



INTERIM REPORT

January - June 2023



SCANIA

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AT A GLANCE

SEK million	Q2			Jan-Jun		
	2023	2022	Δ%	2023	2022	Δ%
Trucks and buses (units)						
Order intake	19,780	18,225	9%	38,698	39,213	-1%
Deliveries	23,824	20,189	18%	46,450	36,834	26%
of which trucks	22,562	18,901	19%	44,173	34,801	27%
of which buses	1,262	1,288	-2%	2,277	2,033	12%
Scania Group						
Net sales	50,989	37,385	36%	96,801	69,632	39%
Operating income	6,103	2,859		12,303	5,265	
Adjusted operating income	6,953	2,859		13,137	5,441	
Operating margin	12.0%	7.6%		12.7%	7.6%	
Adjusted operating margin	13.6%	7.6%		13.6%	7.8%	
Net income for the period from continuing operations	3,883	2,421	60%	8,287	4,736	75%
Net income for the period from discontinued operations	2,805	13		2,101	88	
Net income for the period for the Group	6,688	2,434		10,388	4,824	
Vehicles & Services						
Net sales	51,006	38,350	33%	97,735	71,693	36%
Operating income	6,109	2,859		12,309	5,264	
Adjusted operating income	6,958	2,859		13,143	5,440	
Operating margin	12.0%	7.5%		12.6%	7.3%	
Adjusted operating margin	13.6%	7.5%		13.4%	7.6%	
Net cash flow	7,557	-12,036		12,505	-13,220	
Net liquidity (+)/Net debt (-) ¹	19,510	11,607	68%			
Return on capital employed	26.0%	12.1%				
Employees	56,873	54,390	5%			

¹ As of June 30, 2023 and December 31, 2022.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The report has not been reviewed by Scania's auditors. All figures shown are rounded off, so minor discrepancies may arise from addition of these amounts. For the definitions of the key ratios please refer to the Scania Annual and Sustainability Report 2022.

9%
Higher order intake

18%
Increase
in deliveries

36%
Increase
in net sales

7.0
Adjusted
operating income,
billion SEK

13.6%
Adjusted operating
margin

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CEO LETTER

CONTINUED STRONG PERFORMANCE

Demand for Scania's products and services remained high in the second quarter and the company performed strongly in a challenging business environment.

Scania continued to perform strongly in the second quarter, with growth in both delivery volumes and the service business, despite a challenging business environment. Our net sales increased by 36 percent to SEK 51.0 billion and with adjusted operating income of an all-time high SEK 7.0 billion, adjusted operating margin rose to 13.6 percent (7.6). Even though return on capital employed for Vehicles and Services increased to 26.0 percent (12.1), the work to improve our cost and capital efficiency continues, to allow for future investment.

Although we are starting to see somewhat lower transport activity in some markets, overall global truck demand remains at a high level in our key markets, mainly driven by replacement needs. The declining demand we previously saw in Latin America started to pick up by the end of the quarter. We continue to be restrictive in placing new orders due to already long delivery times, thereby ensuring the quality of the order book.

Scania's updated strategy for the bus and coach business is perceived positively by our customers and partners. The new strategy entails a more focused product portfolio and builds on our strengths – the modular system, an extensive service network, and strong global and local partnerships with bodybuilders. The demand trend for our buses and coaches is gradually coming back from low levels after the pandemic, although in the second quarter demand decreased somewhat compared to the same period last year. In our Power solutions business, demand declined slightly in some markets, but order intake was also partly impacted by long delivery times.

Our service business continues to grow and increased by a strong 13 percent adjusted for currency in the second quarter. Financial services continue to be a core part of Scania's customer offering, also after divesting the Financial Services segment to TRATON, and the penetration rate for Scania vehicles is around 43 percent.

Despite the improved supply chain situation in the first quarter, delivery disruptions impacted the second quarter, and the global supply chain continues to be unpredictable.

Our cross-functional efforts to stabilise our flows continue, both in the short-term perspective and to ensure long-term resilience. Delivering our highly efficient and competitive product offering to our customers on time is our top priority.

Scania's electrification strategy has proven to be successful, and we have an ambitious roadmap that is being implemented in synchronisation with increasing demand for electrified solutions. We are gradually, further extending our offering in order to meet our customers' transport needs. Following the introduction of our regional haulage battery electric vehicle, a new product for long haulage is being introduced later this year.

In addition to the electric vehicle itself, our customers require charging infrastructure and extended related services. Scania has successfully installed and tested a pilot megawatt charging system from ABB E-mobility, representing the next milestone in the development of an efficient, high-power charging solution for heavy-duty vehicles. In addition, we are launching Scania Charging Access, a Europe-based service that will help customers plan, operate and pay for their public charging through one service, eliminating the stress connected to en route charging.

A huge milestone during the quarter was when we together with Northvolt unveiled a jointly developed battery cell for heavy electric vehicles, capable of powering trucks for 1.5 million kilometres, equivalent to the truck's whole lifetime. Produced with fossil-free electricity in northern Sweden, the cell's carbon footprint is approximately one-third that of a comparative industry reference. Later this year, we will inaugurate Scania's new battery factory in Södertälje, Sweden. In the factory, battery cells will be assembled into battery packs for the start of production of heavy-duty electric trucks.

In the second quarter, Scania also announced a significant step towards decarbonising its supply chain by placing its first order for green steel.

The initial contract with H2 Green Steel will provide Scania with sustainably produced steel, demonstrating another big step towards reducing the climate footprint of the company's vehicle manufacturing.

The far-reaching agreement is a key element of Scania's ambitious, industry-leading strategy to eliminate the largest sources of carbon emissions from the most emitting production materials and batteries. The objective, as part of our decarbonisation strategy, is to phase out the main sources of CO₂ emissions in our European supply chain by 2030 and encourage other industry players to increase low-carbon purchases in areas that are hard to decarbonise.



