

Business Report

For the period January 1, 2020 through December 31, 2020

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 activities.

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, 2020 through December 31, 2020, the Company recognized a net loss of KRW 3,595,621,287. Total asset was KRW 240,626,534,724 and the total capital stock was KRW 35,000,000,000 at December 31, 2020.

The detail financials are as follows;

Statements of Comprehensive Income	Amount (KRW)
Operating revenue	8,199,999,555
Operating expense	10,902,519,588
Non-operating income	542
Total comprehensive income	3,595,621,287

Statements of Financial Position	Amount (KRW)
Total Asset	240,626,534,724
Total Liabilities	212,486,943,051
Total Equity	28,139,591,673

Statements of Financial Position

As of December 31, 2020 and 2019

Volvo Financial Services Korea

(Unit : KRW)

Description	2020	2019
Asset		
Cash and cash equivalents	5,373,049,124	4,166,428,337
Installment financial assets	128,218,391,168	50,742,529,183
Loans	104,662,709,724	18,736,289,575
Other Financial Asset	768,735,814	265,148,204
Property and equipment, net	239,399,570	330,919,082
Intangible assets	1,364,249,324	1,638,276,128
Current income tax assets	-	2,976,920
Deferred income tax assets	-	893,101,796
Total Assets	240,626,534,724	76,775,669,225
Liabilities		
Borrowed liabilities	209,805,555,856	55,000,000,040
Other Financial liabilities	2,522,514,056	1,973,702,086
Other liabilities	158,873,139	66,754,139
Total liabilities	212,486,943,051	57,040,456,265
Equity		
Share capital	35,000,000,000	23,000,000,000
Retained earnings	(6,860,408,327)	(3,264,787,040)
Total equity	28,139,591,673	19,735,212,960
Total liabilities and equity	240,626,534,724	76,775,669,225

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

Volvo Financial Services Korea

(Unit : KRW)

Description	2020	2019
I. Operating loss	(2,702,520,033)	(3,546,511,083)
1. Net Interest income	5,664,493,708	712,135,010
(1) Interest income	8,144,840,330	893,986,345
(2) Interest expense	(2,480,346,622)	(181,851,335)
2. Net Fee income	(876,735,257)	(403,581,147)
(1) Fee income	55,159,225	979,989
(2) Fee expense	(931,894,482)	(404,561,136)
3. General and administrative expenses	(3,677,917,711)	(2,973,059,224)
4. Provision for doubtful accounts	(3,812,360,773)	(882,005,722)
II. Non-operating income	542	44,106
III. Loss before income taxes	(2,702,519,491)	(3,546,466,977)
IV. Income tax income	(893,101,796)	758,588,987
V. Net loss	(3,595,621,287)	(2,787,877,990)
VI. Other comprehensive loss		-
VII. Total comprehensive Loss	(3,595,621,287)	(2,787,877,990)

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

Volvo Financial Services Korea

(Unit : KRW)

	Common Stock	Retained earnings	Total equity
Balance at January 1, 2019	3,200,000,000	(476,909,050)	2,723,090,950
Transactions with shareholders issue of common stock	19,800,000,000	-	19,800,000,000
Loss	-	(2,787,877,990)	(2,787,877,990)
Balance at December 31, 2019	23,000,000,000	(3,264,787,040)	19,735,212,960
Balance at January 1, 2020	23,000,000,000	(3,264,787,040)	19,735,212,960
Transactions with shareholders issue of common stock	12,000,000,000	-	12,000,000,000
Loss	-	(3,595,621,287)	(3,595,621,287)
Balance at December 31, 2020	35,000,000,000	(6,860,408,327)	28,139,591,673

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

Volvo Financial Services
Korea

(Unit : KRW)

	2020		2019	
I. Cash flows from operating activities		(165,439,276,273)		(71,692,897,500)
1. Loss	(3,595,621,287)		(2,787,877,990)	
2. Adjustments for profit or loss	(4,771,391,912)		(1,470,723,997)	
Income tax paid	893,101,796		(758,588,987)	
Interest received	(8,144,840,330)		(893,986,345)	
Interest Paid	2,480,346,622		181,851,335	
3. Addition of expenses not involving cash outflows	4,274,372,689		1,150,779,622	
4. Changes in assets and liabilities resulting from operations	(167,683,996,739)		(69,248,092,703)	
5. Refund of income taxes	2,976,920		(3,873,256)	
6. interest received	8,699,059,452		780,958,054	
7. Interest paid	(2,364,675,396)		(114,067,230)	
II. Cash flows from investing activities		(96,865,600)		(1,355,758,040)
1. Cash out flows for investing activities	(96,865,600)		(1,355,758,040)	
III. Cash flows from financing activities		166,742,762,660		74,743,176,952
1. Cash inflows from financing activities	203,000,000,280		84,800,000,040	
2. Cash outflows for financing activities	(36,257,237,620)		(10,056,823,088)	
IV. Net increase(decrease) in cash and cash equivalents (I+II+III)		1,206,620,787		1,694,521,412
V. Cash and cash equivalents at beginning of year		4,166,428,337		2,471,906,925
VI. Cash and cash equivalents at end of year		5,373,049,124		4,166,428,337