-
Reclassifications	-	1	-
Total	2,538	22,629	-
<b>Accumulated revaluation</b>			
1 January	27	-	-
Total	4,754	9,895	5,164
<b>Carrying amount, 31 December</b>			
-of which Machinery		6,632	
-of which Special Tools		1,719	
-of which Equipment		1,544	
	Buildings and land	Machinery and equipment	Construction in progress
<b>2020</b>			
<b>Accumulated acquisition value</b>			
1 January	5,979	29,320	3,673
Additions	21	129	4,179
Reclassifications to other BS items	-	-5	-3
Reclassifications	192	1,390	-1,582
Reclassification to intangible fixed assets	-	-	-
Divestments and disposals	-5	-1,052	-1
Total	6,187	29,782	6,266
<b>Accumulated depreciation</b>			
1 January	2,181	19,618	-
Additions	-	4	-
Divestments and disposals	-	-976	-
Reclassifications to other BS items	-	-3	-
Reclassifications	4	-4	-
Depreciation for the year	170	2,128	-
Total	2,355	20,767	-
<b>Accumulated revaluation</b>			
1 January	27	-	-
Total	27	-	-
<b>Carrying amount, 31 December</b>			
	3,859	9,015	6,266
-of which Machinery		5,575	
-of which Special Tools		2,019	
-of which Equipment		1,421	

## Note 8 Shares and participation

Shares and participations	Subsidiaries	Associated companies	Other companies
<b>2021</b>			
<b>Accumulated acquisitions</b>			
1 January	119,491	74	212
New acquisitions	8	182	334
New share issue/contribution	1,160	-	12
Sales	-25	-	-
Capital reduction	-	-	-
Liquidation	-	-	-
Reclassification	-	-	-9
<b>Total</b>	<b>120,633</b>	<b>256</b>	<b>549</b>
<b>Accumulated write-downs</b>			
1 January	-12,502	-1	-4
Write-downs of the year	-6,152	-	-
Reduction of share capital	-	-	-
Liquidation	-	-	-
<b>Total</b>	<b>-18,654</b>	<b>-1</b>	<b>-4</b>
<b>Carrying amount, 31 December</b>	<b>101,979</b>	<b>255</b>	<b>545</b>

Shares and participations	Subsidiaries	Associated companies	Other companies
<b>2020</b>			
<b>Accumulated acquisitions</b>			
1 January	118,173	74	139
New acquisitions	420	-	16
New share issue/contribution	898	-	57
Sales	-	-	-
Capital reduction	-	-	-
Liquidation	-	-	-
Reclassification	-	-	-
<b>Total</b>	<b>119,491</b>	<b>74</b>	<b>212</b>
<b>Accumulated write-downs</b>			
1 January	-12,378	-	-2
Write-downs of the year	-124	-	-
Reduction of share capital	-	-	-2
Liquidation	-	-	-
<b>Total</b>	<b>-12,502</b>	<b>0</b>	<b>-4</b>
<b>Carrying amount, 31 December</b>	<b>106,989</b>	<b>74</b>	<b>208</b>