Christian Levin
President and CEO

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ORDER INTAKE

Trucks

The order intake for trucks increased by 11 percent in the second quarter compared to last year.

In Europe, order intake decreased by 22 percent mainly due to Scania's already long leadtimes in many key markets. Scania is still restrictive in placing new orders to ensure the quality of the order book.

In Latin America, truck demand increased mainly in Brazil, where orders were higher as dealers sold their inventory of vehicles with the old emission class.

Buses

The order intake for buses decreased mainly due to the Africa & Oceania region and Europe.

Power solutions

In the Power solutions business, demand declined slightly in some markets but order intake was also impacted by long delivery times. Scania is still restrictive in placing new orders to ensure the quality of the order book.

Units	Order intake					
	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%
TOTAL Trucks & Buses	19,780	18,225	9%	38,698	39,213	-1%
<i>of which ZEV vehicles¹</i>	54	79	-32%	101	234	-57%
Trucks	18,568	16,740	11%	36,339	36,063	1%
Europe	9,429	12,154	-22%	21,194	26,665	-21%
America ²	5,723	2,129	7,610	5,068	50%	
Asia	1,768	2,338	-24%	4,284	3,872	11%
Africa & Oceania	1,415	2,034	-30%	2,582	3,429	-25%
Eurasia	233	-1,915	669	-2,971		
Buses	1,212	1,485	-18%	2,359	3,150	-25%
Europe	374	488	-23%	648	958	-32%
America ²	614	523	17%	1,286	1,518	-15%
Asia	129	128	1%	189	190	-1%
Africa & Oceania	95	346	-73%	236	479	-51%
Eurasia	-	-	-	5	-100%	
Power Solutions	1,764	4,298	-59%	6,326	8,432	-25%
Europe	929	1,751	-47%	3,441	3,943	-13%
America	363	1,165	-69%	785	2,074	-62%
Asia	394	1,346	-71%	1,869	2,131	-12%
Africa & Oceania	78	214	-64%	231	323	-28%
Eurasia	-	-178	-100%	-	-39	-100%

¹ ZEV – Zero Emission Vehicles.

² Refers mainly to Latin America.

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DELIVERIES

Trucks

Deliveries increased by 19 percent in the second quarter compared to last year, mainly due to increased deliveries in Europe, as a result of an improved supply chain and logistical flow.

In Europe, the total market for heavy trucks increased by around 19 percent compared to last year. At the end of the second quarter, Scania's European market share was 15.5 percent (13.2).

Buses

Deliveries decreased by 2 percent in the second quarter compared to the same period last year, mainly due to a decrease in deliveries in the Africa & Oceania region.

In Europe, the total market increased by around 16 percent compared to last year. At the end of the second quarter Scania's European market share was 4.5 percent (5.4).

Power Solutions

Deliveries increased by 20 percent mainly due to Asia.

Units	Deliveries					
	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%
TOTAL Trucks & Buses	23,824	20,189	18%	46,450	36,834	26%
<i>of which ZEV vehicles¹</i>	71	65	9%	145	89	63%
Trucks	22,562	18,901	19%	44,173	34,801	27%
Europe	13,965	10,854	29%	28,338	20,388	39%
America ²	3,823	4,283	-11%	6,855	7,147	-4%
Asia	2,624	2,347	12%	5,387	3,887	39%
Africa & Oceania	1,796	1,294	39%	3,060	2,381	29%
Eurasia	354	123		533	998	-47%
Buses	1,262	1,288	-2%	2,277	2,033	12%
Europe	515	554	-7%	843	841	0%
America ²	491	389	26%	861	675	28%
Asia	111	89	25%	331	197	68%
Africa & Oceania	145	256	-43%	242	315	-23%
Eurasia	-	-		-	5	-100%
Power Solutions	3,977	3,317	20%	7,879	6,378	24%
Europe	1,940	1,623	20%	4,044	2,998	35%
America	822	1,095	-25%	1,472	1,893	-22%
Asia	1,107	505		2,186	1,313	66%
Africa & Oceania	108	94	15%	177	168	5%
Eurasia	-	-		-	6	-100%

¹ ZEV – Zero Emission Vehicles.

² Refers mainly to Latin America.

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NET SALES BY PRODUCT

Total net sales for Vehicles and Services increased by 33 percent to SEK 51,006 m. (38,350) positively impacted by higher volumes and currency effects.

Net sales for Trucks increased by 46 percent to SEK 33,101 m. (22,702) due to higher volumes, price increases and a positive product mix.

Net sales for Services increased by 20 percent to SEK 10,500 m. (8,739). In local currency service net sales increased by 13 percent.

SEK million	Q2			Jan-Jun		
	2023	2022	Δ%	2023	2022	Δ%
Vehicles & Services	51,006	38,350	33%	97,735	71,693	36%
Trucks	33,101	22,702	46%	62,883	41,624	51%
Buses	2,355	2,238	5%	3,932	3,448	14%
Power Solutions	1,228	832	48%	2,338	1,597	46%
Services ¹	10,500	8,739	20%	21,020	17,415	21%
Other ²	3,822	3,840		7,563	7,609	-1%

¹ Includes spare parts and workshop services.

² Includes used vehicles and deferred revenues.



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OPERATING INCOME

Operating income for Scania Group amounted to SEK 6,103 m. (2,859) in the second quarter, and the operating margin improved to 12.0 percent (7.6). As a consequence of the decision to divest the Financial Services segment to TRATON as of 1 April 2023 the Scania Group no longer includes Financial Services.

Items affecting comparability amounted to SEK 850 m., due to the close down of body production for Scania's bus chassis in Poland. The adjusted operating income amounted to SEK 6,953 m (2,859) corresponding to a margin of 13.6 percent (7.6). For further details see Note 8 Items affecting comparability.

