

## Business Report

For the period January 1, 2019 through December 31, 2019

Volvo Financial Services Korea Co.,Ltd. ("the Company") is incorporated in Republic of Korea. The Company is a wholly-owned subsidiary of VOLVO LASTVAGNAR SVERIGE AB, a company incorporated in Sweden. The ultimate holding company is AKTIEBOLAGET VOLVO, which is incorporated in Sweden. The registered office of the Company is located at Volvo Bldg., 2nd Fl. 130, Hanam-daero, Yongsan-gu, Seoul, Korea.

The objectives of the Company shall be to engage in the following business actives.

1. Leasing, installment financing, equipment loan and other related financial services relating to on-road or off-road commercial vehicles, including but not limited to truck, bus, construction equipment and related services; and
2. Any and all businesses which are, directly or indirectly, incidental or related to those set forth above.

The directors of the Company are as follows:

Representative Director

Choi Jin woo

Director

Paul Marcel Le Houillier

Ying Ying Tang

For the period, January 1, 2019 through December 31, 2019, the Company recognized a net loss of KRW 2,787,877,990. Total asset was KRW 76,775,669,225 and the total capital stock was KRW 23,000,000,000 at December 31, 2019.

The detail financials are as bellows;

Statements of Comprehensive Income	Amount (KRW)
Operating revenue	894,966,334
Operating expense	4,441,477,417
Non-operating income	44,106
Total comprehensive income	2,787,877,990

Statements of Financial Position	Amount (KRW)
Total Asset	76,775,669,225
Total Liabilities	57,040,456,265
Total Equity	19,735,212,960

## Statements of Financial Position

As of December 31, 2019 and 2018

Volvo Financial Services Korea		(Unit : KRW)	
Description	2019	2018	
<b>Asset</b>			
Cash and cash equivalents	4,166,428,337	2,471,906,925	
Installment financial assets	50,742,529,183	-	
Loans	18,736,289,575	-	
Other Financial Asset	265,148,204	54,000,000	
Property and equipment, net	330,919,082	126,426,205	
Intangible assets	1,638,276,128	765,716,070	
Current income tax assets	2,976,920	879,800	
Deferred income tax assets	893,101,796	134,512,809	
Other Asset		1,636,667	
<b>Total Assets</b>	<b>76,775,669,225</b>	<b>3,555,078,476</b>	
<b>Liabilities</b>			
Borrowed liabilities	55,000,000,040	-	
Other Financial liabilities	1,973,702,086	801,562,230	
Current Tax liabilities		1,776,136	
Other liabilities	66,754,139	28,649,160	
<b>Total liabilities</b>	<b>57,040,456,265</b>	<b>831,987,526</b>	
<b>Equity</b>			
Share capital	23,000,000,000	3,200,000,000	
Retained earnings	(3,264,787,040)	(476,909,050)	
<b>Total equity</b>	<b>19,735,212,960</b>	<b>2,723,090,950</b>	
<b>Total liabilities and equity</b>	<b>76,775,669,225</b>	<b>3,555,078,476</b>	

## Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

Volvo Financial Services Korea

(Unit : KRW)

Description	2019		2018	
I. Operating loss		(3,546,511,083)		(611,422,359)
1. Net Interest income	712,135,010		5,713,246	
(1) Interest income	893,986,345		5,713,246	
(2) Interest expense	(181,851,335)		-	
2. Net Fee income	(403,581,147)		(216,992,432)	
(1) Fee income	979,989			
(2) Fee expense	(404,561,136)		(216,992,432)	
3. General and administrative expenses	(2,973,059,224)		(400,143,173)	
4. Provision for doubtful accounts	(882,005,722)		-	
II. Non-operating income		44,106		500
III. Loss before income taxes		(3,546,466,977)		(611,421,859)
IV. Income tax income		758,588,987		134,512,809
V. Net loss		(2,787,877,990)		(476,909,050)
VI. Other comprehensive loss		-		-
VII. Total comprehensive Loss		(2,787,877,990)		(476,909,050)

## Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

Volvo Financial Services Korea

(Unit : KRW)

	Common Stock	Retained earnings	Total equity
<b>Balance at August 28, 2018</b>	<b>3,200,000,000</b>	-	<b>3,200,000,000</b>
Loss	-	(476,909,050)	(476,909,050)
<b>Balance at December 31, 2018</b>	<b>3,200,000,000</b>	<b>(476,909,050)</b>	<b>2,723,090,950</b>
<b>Balance at January 1, 2019</b>	<b>3,200,000,000</b>	<b>(476,909,050)</b>	<b>2,723,090,950</b>
Transactions with shareholders issue of common stock	19,800,000,000	-	19,800,000,000
Loss	-	(2,787,877,990)	(2,787,877,990)
<b>Balance at December 31, 2019</b>	<b>23,000,000,000</b>	<b>(3,264,787,040)</b>	<b>19,735,212,960</b>

## Statements of Cash Flows

For the years ended December 31, 2019 and 2018

Volvo Financial Services Korea

(Unit : KRW)

	2019		2018	
<b>I. Cash flows from operating activities</b>		<b>(71,692,897,500)</b>		<b>(75,977,161)</b>
1. Loss	(2,787,877,990)		(476,909,050)	
2. Adjustments for profit or loss	(1,470,723,997)		(140,226,055)	
Income tax paid	(758,588,987)		(134,512,809)	
Interest received	(893,986,345)		(5,713,246)	
Interest Paid	181,851,335		-	
3. Addition of expenses not involving cash outflows	1,150,779,622		4,340,939	
4. Changes in assets and liabilities resulting from operations	(69,248,092,703)		530,207,423	
5. Refund of income taxes	(3,873,256)		896,336	
6. interest received	780,958,054		5,713,246	
7. Interest paid	(114,067,230)		-	
<b>II. Cash flows from investing activities</b>		<b>(1,355,758,040)</b>		<b>(652,115,914)</b>
1. Cash out flows for investing activities	(1,355,758,040)		(652,115,914)	
<b>III. Cash flows from financing activities</b>		<b>74,743,176,952</b>		<b>3,200,000,000</b>
1. Cash inflows from financing activities	84,800,000,040		3,200,000,000	
2. Cash outflows for financing activities	(10,056,823,088)		-	
<b>IV. Net increase(decrease) in cash and cash equivalents (I+II+III)</b>		<b>1,694,521,412</b>		<b>2,471,906,925</b>
<b>V. Cash and cash equivalents at beginning of year</b>		<b>2,471,906,925</b>		<b>-</b>
<b>VI. Cash and cash equivalents at end of year</b>		<b>4,166,428,337</b>		<b>2,471,906,925</b>

## Statement of disposition of deficit

For the years ended December 31, 2019 and 2018

Volvo Financial Services Korea

(Unit : KRW)

Accounts	2019		2018	
<b>I. Retained Earnings Before Appropriations or Accumulated Deficit Before Disposition</b>		<b>3,264,787,040</b>		<b>476,909,050</b>
1. Unappropriated Retained Earnings or Undisposed Accumulated Deficit from Beginning Year	476,909,050			
2. Net Income or Loss	2,787,877,990		476,909,050	
<b>II. Unappropriated Retained Earnings or Undisposed Accumulated Deficit Carried over to Subsequent Year</b>		<b>3,264,787,040</b>		<b>476,909,050</b>