Subsidiary	Corporate ID number	Registered office	% Owner- ship <sup>1</sup>	Carrying amount 2021	Carrying amount 2020
DynaMate AB	556528-9286	Södertälje/Sweden	100	-	25
Ferroform AB	556528-9120	Luleå/Sweden	100	150	150
Griffin Automotive Ltd	6569 78	Road Town/Great Britain	100	11	11
HTD i Oskarshamn AB	556707-3472	Södertälje/Sweden	100	8	-
Laxå Specialvehicles AB	556548-4705	Laxå/Sweden	100	93	93
LOTS group AB	556593-3057	Södertälje/Sweden	100	400	93
MW-hallen Restaurang AB	556616-7747	Södertälje/Sweden	100	2	2
Mälardalens Tekniska Gymnasium AB	556548-4754	Södertälje/Sweden	80	1	1
OOO Scania Rus	1025004070079	Golitsino/Russia	100	341	341
Scania (Malaysia) Sdn Bhd	518606-D	Kuala Lumpur/Malaysia	100	37	37
Scania Argentina S.A	30-517 424 30-3	Buenos Aires/Argentina	100	358	358
Scania Australia Pty Ltd	000537333	Melbourne/Australia	100	181	181
Scania Banco Brazil	CNPJ11.417.016/0001 1	Sao Bernardo do Campo/Brazil	0,01	0	0
Scania Belgium SA-NV	BE0402.607.507	Neder-Over-Heembeek/Belgium	99,99	76	76
Scania Bosnia Hertzegovina d.o.o.	4200363460007	Sarajevo/Bosnien-Hercegovina	100	13	13
Scania Bulgaria EOOD	BG121796861	Sofia/Bulgaria	100	14	14
Scania Central Asia LLP	84931-1910-T00	Almaty/Kazakhstan	100	17	17
Scania Chile S.A.	96.538.460-K	Santiago/Chile	99,99	0	0
Scania Commercial Vehicles Pvt Ltd, India	CIN U35999KA2011FTC05 6984	Bangalore/India	99,99	0	0
Scania Credit Argentina S.A.U.	30-71702399-0	Buenos Aires/Argentina	100	5	-
ScaniaCrna Gora d.o.o.	50950351	Danilovgrad/Montenegro	100	2	-
Scania Czech Republic s.r.o.	CZ61251186	Prague/Czech Republic	100	30	30
Scania del Peru S.A.	101-36300	Lima/Peru	3,6	15	15
Scania Delivery Center AB	556593-2976	Södertälje/Sweden	100	5	5
Scania Eesti AS	10238872	Tallin/Estonia	100	8	8
Scania Finance LLC	1045005504774	Moscow/Russia	100	147	80
Scania Finance Czech Republic s.r.o.	CZ25657496	Prague/Czech Republic	100	158	158
Scania Finance Deutschland GmbH	DE811292425	Koblenz/Germany	100	299	299
Scania Finance Great Britain Ltd	02173954	London/ Great Britain	100	115	115