The operating margin was positively impacted by higher volumes, price, product mix and currency, partly offset by higher cost of input goods.

Scania's research and development expenditures amounted to SEK 3,151 m. (2,536). After adjusting for SEK 711 m. (550) in capitalised expenditures, and SEK 298 m. (311) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 2,738 m. (2,297).

SEK million	Scania Group					
	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%
Net sales	50,989	37,385	36%	96,801	69,632	39%
Operating income	6,103	2,859		12,303	5,265	
Adjusted operating income	6,953	2,859		13,137	5,441	
Operating margin	12.0%	7.6%		12.7%	7.6%	
Adjusted operating margin	13.6%	7.6%		13.6%	7.8%	

SEK million	Vehicles & Services					
	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%
Net sales	51,006	38,350	33%	97,735	71,693	36%
Operating income	6,109	2,859		12,309	5,264	
Adjusted operating income	6,958	2,859		13,143	5,440	
Operating margin	12.0%	7.5%		12.6%	7.3%	
Adjusted operating margin	13.6%	7.5%		13.4%	7.6%	

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NET CASH FLOW

Scania Group

For the second quarter cash flow amounted to SEK positive 6,869 m. (negative 13,460) including cash flows from discontinued operations. For further information see Note 5 Assets held for sale and discontinued operations. Discontinued operations includes a negative effect from the divestment of the Financial Services segment. For further information see Note 4 Acquisitions and divestments.

SEK million	Scania Group					
	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%
Cash flow from operating activities before change in working capital	8,115	4,718	72%	14,955	9,092	64%
Change in working capital	-3,105	-16,540	-81%	-9,552	-18,508	-48%
Cash flow from operating activities	5,010	-11,822		5,403	-9,416	
Net investments	1,859	-1,638		750	-4,264	
Cash flow after investing activities attributable to operating activities	6,869	-13,460		6,153	-13,680	

Vehicles and Services

For the second quarter, cash flow in Vehicles and Services amounted to SEK positive 7,557 m. (negative 12,036), including a positive effect of SEK 5,664 m. from divestments of the Financial Services segment, during the quarter of 2023. Change in working capital had a negative impact of SEK 3,599 m. (negative 15,267).

Net investments including the effect from divestments of the Financial Services segment amounted to SEK positive 3,084 m. (negative 1,623), including SEK 5,664 from consideration received in cash for the Financial Service segment. Net investments excluding the effect from divestments of the Financial Services segment amounted to SEK negative 2,580 m also includes SEK 712 m. (550) in capitalisation of development expenditure. At the end of the second quarter 2023, the net cash position in Vehicles and Services amounted to SEK 19,510 m. compared to a net cash position of SEK 16,200 m. at the end of the first quarter 2023.

SEK million	Vehicles & Services					
	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%
Cash flow from operating activities before change in working capital	8,072	4,854	66%	14,697	9,113	61%
Change in working capital	-3,599	-15,267	-76%	-7,542	-18,094	-58%
Cash flow from operating activities	4,473	-10,413		7,155	-8,981	
Net investments	3,084	-1,623		5,350	-4,239	
Cash flow after investing activities attributable to operating activities	7,557	-12,036		12,505	-13,220	

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NET DEBT

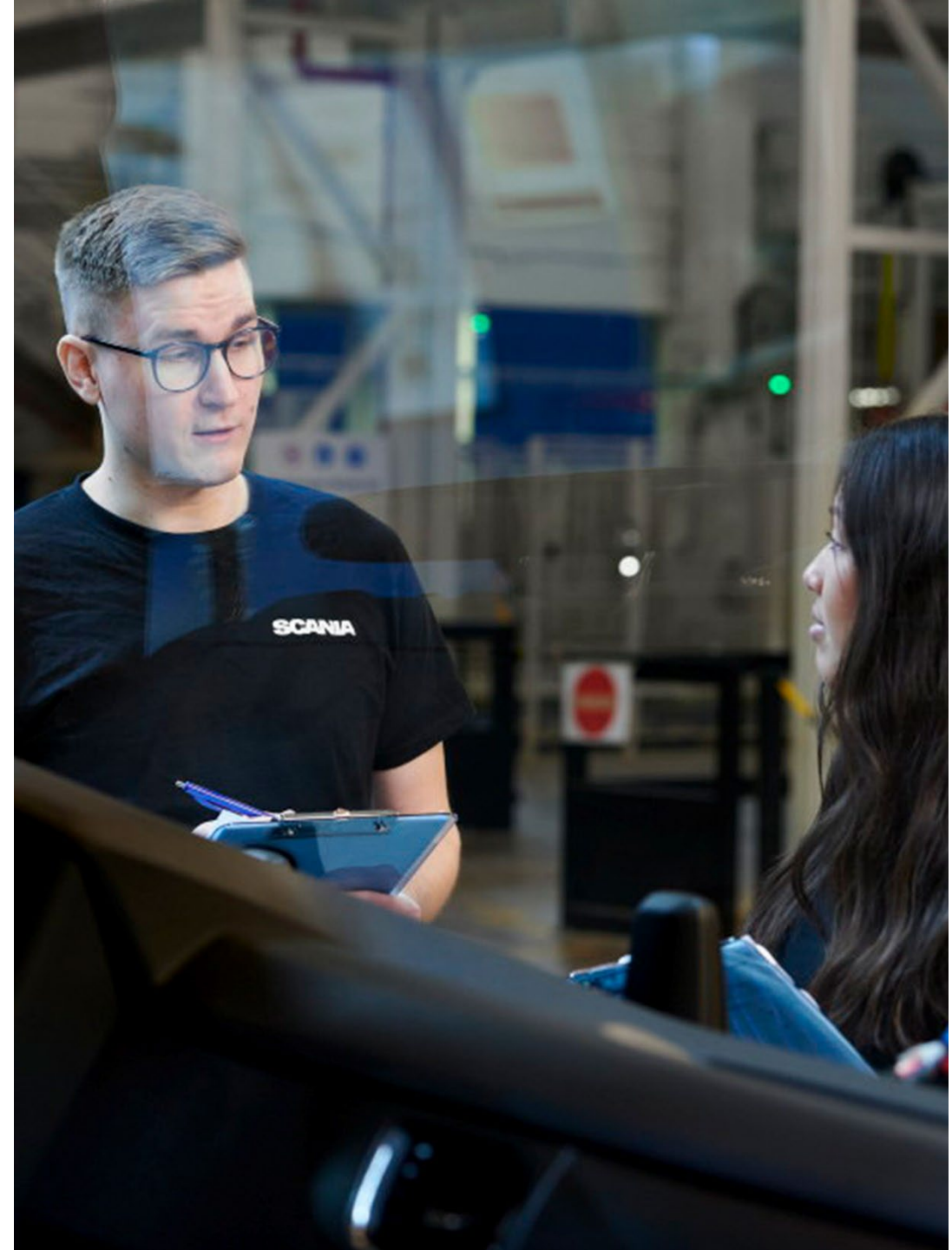
The Group's net liquidity position increased by SEK 6,916 m. to SEK 19,461 m.

