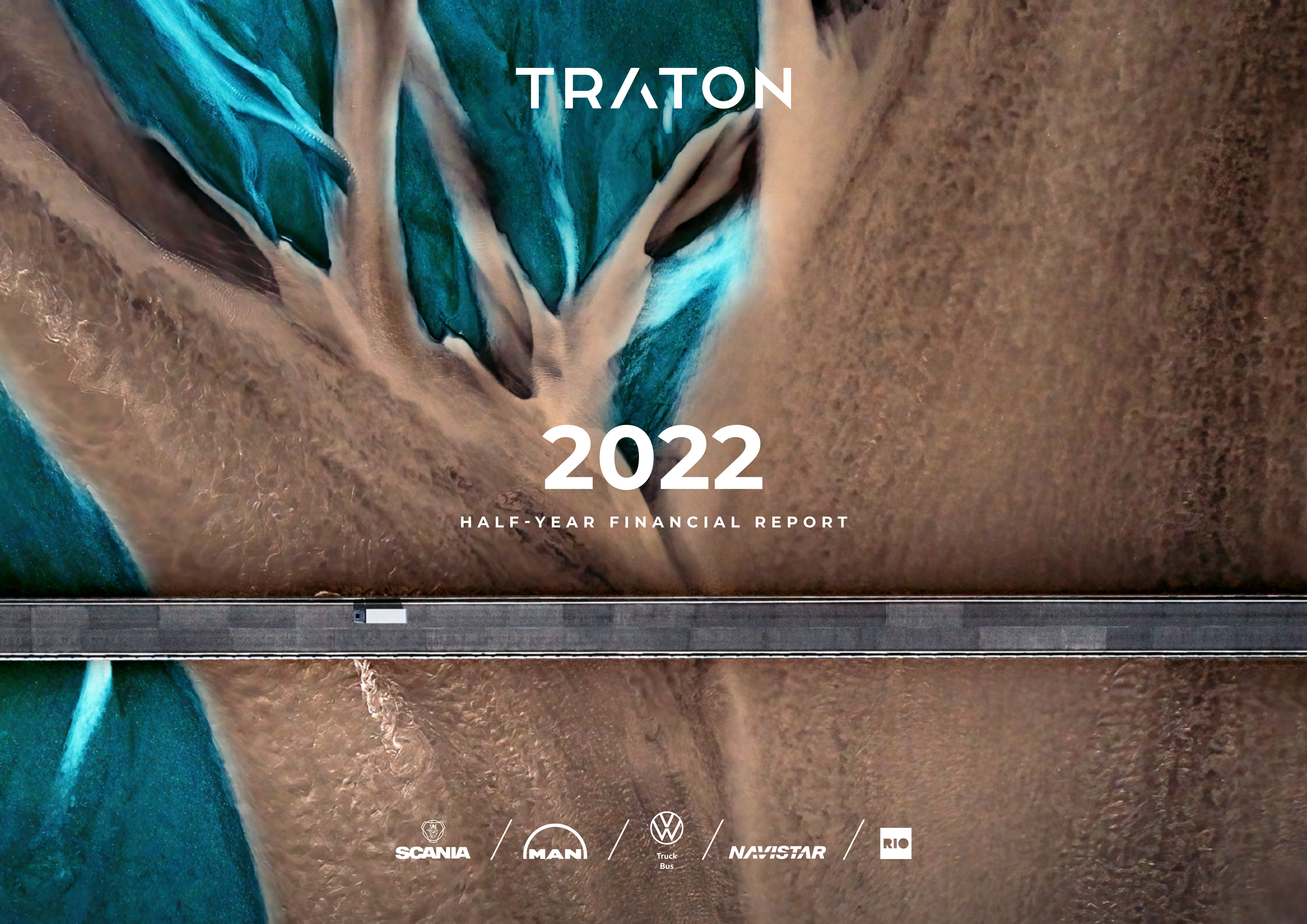

TRATON

2022

HALF-YEAR FINANCIAL REPORT

SCANIA / MAN / Truck Bus / NAVISTAR / RIO

At a Glance

Incoming orders down by **4%**

Unit sales **9%** higher at 137,294 vehicles

Sales revenue rose by 32% to around **€18.0** billion

Adjusted operating result €330 million lower at **€798** million

Decrease in adjusted operating return on sales to **4.4%**

TRATON GROUP

Trucks and buses (units)	H1 2022	H1 2021	Change
Incoming orders	164,213	170,946	–4%
Unit sales	137,294	126,450	9%
of which trucks	115,115	108,665	6%
of which buses	12,894	6,503	98%
of which MAN TGE vans	9,285	11,282	–18%
TRATON GROUP			
Sales revenue (€ million)	17,982	13,621	32%
Operating result (€ million)	661	455	206
Operating result (adjusted) (€ million)	798	1,128	–330
Operating return on sales (in %)	3.7	3.3	0.3 pp
Operating return on sales (adjusted) (in %)	4.4	8.3	–3.8 pp
Earnings per share (€)	1.38	0.69	0.69
Employees[1]	99,865	97,235	2,630
TRATON Operations			
Sales revenue (€ million)	17,634	13,402	32%
Operating result (€ million)	797	445	352
Operating result (adjusted) (€ million)	869	1,117	–248
Operating return on sales (in %)	4.5	3.3	1.2 pp
Operating return on sales (adjusted) (in %)	4.9	8.3	–3.4 pp
EBITDA (adjusted) (€ million)	2,039	1,914	125
Primary R&D costs (€ million)	896	614	46%
Capex (€ million)	469	345	36%
Net cash flow (€ million)	–1,395	941	–2,335
Net liquidity/net financial debt (€ million)[1]	–2,931	–1,694	–1,237
TRATON Financial Services			
Sales revenue (€ million)	609	419	45%
Operating result (€ million)	82	100	–18
Operating result (adjusted) (€ million)	146	100	47
Operating return on sales (in %)	13.4	23.8	–10.4 pp
Operating return on sales (adjusted) (in %)	24.1	23.8	0.2 pp