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Scania Finance Hispania EFC S.A.	A82853987	Madrid/Spain	100	341	341
Scania Finance Holding AB	556548-4697	Södertälje/Sweden	100	427	427
Scania Finance Italy S.P.A	03333020158	Milano/Italy	100	227	227
Scania Finance Leasing China Co Ltd	41000002201903280		100	235	235
	018	Shanghai/China			
Scania Finance Korea	6138127196	Chung-Ang/South Korea	100	255	172
Scania Finance Luxembourg S.A.	20012217359	Luxembourg/Luxembourg	99.9	23	23
Scania Finance Mexico S.A. de CV	SFM191127T21	El Marqués/Mexico	99.99	17	17
Scania Finans AB	556049-2570	Södertälje/Sweden	100	794	794
Scania Holding France S.A.S	403092786	Angers/France	99.99	478	478
Scania Group Thailand Co, Ltd	0115560001383	Bangkok/Thailand	99.99	0	0
Scania Growth Capital AB	559090-6524	Södertälje/Sweden	90.1	400	170
Scania Holding Inc	4019619	Wilmington/USA	100	100	100
Scania (Hong Kong) Limited	1205987	Hong Kong/China	100	0	0
Scania Hungaria KFT	HU 10415577	Biatorbágy/Hungary	100	35	35
Scania Insurance OOO	1127747003097	Moscow/Russia	100	0	0
Scania IT AB	556084-1206	Södertälje/Sweden	100	62	62
Scania IT France S.A.S	412282626	Angers/France	100	1	1
Scania IT Nederland B.V.	05062402	Zwolle/The Netherlands	100	2	2
Scania Japan Limited	0104-01-083452	Tokyo/Japan	100	0	0
Scania Korea Seoul Ltd	110111-5304681	Seoul/South Korea	100	44	44
Scania Kringlan AB	556053-7903	Södertälje/Sweden	100	5	5
Scania Latin America Ltd	59.104.901/0001-76	Sao Bernardo/Brazil	100	2,257	2,257
Scania Latvia SIA	LV000311840	Riga/Latvia	100	11	11
Scania Leasing RS d.o.o.	21401625	Belgrade/Serbia	100	20	20
Scania Leasing LLC	1027700203970	Moscow/Russia	100	3	3
Scania Logistics Netherlands B.V.	NL8521.82.697.B.01	Zwolle/The Netherlands	100	9	9
Scania Luxembourg S.A.	LU165291-18	Münsbach/Luxembourg	99.96	25	25
Scania Industrial Maintenance AB	556070-4818	Södertälje/Sweden	100	62	62
Scania Makedonija d.o.o.e.l	7027532	Linden/Macedonia	100	1	1
Scania Manufacturing (Thailand) Co, Ltd	0115560001375	Bangkok/Thailand	99.99	0	0
Scania Middle East FZE	150175	Jebel Ali Free zone/Dubai	100	2	2
Scania Nantong Gaokai Auto Manufacturing Ltd	91360924754233361	Rugao City, Jiangsu Province/China	100	657	407
	N				
Scania New Zealand Ltd	9429047066823	Wellington/New Zealand	100	214	152
Scania Omni AB	556060-5809	Södertälje/Sweden	100	3	3
Scania Overseas AB	556593-2984	Södertälje/Sweden	100	133	133
Scania Peter OOO	1027804908372	St.Petersburg/Russia	100	32	32
Scania Polska S.A.	5521-10-14-579	Warsaw/Poland	100	80	80
Scania Portugal S.A.	PT502929995	Santa Iria da Azóia/Potugal	100	110	110
Scania Power Polska SP.ZO.O.	517,301	Warsaw/Poland	100	0	0
Scania Production Meppel B.V.	05046846	Meppel/The Netherlands	100	96	96
Scania Production Slupsk S.A.	839-000-53-10	Slupsk/Poland	100	9	9
Scania Production Zwolle B.V.	05020370	Zwolle/The Netherlands	100	418	418
Scania Real Estate Services AB	556593-3024	Södertälje/Sweden	100	915	915
Scania Romania S.r.L	J40/10908/1999	Bukarest/Rumania	99.99	18	18
Scania Sales and Services AB	556593-3073	Södertälje/Sweden	100	16,125	16,125
Scania Schweiz AG	CH-020.3.926.624-8	Kloten/Switzerland	100	166	166
Scania Senegal Suarl	SN.DKR.2018B25840	Dakar/Senegal	100	0	0
Scania Siam Co., Ltd	3030112774	Bangkok/Thailand	99.99	95	95
Scania Singapore Pte Ltd	200309593R	Singapore/Singapore	100	9	9
Scania Slovakia s.r.o	35826649	Senec/Slovakia	100	0	0
Scania Slovenija d.o.o.	1124773	Ljubljana/Slovenia	100	35	35
Scania Serbia d.o.o.	17333321	Belgrad/Serbia	100	11	11
Scania Sverige Bussar AB	556060-0586	Södertälje/Sweden	100	25	25
Scania Tanzania Ltd	39320	Dar Es Saalam/Tanzania	100	62	62
Scania Thailand Co Ltd	3011041239	Bangkok/Thailand	99.99	3	3
Scania Trade Development	556013-2002	Södertälje/Sweden	100	-	-
Scania Transportlaboratorium AB	556528-9294	Södertälje/Sweden	100	1	1
Scania Treasury AB	556528-9351	Södertälje/Sweden	100	74,073	80,073
Scania Truck and Buses	556267-1585	Södertälje/Sweden	100	68	68
Scania Ukraine LLC	30107866	Kiev/Ukraine	100	4	4
Scania USA Inc	06-1288161	San Antonio/USA	100	14	14
Scania Vabis 118 AB	556387-4659	Värnamo/Sweden	100	3	3
Scania Österreich GmbH	ATU66643000	Brunn am Geb/Austria	100	141	141
Scania Österreich Holding GmbH	FN 316321 D	Brunn am Geb/Austria	100	0	0
SOE Busproduction Finland OY	26121679	Lahti/Finland	100	0	0
Traton AB	556528-9104	Södertälje/Sweden	100	23	23
UAB Scania Lietuva	123873025	Vilnius/Lithuania	100	10	10
Vabis Försäkringsaktiebolag	516401-7856	Södertälje/Sweden	100	100	100
Other				3	3
Shares in subsidiaries, carrying amount				101,979	106,989

<sup>1)</sup> Refers to both proportion of equity and share of voting power.

Associated companies	Corporate ID number	Registered office	% Owner-ship <sup>2)</sup>	Carrying amount 2021	Carrying amount 2020
sennder GmbH	HRB 170455 B	Berlin/Germany	3	255	74
Scania-MAN Administration ApS	559066-0394	Copenhagen/Denmark	50	0	0
Södertälje Science Park	559066-0394	Södertälje/Sweden	25	0	0
Stoxy solutions AB	559099-3910	Södertälje/Sweden	-	0	0
Shares in associated companies				255	74

<sup>2)</sup> Refers to both proportion of equity and share of voting power.