The net liquidity position in Vehicles and Services increased by SEK 7,903 m. to SEK 19,510 m. due to positive cash flow from the operations and a positive effect from divestment of the operations in Russia which was partly offset by negative working capital.

SEK million	Scania Group			Vehicles & Services		
	30 Jun 2023	31 Dec 2022	Δ%	30 Jun 2023	31 Dec 2022	Δ%
Net debt, excl. provision for pensions						
Assets	130,565	110,540	18%	33,788	23,339	45%
Current investments	886	1,754	-49%	7,889	5,448	45%
Non-current loans to TRATON entities ¹	53,172	47,045	13%	-	-	
Current loans to TRATON entities ¹	61,135	48,160	27%	18,683	9,203	
Cash and cash equivalents ¹	14,889	10,217	46%	7,216	8,688	-17%
Assets held for sale ²	483	3,364		-	-	
Liabilities	111,104	97,995	13%	14,278	11,732	22%
Interest-bearing liabilities, non-current ¹	65,176	60,851	7%	11,552	10,535	10%
Interest-bearing liabilities, current ¹	45,925	37,144	24%	2,726	1,197	
Liabilities held for sale	3	-		-	-	
Net liquidity (+)/Net debt (-)	19,461	12,545	55%	19,510	11,607	68%

¹ Calculation of net debt in December 2022 has been restated according to Scania's structure from 1 April 2023 for comparison.

² The assets held for sale in December 2022 refer to cash and cash equivalents in the Russian Financial Services operations. This divestment was finalised in January 2023. The assets and liabilities held for sale, as of June 2023, refer to assets and liabilities included in the net liquidity in the Financial Services segment.



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CONSOLIDATED INCOME STATEMENTS, CONDENSED

SEK million	Note	Q2			Jan-Jun		
		2023	2022	Δ%	2023	2022	Δ%
Net sales		50,989	37,385	36%	96,801	69,632	39%
Cost of goods sold and services rendered		-37,154	-28,591	30%	-70,250	-52,937	33%
Gross income		13,835	8,794	57%	26,551	16,695	59%
Research and development expenses		-2,738	-2,297	19%	-5,422	-4,217	29%
Selling expenses		-3,330	-3,009	11%	-6,554	-5,847	12%
Administrative expenses		-814	-629	29%	-1,438	-1,190	21%
Items affecting comparability		-850	-		-834	-176	
Operating income		6,103	2,859		12,303	5,265	
Interest income		1,867	378		2,576	541	
Interest expenses		-1,576	-296		-2,023	-397	
Share of income from associated companies and joint ventures		-37	-16		-58	-29	100%
Other financial income		911	1,065	-14%	1,476	2,615	-44%
Other financial expenses		-953	-451		-1,843	-706	
Total financial items		212	680	-69%	128	2,024	-94%
Income before taxes for the period from continuing operations		6,315	3,539	78%	12,431	7,289	71%
Income taxes		-2,432	-1,118		-4,144	-2,553	62%
Net income for the period from continuing operations		3,883	2,421	60%	8,287	4,736	75%
Net income for the period from discontinued operations	4, 5	2,805	13		2,101	88	
Net income for the period for the Group		6,688	2,434		10,388	4,824	
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
Translation differences		1,315	2,847	-54%	3,241	4,818	-33%
Income taxes		12	-4		-3	21	
		1,327	2,843	-53%	3,238	4,839	-33%
Items that will not be reclassified to profit or loss							
Remeasurement defined benefit plans ¹		893	2,603	-66%	699	3,013	-77%
Fair value adjustment equity instruments		-	51	-100%	-	79	-100%
Income taxes		-171	-546	-69%	-133	-641	-79%
		722	2,107	-66%	566	2,451	-77%
Other comprehensive income for the period		2,049	4,950	-59%	3,804	7,290	-48%
Total comprehensive income for the period		8,737	7,384	18%	14,192	12,114	17%
Net income attributable to:							
Scania shareholders		6,691	2,435		10,391	4,823	
Non-controlling interest		-3	-1		-3	1	
Total comprehensive income attributable to:							
Scania shareholders		8,740	7,385	18%	14,195	12,113	17%
Non-controlling interest		-3	-1		-3	1	

¹ Discount rate in calculating the Swedish pension liability is 4.25 percent and inflation 1.75 percent.