Return on equity (in %)	9.0	19.4	–10.4 pp

1 As of June 30, 2022, and December 31, 2021

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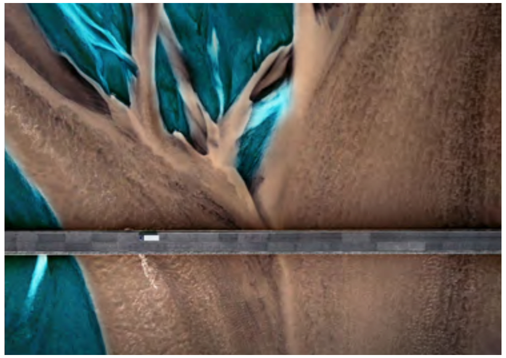

Whether viewed from afar or right up close, nature is a wonderful work of art. Proof of this can be seen in our cover photo, which shows a bird's eye view of a bridge over a glacial river in Iceland. The TRATON GROUP wants to contribute to preserving the basis of life on our planet for generations to come. That is why, together with our brands, we have committed ourselves to acting responsibly and sustainably.

TRATON SE's half-year financial report meets the requirements set out in the applicable provisions of the *Wertpapierhandelsgesetz* (WpHG — German Securities Trading Act) and, in accordance with section 115 of the WpHG, comprises the condensed half-yearly consolidated financial statements, the interim Group management report, and a responsibility statement. This Half-Year Financial Report should be read in conjunction with our Annual Report for fiscal year 2021, which contains a comprehensive description of our business activities.

Our Half-Year Financial Report contains certain forward-looking statements for the remaining months of fiscal year 2022. A range of known and unknown risks, uncertainties, and other factors may result in the actual results, financial position, development, or performance of the TRATON GROUP differing materially from the estimates given here. Such factors include those that TRATON has described in published reports. These reports are available on our website at **www.traton.com**. The Company does not assume any obligation to update such forward-looking statements or to adapt them to future events or developments.