**Note 9 Inventories**

	2021	2020
Raw materials, components and supplies	3,056	2,176
Work in progress	1,529	1,426
Finished goods	5,295	5,109
<b>Total</b>	<b>9,880</b>	<b>8,711</b>
Value adjustment reserve, 31 December	-128	-119

**Note 10 Short and long-term interest-bearing receivables, Group Companies**

	2021	2020
Receivables, Financial Services	12,506	11,048
Receivables, Vehicles and Services	1,570	2,295
<b>Total</b>	<b>14,076</b>	<b>13,343</b>

**Note 11 Other short-term receivables**

	2021	2020
Prepaid expenses and deferred income	648	880
Other short-term receivables	1,552	1936
<b>Total</b>	<b>2,200</b>	<b>2,816</b>

**Note 12 Shareholders' equity**

The shareholders' equity of the Parent company has changed as follows:

2021	Share capital	Statutory reserve	Revaluation reserve	Unrestricted shareholders equity	Total
1 January according to adopted balance sheet	100	20	27	44,461	44,014
Net income for the year				698	698
<b>Balance, 31 December</b>	<b>100</b>	<b>20</b>	<b>27</b>	<b>45,159</b>	<b>45,306</b>
2020	Share capital	Statutory reserve	Revaluation reserve	Unrestricted shareholders equity	Total
1 January according to adopted balance sheet	100	20	27	40,867	41,014
Net income for the year				3,594	3,594
<b>Balance, 31 December</b>	<b>100</b>	<b>20</b>	<b>27</b>	<b>44,461</b>	<b>44,608</b>

Scania CV AB consists of a share capital of 1,000,000 shares with a nominal value of SEK 100 a piece.

Under Swedish law, equity shall be allocated between non-distributable (restricted) and distributable (unrestricted) equity.

**Restricted equity** consists of share capital and non-distributable equity. Scania CV AB has 1,000,000 shares outstanding with voting rights of one vote per share. The shares have the nominal value of SEK 100 a piece. All shares are fully paid and no shares are reserved for transfer of ownership. No shares are held by the company itself or its subsidiaries.

**Unrestricted equity** consists of distributable funds and includes net income for the year. The income statement and balance sheet are adopted at the Annual Meeting. Legally required transfer to statutory reserve is not necessary.

The board decided on a proposal that dividend of 6,000 MSEK will be distributed for 2021. Retained earnings amounting MSEK 44,406 to be carried forward.

**Note 13 Untaxed reserves**

	2021	2020
Accumulated excess depreciation		
Machinery and equipment	4,850	4,500
<b>Total</b>	<b>4,850</b>	<b>4,500</b>
Transfer to tax allocation fund		
Transferred at assessment 2019	1,100	1,100
Transferred at assessment 2018	64	592
Transferred at assessment 2017	-	184
<b>Total</b>	<b>1,164</b>	<b>1,876</b>
<b>Total</b>	<b>6,014</b>	<b>6,376</b>

SEK 1,248 m. (1,332) of "Untaxed reserves" consists of a deferred tax liability, which is part of the Scania CV Group's deferred tax liability but not the tax liability for the parent company.

**Note 14 Provisions for pensions and similar commitments**

Provisions for pensions consist mainly of the collectively agreed ITP plan, safeguarded by credit insurance from the mutual insurance company Försäkringsbolaget PRI Pensionsgaranti. During the year payments have been made to endowment insurances, the fair value of the insurances amounted to SEK 2,090 m (1,897) at year end, equal to the value of the pension obligation.

Specification of amounts recognised in the Balance sheet:	2021	2020
Present value of obligations (calculated according to Swedish principles)	5,162	4,847
Present value of plan assets	-2,215	-1,523
Net liability in Balance sheet	2,948	3,324
Whereof PRI pensions	2,788	3,146
Whereof covered by the Act on the Safeguarding of Pension Obligations	2,933	3,302

The present value of provisions for pensions is calculated according to the Swedish principles stated in The Act on Safeguarding of Pension Obligations. These principles differ from IFRS projected unit credit method, among other things, by not taking into account expected salary and pension increases. Discount rate set by the Swedish Pension Registration Institute: 3,84% (3.84).