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CONSOLIDATED BALANCE SHEETS, CONDENSED

SEK million	Note	30 Jun		31 Dec
		2023	2022	2022
Assets				
Non-current assets				
Intangible assets		15,470	14,280	14,995
Tangible assets		47,236	43,492	44,456
Lease assets		25,337	26,058	24,926
Shares and participations		2,781	2,772	2,839
Interest-bearing receivables		53,173	64,957	69,690
Other receivables ¹		11,432	9,174	11,146
Current assets				
Inventories		39,447	31,432	30,673
Interest-bearing receivables		50,956	40,987	44,184
Other receivables		21,729	20,793	22,088
Current investments		1,315	876	1,873
Cash and cash equivalents		25,899	19,711	19,125
		139,346	113,799	117,943
Assets classified as held for sale	5	2,030	-	4,668
Total assets		296,805	274,532	290,663
Equity				
Scania shareholders		78,058	80,302	79,566
Non-controlling interest		56	23	59
Total equity		78,114	80,325	79,625
Non-current liabilities				
Interest-bearing liabilities		65,371	69,684	76,828
Provisions for pensions		7,179	9,663	7,853
Other provisions		4,088	4,064	4,061
Other liabilities ¹		28,206	17,542	16,779
Current liabilities				
Interest-bearing liabilities		46,828	40,090	46,862
Provisions		5,149	4,424	4,578
Other liabilities		61,442	48,740	53,840
		113,419	93,254	105,280
Liabilities directly attributable to assets held for sale	5	428	-	237
Total equity and liabilities		296,805	274,532	290,663

¹Including deferred tax.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY, CONDENSED

SEK million	Jan-Jun		
	2023	2022	Δ%
Equity, 1 Jan	79,625	68,213	17%
Net income for the period	10,388	4,824	
Other comprehensive income for the period	3,804	7,290	-48%
Dividend to shareholders	-15,700	-	
Change in non-controlling interest	-3	-2	53%
Total equity at the end of the period	78,114	80,325	-3%
Attributable to:			
Scania AB shareholders	78,058	80,302	-3%
Non-controlling interest	56	23	

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CONSOLIDATED CASH FLOW STATEMENTS, CONDENSED

SEK million	Note	Q2			Jan-Jun		
		2023	2022	Δ%	2023	2022	Δ%
Operating activities							
Income before tax ¹		9,141	3,723		14,774	7,675	92%
Items not affecting cash flow		817	2,550	-68%	4,796	4,165	15%
Taxes paid		-1,843	-1,555	19%	-4,615	-2,748	68%
Cash flow from operating activities before change in working capital		8,115	4,718	72%	14,955	9,092	64%
Change in working capital		-3,105	-16,540	-81%	-9,552	-18,508	-48%
Cash flow from operating activities		5,010	-11,822		5,403	-9,416	
Investing activities							
Net investments	4	1,859	-1,638		750	-4,264	
Cash flow from investing activities attributable to operating activities		1,859	-1,638		750	-4,264	
Cash flow after investing activities attributable to operating activities		6,869	-13,460		6,153	-13,680	
Investments in securities and loans		-1,467	-383		-953	-360	
Cash flow from investing activities		392	-2,021		-203	-4,624	-96%
Cash flow before financing activities		5,402	-13,843		5,200	-14,040	
Financing activities							
Change in debt from financing activities		3,938	3,182	24%	3,735	2,823	32%
Dividend		-6,200	-		-6,200	-	
Cash flow from financing activities		-2,262	3,182		-2,465	2,823	
Cash flow for the period		3,140	-10,661		2,735	-11,217	
Cash and cash equivalents at beginning of period							
Exchange rate differences in cash and cash equivalents		709	1,389	-49%	730	1,666	-56%
Cash and cash equivalents at end of period		25,954	19,711	32%	25,954	19,711	32%
Cash and cash equivalents at end of period reported separately in the balance sheet (assets held for sale)	5	-55	-		-55	-	
Cash and cash equivalents at end of period (reported in the balance sheet)		25,899	19,711	31%	25,899	19,711	31%

¹ Includes Income before tax from continuing and discontinued operations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Accounting principles

Scania applies International Financial Reporting Standards (IFRSs) as adopted by the EU. There are no amendments of IFRS during 2023 that are estimated to have a material impact on the result and financial position of the Scania Group. The accounting policies and definitions are consistently applied with those described in Scania's Annual and Sustainability Report 2022. This interim report for the Scania Group has been prepared in accordance with IAS 34, "Interim Financial Reporting" and the Annual Accounts Act.

The interim report for the parent company, Scania AB, has been prepared in accordance with the Annual Accounts Act and recommendation RFR 2, "Accounting for Legal Entities" of the Swedish Financial Reporting Board.

Assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the assets or disposal group is available for immediate sale in its present condition. Management must be committed to a plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset/disposal group, excluding finance costs and income tax.

Discontinued operations

A discontinued operation is a component of the Group which either has been disposed of, or is classified as held for sale, and represents a separate line of business or geographical area of operation. A discontinued operation is reported separately from continuing operations in the income statement, and comparable information for prior periods is restated. Assets classified as held for sale and associated liabilities are presented separately in the balance sheet. Prior periods are not affected.

For information regarding changes in the segment reporting refer to Note 3 Segment reporting.

Note 2 – Material risks and uncertainties

The impact of the war in Ukraine is still difficult to assess. Scania continuously assesses the situation and the potential impact on the future development and/or risks that can affect the financial position. The situation could 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, could also 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 these potential impacts can occur independently, or in combination, and could have a negative impact on the Scania Group's business and financial development and performance.