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Comparable figures for the prior-year period are presented in parentheses alongside the figures for the fiscal year under review. The current definition of the key performance indicators and other key figures can be found in the annual report published for the previous year. You can download this report from our website at **https://ir.traton.com/websites/traton/English/3000/reports-_-presentations.html**.

The latest financial calendar information and dates are available on TRATON SE's website at **www.traton.com/financialcalendar**.

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TO OUR SHAREHOLDERS

TO OUR SHAREHOLDERS

Highlights in the First Half of 2022

In the first half of 2022, the TRATON GROUP further expanded its commitment to electric mobility and at the same time focused its “TRATON Way Forward” strategy for a successful course into the future. TRATON is accelerating the transition to alternatively powered commercial vehicles, with plans to invest a total of €2.6 billion in electric mobility research and development by 2026. Previously, the budget had been €1.6 billion by 2025. At the same time, TRATON is scaling back its investments in conventional drive systems. TRATON is primarily directing its further technological development in the field of drive systems toward battery electric trucks and buses. As well as being the most environmentally friendly and readily available option for the long haul, these vehicles are also the most cost-effective solution for our customers. At the same time, the brands' hydrogen projects with technology partners are securing the deployment of this alternative technology, which can offer advantages in niche applications.

At TRATON SE's virtual Annual General Meeting on June 9, 2022, at the ICM in Munich, Chairman of the Executive Board Christian Levin presented the “TRATON Way Forward” corporate strategy to our shareholders in detail. TRATON will focus consistently on sustainable solutions, new markets, and new business models. To become even more efficient and to further benefit from a Group-wide transfer of technology in the future, the TRATON GROUP rolled out a matrix structure for the global development organization on June 1. Together with the new TRATON Modular System, this will make considerable improvements possible in production planning and in research and development. Another aspect of the new organization should see the logistics, production, and purchasing functions of all brands grow even closer together. The matrix organization and the TRATON Modular System will enable better cooperation between the brands and, at the same time, a more targeted alignment with customer needs and hence greater competitiveness.

The TRATON Modular System will gradually introduce a common modular system for trucks and buses across all brands following the principle of the same solutions for identical needs. In the upcoming years, vehicles from Scania, MAN, Volkswagen Truck & Bus, and Navistar are set to be based increasingly on this system. The new modular system enables the efficient and cross-brand development, purchasing, production and, above all, simple integration of various vehicle components into the respective models of the brands via standardized Group interfaces. The aim is for all TRATON brands to use more common components and parts, mainly within the powertrain, cab, software platforms, and chassis. At the same time, each brand will maintain and strengthen its identity and individual offering for the respective customer group.

At its Capital Markets Day in Södertälje, Sweden, in May 2022, the TRATON GROUP committed to an ambitious margin target for 2024 and to acting responsibly, with decarbonization and the circular economy to play a key role in the “TRATON Way Forward” corporate strategy. The targeted 9% return on sales for the TRATON GROUP is based on the implementation of several strategic building blocks. Higher volumes, further growth in the Vehicle Services business, the successful completion of the MAN Truck & Bus repositioning, and further efficiency gains are expected to contribute to improved profitability. TRATON has defined ambitious strategic target margins for each of its brands. It plans to lift the Group's unit sales in the medium term, primarily as a result of the highly competitive product range, the North American market it has entered into with Navistar, and the establishment of production in China, which Scania already initiated in the first half of 2022. In addition, the service offering and financial services are to be expanded to provide optimum support for growth, new business models, and customer requirements.

On July 7, 2022, the TRATON GROUP, Daimler Truck, and the Volvo Group took the final step to launch the previously announced joint venture to develop a charging infrastructure in Europe. The new joint venture is expected to make a key contribution to the European Union's Green Deal and thus to climate-neutral freight transportation by 2050. The joint venture plans to install and operate at least 1,700 high-performance green energy charging points on and close to highways as well as at logistic points in Europe. The three partners intend to invest a combined €500 million to achieve this. As far as the companies are aware, this is by far the largest charging infrastructure investment in the European heavy-duty truck industry to date.