<b>Change in net liability pertaining to pensions</b>	<b>2021</b>	<b>2020</b>
Net liability at start of year	3,324	3,479
Expense recognised in the income statement	278	528
Payment to pension fund	-456	-500
Pension payments	-198	-183
<b>Net liability at end of year</b>	<b>2,948</b>	<b>3,324</b>
<b>Present value of plan assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	47	100
Equity instruments	1,147	712
Debt instruments	1,020	711
<b>Total present value of plan assets</b>	<b>2,215</b>	<b>1,523</b>

Next year's disbursement pertaining to defined-benefit pension plans totals SEK 714 m. (401).

**Note 14 Provisions for pensions and similar commitments, continued**

Specification of expense and income for the period pertaining to pensions	2021	2020
<b>Pension under own auspices</b>		
Cost of earning pensions etc.	388	419
Interest expense (calculated discount effect)	126	135
Return on plan assets	-236	-26
<b>Cost of pensions under own auspices excl. taxes</b>	<b>278</b>	<b>528</b>
<b>Pension through insurance</b>		
Insurance premiums or equivalent	587	687
<b>Pension expense for year excl. taxes</b>	<b>865</b>	<b>1,215</b>
Tax on returns from pensions funds	2	2
Special employer's contribution on pension expenses	331	311
Expense for credit insurance	24	23
<b>Pension expense for year</b>	<b>1,222</b>	<b>1,551</b>
Percentage return on specially identified assets		

Interest expense is recognised in the net financial items, other expenses are recognised in operational items.

**Note 15 Other provisions**

2021	Product obligations	EU Commissions' investigation <sup>1</sup>	Miscellaneous provisions	Total
1 January 2019	866	3,800	944	5,610
Provisions during the year	592	5,230	572	6,394
Provisions used during the year	-536	-	-85	-621
Provisions reactivated during the year	-81	-	-50	-131
<b>31 December 2019</b>	<b>841</b>	<b>9,030</b>	<b>1,381</b>	<b>11,252</b>
2020	Product obligations	EU Commissions' investigation <sup>1</sup>	Miscellaneous provisions	Total
1 January 2018	792	3,800	692	5,284
Provisions during the year	579	-	322	901
Provisions used during the year	-436	-	-29	-465
Provisions reactivated during the year	-69	-	-41	-110
<b>31 December 2018</b>	<b>866</b>	<b>3,800</b>	<b>944</b>	<b>5,610</b>

Provisions for factory warranties on vehicles sold during the year are based on the terms of factory warranties and the projected quality situation. For other product obligations, the provisions reflected the net amount of funds set aside and provisions used. Of the above provisions, about SEK 10,415 m. (752), are expected to be utilised within twelve months.

<sup>1</sup> Provisions related to the European Commissions' competition investigation

## Note 16 Borrowings

Short- and long-term borrowings distributed by currency<sup>1</sup>

	2021	2020
SEK	24,875	25,859
EUR	45,394	42,293
Other currencies	7,701	7,541
<b>Total</b>	<b>77,970</b>	<b>75,694</b>

<sup>1</sup> Does not take into account any currency hedging that has been used to match the borrowing per currency towards the financing need per currency.

The above loans fall due for repayment as follows:

2022	30,012
2023	22,536
2024	14,953
2025	9700
2026	769
2027 and later	0
<b>Total</b>	<b>77,970</b>

For further information on Scania CV AB's borrowing program and financial risk management, see Note 22.

## Note 17 Accrued expenses and prepaid income

	2021	2020
Accrued employee-related expenses	4,470	3,663
Other	1001	920
<b>Total</b>	<b>5,471</b>	<b>4,583</b>

## Note 18 Contingent liabilities

	2021	2020
Loan guarantees	17,330	14,205
Other guarantees	100	93
<b>Total</b>	<b>17,430</b>	<b>14,298</b>
Of which, on behalf of Group companies	17,330	14,205