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report 2022 describes Scania's strategic, operational, legal and financial risks. Note 2 Key judgments and estimates of the same report provides a detailed account of key judgements and estimates. Note 28 Financial risk management of the same report describes the financial risks, such as currency risk and interest rate risk. The risks that have the greatest impact on financial performance and on reporting for the Group and the Parent Company are summarised as follows:

a) Sales with obligations

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

b) Legal risks

In 2011, Scania became subject of an investigation by the European Commission (EC) into allegedly inappropriate cooperation with all of the other European truck manufacturers. The EU served Scania a final decision in October 2017, holding Scania liable to pay fines for said cartel in the amount of around EUR 880.5 m. Scania appealed against the EC decision to the EU's General Court (GC), which rendered its judgment on 2 February 2022. In the GC judgment, Scania's appeal was dismissed in its entirety and the full amount of the fines was upheld. Scania appealed against the GC judgment in April 2022 to the European Court of Justice (ECJ) and also fulfilled its formal duty to pay the total amount of the fines (including accrued interest) even pending the outcome of the ECJ appeal proceedings. These are still in progress. In addition, Scania has received related civil claims by direct or indirect customers of Scania in multiple jurisdictions. Scania defends itself against all claims by denying any effect of the alleged cartel while also seeking to have all court proceedings stayed until such time that the ECJ has rendered its judgment.

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Note 3 – Segment reporting

As a consequence of the decision to divest the Financial Services segment to TRATON as of 1 April 2023 the Scania Group has a changed segment structure, which now consists of a single operating segment, Vehicles and Services. The comparative figures for 2022 have been restated to reflect the organisational changes.

Vehicles and Services segment

The results and financial position of the Vehicles and Services operations are monitored by Scania's Board of Directors and Management. The Vehicles and Services operating segment encompasses the 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. Earnings, assets and liabilities and cash flow attributable to the Vehicles and Services operations have been allocated to this segment.

Group Activities

Treasury activities consisting of interest income and expenses, receivables and liabilities attributable to the financing of the Financial Services segment which was divested to TRATON 1 April 2023 and was presented as Group activities in the segment reporting. These activities will continue to be carried out by Scania during a transition period.

Apr-Jun SEK million	Vehicles & Services			Group Activities			Eliminations			Scania Group		
	2023	2022	Δ%	2023	2022	Δ%	2023	2022	Δ%	2023	2022	Δ%
Net sales	51,006	38,350	33%	-	-		-17	-965	-98%	50,989	37,385	36%
Gross income	13,841	8,795	57%	-	-		-6	-1		13,835	8,794	57%
Operating income	6,109	2,859		-	-		-6	-0		6,103	2,859	
Interest Income	924	378		956	439		-13	-439	-97%	1,867	378	
Interest Expenses	-633	-296		-956	-439		13	439	-97%	-1,576	-296	
Other	11,196	661		-21	-		-11,254	-63		-79	598	
Total financial items	11,487	743		-21	-		-11,254	-63		212	680	-69%
Income before taxes	17,596	3,602		-21	-		-11,260	-63		6,315	3,539	78%
Income taxes	-2,432	-1,116		4	-		-4	-2	100%	-2,432	-1,118	
Net income for the period from continuing operations	15,164	2,486		-17	-		-11,264	-65		3,883	2,421	60%
Net income for the period from discontinued operations	-	-		2,805	13		-	-		2,805	13	
Net income for the Group	15,164	2,486		2,788	13		-11,264	-65		6,688	2,434	

Jan-Jun SEK million	Vehicles & Services			Group Activities			Eliminations			Scania Group		
	2023	2022	Δ%	2023	2022	Δ%	2023	2022	Δ%	2023	2022	Δ%
Net sales	97,735	71,693	36%	-	-		-934	-2,061	-55%	96,801	69,632	39%
Gross income	26,557	16,696	59%	-	-		-6	-1		26,551	16,695	59%
Operating income	12,309	5,264		-	-		-6	1		12,303	5,265	
Interest Income	1,633	541		1,734	782		-791	-782	1%	2,576	541	
Interest Expenses	-1,080	-397		-1,734	-782		791	782	1%	-2,023	-397	
Other	10,843	1,946		-261	-		-11,007	-66		-425	1,880	
Total financial items	11,396	2,090		-261	-		-11,007	-66		128	2,024	-94%
Income before taxes	23,705	7,354		-261	-		-11,013	-65		12,431	7,289	71%
Income taxes	-4,137	-2,544	63%	54	-		-61	-9		-4,144	-2,553	62%
Net income for the period from continuing operations	19,568	4,810		-207	-		-11,074	-74		8,287	4,736	75%
Net income for the period from discontinued operations	-	-		2,101	88		-	-		2,101	88	
Net income for the Group	19,568	4,810		1,894	88		-11,074	-74		10,388	4,824	

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Note 4 – Acquisitions and divestments

Acquisitions

No acquisitions were made during the second quarter of 2023.

Divestments

As part of the ongoing transformation of TRATON, the Scania Financial Services segment was sold to TRATON on 1 April 2023.

The sales price for the sold entities amounted to SEK 15.2 billion and the capital gain, including reversal of realised translation differences previously recognised in other comprehensive income amounted to SEK 2.8 billion the capital gain is recognised within discontinued operations.

As of 30 June, a few legal entities have not yet been legally transferred to TRATON, see Note 5 Assets held for sale and discontinued operations for further details.

Details on divestment	30 Jun
SEK million	2023
Consideration received in cash	5,664
Consideration offset against dividend to shareholders	9,500
Sales price	15,164
Carrying amount of divested net assets	13,635
Translation differences from exchange rate differences reversed from other comprehensive income	1,229
Net gain (affecting net income in discontinued operations)	2,758
Cash effect of divestment	30 Jun
SEK million	2023
Consideration received in cash	5,664
Cash and cash equivalents in divested entities	-1,225
Impact on the Group's cash and cash equivalents	4,439

Net assets at the point of sale	2023
SEK million	
Assets	
Intangible assets	95
Tangible assets	29
Lease assets	6,425
Shares and participations	2
Interest-bearing receivables, non-current	72,788
Other receivables, non-current	6,542
Interest-bearing receivables, current	44,636
Other receivables, current	6,457
Current investments	-232
Cash and cash equivalents	1,225
Liabilities	-
Interest-bearing liabilities, non-current	64,780
Provisions for pensions	93
Other non-current provisions	6
Other liabilities, non-current	689
Interest-bearing liabilities, current	55,954
Current provisions	31
Other liabilities, current	2,780
Net identifiable assets	13,635

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Note 5 – Assets held for sale and discontinued operations

As part of the ongoing transformation of TRATON, the Scania Financial Services segment was sold to TRATON on 1 April 2023. On the balance sheet date a few legal entities of the segment had not yet been legally transferred and remain as assets and liabilities held for sale in the Group's balance sheet.