The TRATON GROUP brands reported numerous strategy and product highlights in the first half of 2022:

SCANIA:

- Scania reached an important milestone on the journey to sustainable transportation in the first half of the year, unveiling its first electric trucks for regional long-haul operations. With a battery capacity of 624 kWh, Scania is laying the groundwork for a fundamental shift toward electric trucks in regional long-haul transportation. Depending on weight, configuration, and topography, a 4x2 tractor unit with six batteries can travel up to 350 km between charges, at an average speed of 80 km/h on highways.
- As part of its goal to assume a leading role in key battery technology, Scania has opened a battery laboratory as part of its own research and development facilities. 170 tests can be performed simultaneously in the test bays for battery cells, modules, and packs.
- On the product side, Scania celebrated a major success in the first half of 2022: Scania's new truck generation, the Super range with the new common base engine (CBE), won the prestigious "1000 points" benchmark test, which is based on the opinion of independent trade journalists.

MAN:

- MAN is also making great strides in battery technology. Starting in early 2025, high-voltage batteries for electric trucks and buses will be manufactured in large series at the Nuremberg site. MAN will invest around €100 million over the next five years to make this a reality and has plans to expand production capacity to more than 100,000 batteries per year.
- In addition, MAN is shifting up a gear in the expansion of its portfolio of battery electric vehicles. Production of heavy-duty electric trucks in Munich is now set to start at the beginning of 2024, almost a year earlier than originally planned. The first half of the year also saw MAN present a close-to-production prototype of its new electric truck in Nuremberg for the first time.
- MAN is also making significant progress with the transformation of the company. A core element of this process is the repositioning of the production network. The foundation stone was laid for the expansion of the plant in Krakow, Poland, where MAN is investing approximately €130 million. MAN plans to expand the area of the production plant by around one-third by September 2022 and to develop it into a volume-balancing plant for trucks. Around 300 vehicles and cabs can then roll off the production line every day in three shifts. Plant operation will be carbon-neutral.

NAVISTAR:

- Navistar has inaugurated a new plant in San Antonio, Texas, USA. The nearly one-million-square-meter production plant includes a body shop, a paint shop, a vehicle assembly shop, and a logistics center, and is equipped for the production of Class 6 to 8 vehicles, including electric vehicles. As well as expanding production capacity, the new site will help improve the cost position and optimize quality.
- In order to benefit from the introduction of the common base engine (CBE), the Group-wide diesel powertrain, starting in 2023, Navistar is preparing its recently expanded powertrain site in Huntsville, Alabama, USA, for the CBE. Navistar worked with the other TRATON GROUP brands for more than five years to develop the integrated powertrain. More than USD 190 million has been invested in the Huntsville site in total since 2020.

VOLKSWAGEN TRUCK & BUS:

- Volkswagen Truck & Bus (VWTB) is the new company name for Volkswagen Caminhões e Ônibus. This renaming was made public at the TRATON GROUP's Capital Markets Day. The Brazilian TRATON brand will expand its presence to other markets, focusing on the West and North African regions, as well as exploring opportunities in the Middle East. The brand's new name reflects this gradual expansion of its global footprint.
- VWTB is already successfully implementing its plan to expand its global footprint in 2022. For the first time, the TRATON brand has an official importer in Asia and has entered into a partnership with a local investor to sell its vehicles in the Philippines. Ten models from the Delivery and Constellation truck families as well as the Volksbus will be offered for the market rollout.

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INTERIM GROUP MANAGEMENT REPORT

OF THE TRATON GROUP AS OF JUNE 30, 2022

INTERIM GROUP MANAGEMENT REPORT

of the TRATON GROUP as of June 30, 2022

Report on Economic Position

1. Material events

The TRATON GROUP generated sales revenue of €18.0 billion (H1 2021: €13.6 billion) in the first half of 2022. Operating result (adjusted) was €798 million (H1 2021: €1.1 billion), corresponding to an operating return on sales (adjusted) of 4.4% (H1 2021: 8.3%).