**Note 19 Wages, salaries and other remuneration and number of employees**

<b>Wages, salaries and other remuneration</b>	<b>2021</b>	<b>2020</b>
Boards of Directors	3	2
Presidents	20	20
Executive Officers	68	70
-of which bonuses to:		
Presidents	2	13
Executive Officers	44	47
Other employees	9,117	7,852
<b>Total</b>	<b>9,208</b>	<b>7,944</b>
Pension costs and mandatory payroll fees	4,097	4,033
- of which, pension costs	1,096	1,417
<b>Total wages, salaries and remuneration pension costs and mandatory payroll fees</b>	<b>13,305</b>	<b>11,977</b>
<b>Average number of employees (excl. temporary staff)</b>	<b>2021</b>	<b>2020</b>
<b>Operations in Sweden</b>		
Average number of employees	15,950	15,688
- of whom men	11,877	11,726
- of whom women	4,073	3,962
<b>Operations outside Sweden</b>		
Number of countries	1	1
Average number of employees <sup>1)</sup>	907	822
- of whom men <sup>2)</sup>	552	506
- of whom women <sup>3)</sup>	355	316
<b>Average total number of employees</b>	<b>16,857</b>	<b>16,510</b>
 <sup>1)</sup> Whereof Belgium 907 (822)		
<sup>2)</sup> Whereof Belgium 552 (506)		
<sup>3)</sup> Whereof Belgium 355 (316)		
<b>Number of employees on 31 December</b>	<b>2021</b>	<b>2020</b>
Production operations and corporate staff units	19,856	17,734
-Temporary staff	2,697	1,401
<b>Gender distribution</b>	<b>2021</b>	<b>2020</b>
Board members	14	15
- of whom men	7	9
- of whom women	7	6
Executive officers	10	11
- of whom men	5	7
- of whom women	5	4

## Note 20 Fees and other remuneration to auditors

Fees and other remuneration to auditors that were expensed during the year are reported below. Remuneration for consultations is reported in cases where the same public accountancy firm has the assignment to audit an individual company. "Auditing assignments" refers to statutory examination of the annual accounts as well as the administration of the Board of Directors and the President and CEO. "Auditing activities beyond auditing assignments" refers to examination of administration or financial information that shall be performed in accordance with laws, articles of association, statutes or agreements that is also intended for parties other than the client, and which is not included in the auditing assignment. "Tax consultancy" is consultation on matters of tax law. "Other services" refers to consultancy that cannot be attributed to any of the other categories.

	2021		2020	
	EY	PwC	EY	PwC
Auditing assignments	7	-	8	1
Auditing activities beyond auditing assignments	5	-	2	-
Tax consultancy	1	14	5	-
Other services	1	-	-	-
Total	14	14	15	1

## Note 21 Effect of exchange rate differences on net income

Net income for the year was affected by exchange rate differences (excluding flow-related forward contracts) as shown in the table below:

	2021	2020
Net sales	626	-593
Cost of goods sold	-361	217
Operating income	265	-376
Financial income and expenses	3	0
Effect on the net income for the year	268	-376

The amounts above refer to exchange rate gains minus exchange rate losses on the difference between the invoicing exchange rate and the exchange rate on the payment date, on receivables and liabilities.

## Note 22 Financial instruments and financial risk management

Scania CV's treasury operation is partly included in Scania CV AB, which means that parts of the financial risks are managed within the parent company. A detailed description of financial instruments and financial risk management can be seen in Note 28 and in Note 29 for Scania CV Group.

### Currency risk

A large part of Scania CV's total commercial flows of payments in foreign currencies take place within Scania CV AB, which give rise to currency risks. Hedging of currency flows is managed by the treasury operation. According to Scania's policy, future currency flows may be hedged with a hedging period varying between 0 and 12 months. Maturity over 12 months is decided by the Board of Directors. When currency risks are hedged, currencies are mainly sold by means of forward contracts, but currency options may also be used. During 2021, no currency flows were hedged.

### Interest rate risk

Please see Note 28 for the Scania CV Group, for a more extensive description of interest rate risk within Scania. Borrowings within Scania CV AB are mainly used for investments in shares in subsidiaries and for loans to subsidiaries.

At year-end, the external loan portfolio within Scania CV AB amounted to SEK 77,697 m. (75,484) and loans from entities within the Scania CV Group amounted to SEK 25,120 m. (39,574). Hereafter, only the external loan portfolio will be described. The average interest rate refixing period at year end was less than 6 (6) months. Borrowing occurs largely at the corporate level in a small number of currencies. By means of currency swaps, these loans are then converted to the desired currencies.