As of 31 March 2023, the segment is reported as a discontinued operation in the income statement of the Scania Group. The 2022 figures in the income statement have been restated.

Income statement SEK million	Q2			Jan-Jun		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	42	2,547	-98%	3,103	5,057	-39%
Cost of sales	-17	-1,601	-99%	-2,070	-3,194	-35%
Gross income	25	946	-97%	1,033	1,863	-45%
Selling expenses	-18	-430	-96%	-514	-699	-27%
Other income	100	-303		210	-682	
Other expenses	-38	-28	39%	-132	-95	39%
Items affecting comparability ¹	2,758	-		1,746	-	
Operating income	2,827	185		2,344	387	
Total financial items	-	-		-1	-1	5%
Income before taxes	2,827	185		2,343	387	
Taxes	-22	-172	-87%	-242	-299	-19%
Net income for the period from discontinued operations	2,805	13		2,101	88	

¹ SEK 2,758 m. in Q2 refers to a capital gain from the Financial Services segment. SEK 1,746 m. in Jan-Jun includes a negative recycling of currency effects from other comprehensive income related to the sale of the Russian Financial Services segment.

Cash flow statement SEK million	Q2			Jan-Jun		
	2023	2022	Δ%	2023	2022	Δ%
Cash flow from operating activities	1	-1,426		-1,970	-465	
Cash flow from investing activities	-1,551	-37		-4,926	-24	
Cash flow from financing activities	260	3,276	-92%	2,351	2,566	-8%
Cash flow for the period	-1,290	1,813		-4,545	2,077	

Net assets SEK million	30 Jun 2023
Intangible assets	1
Tangible assets	30
Interest-bearing receivables, non-current	650
Other receivables, non-current	416
Interest-bearing receivables, current	382
Other receivables, current	138
Current investments	428
Cash and cash equivalents	55
Elimination against Vehicles & Services	-71
Assets held for sale	2,030
Interest-bearing liabilities, non-current	679
Other non-current provisions	12
Other liabilities, non-current	49
Interest-bearing liabilities, current	399
Other liabilities, current	367
Elimination against Vehicles & Services	-1,078
Liabilities directly attributable to assets held for sale	428
Eliminations	-1,007
Net carrying amount of the remaining entities	595

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Note 6 – Financial instruments

In Scania's balance sheet, financial instruments carried at fair value are mainly derivatives, current and non-current investments. Fair value is established according to various levels, defined in IFRS 13, that reflect the extent to which market values have been utilised.

Current investments are carried according to Level 1, i.e. quoted prices in active markets for identical assets.

Other assets that are carried at fair value refer to derivatives. These assets are carried according to Level 2, which is based on data other than the quoted prices that are part of Level 1 and refer to directly or indirectly observable market data, such as discount rate and credit risk. These items are carried under Other non-current receivables, Other current receivables, Other non-current liabilities and Other current liabilities.

Equity instruments assets are carried according to Level 3 based on unobservable data.

Financial instruments measured at fair value		
SEK million	30 Jun 2023	31 Dec 2022
Equity instruments ³	1,151	1,312
Current investments and cash and cash equivalents ¹	50	203
Other receivables, non-current ²	2,183	2,157
Other current receivables ²	826	639
Total assets	4,211	4,310
Other liabilities, non-current ²	3,000	2,614
Other current liabilities ²	2,108	1,131
Total Liabilities	5,108	3,745

¹ Level 1 – Quoted prices in active markets for identical assets.

² Level 2 – Directly or indirectly observable market data, such as discount rate and credit risk.

³ Level 3 – Unobservable data.

For financial instruments that are carried at amortised cost, fair value disclosures are provided in the table below. Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at amortised cost less any impairment losses is regarded as coinciding with the carrying amount. For further information about financial instruments, see Note 29 Financial instruments in Scania's Annual and Sustainability Report for 2022.

Financial instruments measured at amortised cost SEK million	30 Jun 2023		31 Dec 2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Total assets	146,410	144,862	151,578	149,380
Total liabilities	133,110	132,447	143,437	142,186

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Note 7 – Related party transactions

All related party transactions occur on market terms.

The volume of related party transactions included in the consolidated financial statements has increased during the second quarter 2023 since all transactions with the former subsidiaries within the Financial Services segment are now external transactions with related parties. These transactions are presented under the line item TRATON Financial Services in the tables below.

SEK million	Revenue			
	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Volkswagen Group ¹	1	2	16	3
TRATON GROUP ²	307	146	512	244
TRATON Financial Services	945	-	945	-
Associated companies and joint ventures	128	99	238	191

SEK million	Expenses			
	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Volkswagen Group ¹	504	448	745	648
TRATON GROUP ²	400	57	676	100
TRATON Financial Services	860	-	860	-
Associated companies and joint ventures	133	161	354	331

SEK million	Assets		Liabilities	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
Volkswagen Group ¹	668	4,294	900	631
TRATON GROUP ²	19,667	11,150	54,458	37,597
TRATON Financial Services	104,522	-	16,366	-
Associated companies and joint ventures	26	56	-	2

¹ Excluding TRATON GROUP.

² Excluding TRATON Financial Services.

The transactions and positions against the former segment Financial Services are included after 1 April 2023.

Note 8 – Items affecting comparability

The bus and coach market were heavily impacted by the pandemic and although the market has gradually picked up, the pace of recovery is slow, competition is increasing, and upcoming legislation requires significant investments in new technology.