**Note 22 Financial instruments and financial risk management, continued**

	Borrowings including currency swaps <sup>1</sup>	Borrowings excluding currency swaps <sup>1</sup>
EUR	52,424	45,314
GBP	5,249	3,051
RUB	4,908	
DKK		
USD	3,338	
NOK	1,725	4,515
SEK	-2,920	24,817
Other	12,973	0
<b>Total<sup>2</sup></b>	<b>77,697</b>	<b>77,697</b>

<sup>1</sup>Including currency and interest derivatives<sup>2</sup>Total borrowings exclude accrued interests of SEK 273 m.(209).

The interest rate refixing related to the credit portfolio and borrowings in Financial Services is shown in the corresponding table in Note 28 for the Scania CV Group.

**Credit risk**

See Note 28 for the Scania CV Group, for a more extensive description of the credit risk within Scania CV. The receivables of Scania CV AB amounted to SEK 42,682 m. (45,453), whereof SEK 23,580 m. (20,445) receivables within the Scania CV Group.

The administration of the credit risks that mainly arise in corporate treasury operations, among other things when investing liquidity and in derivatives trading, is regulated in Scania CV's financial policy. Transactions occur only within established limits and with selected, creditworthy counterparties. "Creditworthy counterparty" means that the counterparty has received an approved credit rating from Standard and Poor's and/or Moody's. To further limit credit risk, the volume of exposure allowed per counterparty is limited, depending on the counterparty's credit rating.

Net exposure to counterparty risk, which are not Scania CV entities, related to derivatives trading, amounted to SEK 978 m. (2,692) as per 31 December 2021. Estimated gross exposure to counterparty risk, which are not Scania CV, entities related to derivatives trading, amounted to SEK 1,661 m. (3,364). As per 31 December 2021, the gross exposure of liquidity amounted to SEK 4,131 m. (3,738).

For information for the Financial Service segment on the portfolio, concentration of credit risk, timing analyses of the portfolio and provisions for bad debts, see the corresponding note for Scania CV Group.

For information on receivables from customers, timing analyses on the portfolio and provisions for bad debts, see the corresponding note for Scania CV Group.

## Note 22 Financial instruments and financial risk management, continued

### Refinancing risk

See Note 28 for the Scania CV Group, for a detailed description of refinancing risk within Scania CV.

External borrowing and ceiling, SEK m.	Total borrowing 2021	Ceiling 2021	Total borrowing 2020	Ceiling 2020
European Medium Term Note Programme	50,796	92,293	70,178	120,296
Credit facility (EUR)	-	23,073	-	28,069
Commercial paper, Sweden	-	10,000	-	10,000
Commercial paper, Belgium	10,203	15,382	2,105	15,037
Other bonds and loans	16,698	-	3,201	-
<b>Total <sup>1</sup></b>	<b>77,697</b>	<b>140,748</b>	<b>75,484</b>	<b>173,402</b>

1. Of the total amounts guaranteed credit promises SEK 23,073 m. (28,069).

2. Total borrowings exclude accrued interests of SEK 273 m. (209).

Aside from safeguarding access to credit facilities, Scania CV AB controls its refinancing risk by diversifying the maturity structure of its borrowing portfolio. The maturity structure of Scania CV AB can be found in Note 16.

### Fair value of financial instruments

See Note 29 Scania CV Group, for a detailed description of principles and methods used when establishing the fair value of financial instruments.

	2021	
	Carrying amount	Fair value
<b>Assets</b>		
Equity instruments	533	533
Non-current interest-bearing receivables		
Current interest-bearing receivables		
Non-interest-bearing trade receivables	1,552	1,552
Cash and cash equivalents	23,234	23,227
Other non-current receivables	868	868
Other current receivables	725	725
<b>Total assets</b>	<b>26,912</b>	<b>26,905</b>
<b>Liabilities</b>		
Non-current interest-bearing liabilities	47,958	48,641
Current interest-bearing liabilities	30,012	30,083
Trade payables	10,068	10,068
Other non-current liabilities	367	367
Other current liabilities	1,183	1,183
<b>Total liabilities</b>	<b>89,588</b>	<b>90,342</b>
	2020	
	Carrying amount	Fair value
<b>Assets</b>		
Equity instruments	208	208
Non-current interest-bearing receivables	0	0
Current interest-bearing receivables	0	0
Non-interest-bearing trade receivables	881	881
Cash and cash equivalents	27,910	27,908
Other non-current receivables	2,606	2,606
Other current receivables	799	799
<b>Total assets</b>	<b>32,404</b>	<b>32,402</b>
<b>Liabilities</b>		
Non-current interest-bearing liabilities	41,520	42,724
Current interest-bearing liabilities	34,173	34,258
Trade payables	9,272	9,272
Other non-current liabilities	352	352
Other current liabilities	320	320
<b>Total liabilities</b>	<b>85,637</b>	<b>86,926</b>