Consequently, Scania decided to close down the part of the plant in Słupsk, Poland, that is producing bodies for Scania chassis. The body production will be gradually ended by the first quarter of 2024. This decision will not affect chassis production in Słupsk nor other Scania entities in Poland. The decision resulted in impairments and restructuring costs classified as items affecting comparability.

SEK million	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Busproduction Poland	-839	-	-839	-
Russia	-11	-	5	-
EU truck case	-	-	-	-176
Total within operating income	-850	-	-834	-176
Tax Poland	-170	-	-170	-
Total within net profit	-1,020	-	-1,004	-176

Note 9 – Events after the reporting period

There have not been any significant events after the reporting period.

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PARENT COMPANY

Income statement SEK million	Jan-Jun		
	2023	2022	Δ%
Financial income and expenses	95	7	
Taxes	-19	-2	
Net income for the period	76	5	

Statement of other comprehensive income			
Net income	76	5	
Other comprehensive income	-	-	
Total comprehensive income	76	5	

Balance sheet SEK million	30 Jun		
	2023	2022	Δ%
Assets			
Financial non-current assets			
Shares in subsidiaries	8,435	8,435	-
Current assets			
Due from subsidiaries	1,030	9,716	- 89%
Total assets	9,465	18,151	- 48%

Equity			
Equity	9,446	18,149	- 48%
Total shareholders' equity	9,446	18,149	- 48%
Current liabilities			
Tax liabilities	19	2	
Total equity and liabilities	9,465	18,151	- 48%

Statement of changes in equity SEK million	30 Jun		
	2023	2022	Δ%
Equity, 1 January	25,070	18,144	38%
Total comprehensive income	76	5	
Dividend	-15,700	-	
Equity	9,446	18,149	- 48%

The assets of the Parent Company, Scania AB, consist of shares in Scania CV AB. Scania CV AB is the Parent Company of the Group that comprises all production and sales and service companies as well as other companies.

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DIVIDEND AND ANNUAL GENERAL MEETING

Scania's Annual General Meeting for the financial year 2022 was held on 4 May 2023 in Södertälje, Sweden. The Annual General Meeting accepted the Board of Director's dividend proposal of SEK 15,700 m. of which SEK 9,500 m. is dividend in kind and SEK 6,200 m. is cash dividend.

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KEY FINANCIAL RATIOS AND FIGURES

SEK million	Q2			Jan-Jun		
	2023	2022	Δ%	2023	2022	Δ%
Continuing operations						
Net sales	50,989	37,385	36%	96,801	69,632	39%
Operating income	6,103	2,859		12,303	5,265	
Adjusted operating income	6,953	2,859		13,137	5,441	
Net income for the period from continuing operations	3,883	2,421	60%	8,287	4,736	75%
Adjusted Net income for the period from continuing operations	4,733	2,421	95%	9,121	4,912	86%
Operating margin	12.0%	7.6%		12.7%	7.6%	
Adjusted operating margin	13.6%	7.6%		13.6%	7.8%	
Net margin	7.6%	6.5%		8.6%	6.8%	
Adjusted Net margin	9.3%	6.5%		9.4%	7.1%	
Equity/asset ratio	26.3%	29.3%		26.3%	29.3%	

SEK million	30 Jun		
	2023	2022	Δ%
Capital employed ¹			
Total assets, excl. shares and participations in group companies	179,085	162,752	10%
Other provisions, non-current and current	9,026	12,563	-28%
Other liabilities, non-current and current	81,689	73,126	12%
Net derivatives	-275	-215	28%
Capital employed	88,646	77,278	15%
Items affecting comparability	328	4,629	-93%
Adjusted capital employed	88,974	81,907	9%

SEK million	30 Jun		
	2023	2022	Δ%
Return on capital employed ¹			
Operating income	19,695	5,644	
Items affecting comparability	1,960	5,229	-63%
Adjusted Operating income	21,654	10,873	99%
Financial income	3,340	3,686	-9%
Capital employed	88,646	77,278	15%
Return on capital employed	26.0%	12.1%	
Adjusted return on capital employed	28.1%	17.8%	

¹ Refers to Vehicles & Services segment.

For the definitions of the key ratios please refer to the Scania Annual and Sustainability Report 2022.

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ABOUT SCANIA

Scania's purpose is to drive the shift towards a sustainable transport system, creating a world of mobility that is better for business, society and the environment.

Scania is a world-leading provider of transport solutions, including trucks and buses for heavy transport applications combined with an extensive product related service offering. Scania offers vehicle financing, insurance and rental services to enable our customers to focus on their core business. Scania is also a leading provider of power solutions for industrial and marine applications.



Trucks

Scania supports transport companies across the world by delivering heavy trucks for each customer's need.

We offer tailor-made solutions for a range of different applications including long-distance, urban applications and construction.



Buses and coaches

Scania offers a complete range of city buses and coaches for public transport operators and coach companies.

Our offer also includes tailored solutions to help solve today's urban mobility challenges.



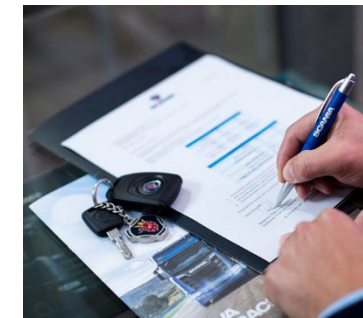
Power solutions

Scania engines can be found at the heart of machines required to be in use 24 hours a day, including in wheel loaders, patrol boats and power gensets.



Services

Scania's extensive service offering includes workshop services, tailor-made maintenance with flexible and predictive plans, driver training and evaluation, and services for support and management of our customers' operations.



Financial services

Scania Financial services provides flexible financing and insurance solutions tailored to give our customers predictable costs and manageable risks over the entire life cycle of their vehicles.

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