### Accounting and valuation

Net gains and losses on financial instruments accounted in the income statement and interest income/expenses on financial instruments, see Note 29 Scania CV Group.

**Note 23 Related party**

The parent company has a related party relationship with its subsidiaries. Please see note 8.

Related party relationship		Revenue	Expenses	Liabilities	Receivables
Subsidiary	2021	<b>74,576</b>	<b>13,549</b>	<b>18,923</b>	<b>23,580</b>
	2020	60,899	12,854	33,373	20,444
Associated companies	2021	<b>135</b>	<b>447</b>	-	<b>24</b>
	2020	103	631	-	14
Other related parties	2021	<b>1,160</b>	<b>756</b>	<b>13,712</b>	<b>20,028</b>
	2020	844	566	299	24,355
Parent company	2021	-	-	<b>6,201</b>	-
	2020	-	-	6,201	-

Prices for transactions with related parties are adjusted to conditions on the market. See also note 24 Compensation to executive officers and the note 25 Related party transactions for the Scania CV Group. Within Other related parties are Volkswagen AG and other VW Group companies included.

**Note 24 Compensation to executive officers**

The principles for compensation and pension to the executive officers, salary, pension and other remunerations to the President and CEO and termination conditions for executive board, see Note 26 Scania CV group.

**Note 25 Sustainability report in accordance with the Swedish Annual Accounts Act**

Scania CV AB, subsidiary to the parent company Scania AB (corporate identity number, 556184-8564) with domicile in Södertälje, Sweden, refers to the Sustainability report in accordance with the Swedish Annual Accounts Act of the parent company and the group which is available on [www.scania.com](http://www.scania.com) at the publication of this report.

**Note 26 Government Grants**

During 2021, the parent company received government grants amounting to SEK 29 m. (926) attributable to operating expenses of SEK 4 636 m. (10 276).

The parent company recognised grants of SEK 249 m. related to short-term allowances of employees due to COVID-19 received in 2020

**Note 27 Subsequent events**

See group note 30.

## Proposed distribution of earnings

The Board of Directors proposes to the 2022 Annual General Meeting that an amount of SEK 6,000 m. as ordinary dividend to the shareholders will be distributed as cash dividend.

Amounts in SEK m.	
Retained earnings	44,461
Net income for the year	698
<b>Total</b>	<b>45,159</b>
shall be distributed as follows:	
To the shareholders, a dividend of SEK m.	6,000
To be carried forward	39,159
<b>Total</b>	<b>45,159</b>

After implementing the proposed distribution of earnings the equity of the Parent Company, Scania CV AB, is as follows:

Amounts in SEK m.	
Share capital	100
Statutory reserve	20
Revaluation reserve	27
Retained earnings	39,159
<b>Total</b>	<b>39,306</b>

The undersigned certify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Report of the Directors for the Group and the Parent Company gives a true and fair review of the development of the operations, financial positions and results of the Group and the Parent company and describes substantial risks and uncertainties faced by the companies in the Group. The annual accounts and the consolidated financial statements were approved for issuance by the Board of Directors on 10 March 2022. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 5 May 2022.

Södertälje, 10 mars 2022

Christian Levin  
Styrelseledamot  
President and CEO

Annette Danielski  
Chairman of the Board

Gunnar Kilian  
Board member

Julia Kuhn-Piëch  
Board member

Nina Macpherson  
Board member

Christian Porsche  
Board member

Mark Philipp Porsche  
Board member

Stephanie Porsche-Schröder  
Board member

Lilian Fossum Biner  
Board member

Peter Wallenberg Jr  
Board member

Mari Carlquist  
Board member  
Employee representative

Lisa Lorentzon  
Board member  
Employee representative

Our audit report was submitted on 11 mars 2022  
Ernst & Young AB

Heléne Siberg Wendin  
Authorised Public Accountant