The ongoing supply bottlenecks were exacerbated by the war in Ukraine and the effects of the zero-Covid policy in China, and continued to negatively impact the TRATON GROUP's unit sales. The shortages affected all segments but to a varying extent determined by their supplier network, specifications of the individual vehicles, and customer demand.

Worldwide, there was a significant increase in the prices for energy, logistics, other commodities, and bought-in parts, which impacted all TRATON GROUP segments.

The war in Ukraine led to massive supply shortages for truck cable harnesses, particularly at MAN Truck & Bus, resulting in a six-week shutdown at the truck plants in Munich and Krakow from mid-March and production downtime at other sites. Production resumed in the two plants starting at the end of April and was gradually ramped up. The production of vehicles has been suspended at the joint Scania and MAN Truck & Bus assembly plant in St. Petersburg, Russia, until further notice.

In the second quarter, Scania settled the fine, plus interest, imposed by the European Commission in the EU antitrust proceedings and confirmed by the General Court of the European Union in its ruling of February 2, 2022. The total amount was €937 million. Scania filed an appeal against this judgment with the European Court of Justice on April 8, 2022. In addition, Navistar made final payments totaling €420 million in June 2022 following court approval of the "Profit Sharing Settlement Agreement" and "Krzysiak Action Settlement Agreement" (see the **"Important Legal Cases"** section).

2. Market environment

The available registration data for the TRATON GROUP's core regions reflects the situation from January through June 2022 for the EU27+3 region and January through May 2022 for Brazil, Turkey, South Africa, and North America.

In the first half of 2022, the most important truck markets (> 6t) for the TRATON GROUP reported a slight decline overall in new registrations. Since the end of 2021, factors like supply bottlenecks for semiconductors and growing logistics shortages have put a stop to the previously clearly visible market recovery. The war in Ukraine has further exacerbated this existing bottleneck situation.

New truck registrations in the EU27+3 region in the first half of 2022 were just short of the prior-year level, with some significant differences between the countries. Germany, for example, experienced a moderate market decline, while Italy and Poland saw a slight decline and Spain recorded solid growth. In Brazil, the market declined slightly, while Turkey experienced a noticeable downturn. By contrast, South Africa recorded a distinct increase. In the North America region, supply bottlenecks have eased recently overall, and the market for Class 6–8 trucks was down only slightly on the prior-year level.

Overall, the most important bus markets recorded moderate growth in the first half of 2022. The bus market remained at a very low level overall due to the COVID-19 pandemic, although it most recently showed signs of recovery. New bus registrations in the EU27+3 region were up noticeably on the prior-year level, albeit with widely varying rates between the individual countries and segments. Whereas Germany and Italy still recorded an impressive decline, Spain, Sweden, and the United Kingdom reported a very strong recovery. The coach segment, in particular, posted very strong growth on a low prior-year level. The Brazilian bus market recorded a slight decline, while the North American bus market remained on a level with the previous year.

3. Results of operations

INCOMING ORDERS AND UNIT SALES BY COUNTRY, TRATON OPERATIONS

	Incoming orders			Unit sales		
Units	**H1 2022**	**H1 2021**	**Change**	**H1 2022**	**H1 2021**	**Change**
Total	**164,213**	**170,946**	**–4%**	**137,294**	**126,450**	**9%**
BEV unit sales ratio (excluding MAN TGE vans, in %)	n/a	n/a	n/a	0.3	0.0	0.3 pp
Trucks	**135,578**	**147,199**	**–8%**	**115,115**	**108,665**	**6%**
EU27+3	51,841	83,663	–38%	39,504	48,993	–19%
of which in Germany	11,424	19,197	–40%	8,816	12,582	–30%
North America	44,281	949	>1,000%	31,195	744	>1,000%
of which in the USA/Canada	38,504	7	>1,000%	26,791	4	>1,000%
of which in Mexico	5,777	942	513%	4,404	740	495%
South America	28,236	37,497	–25%	32,349	36,827	–12%
of which in Brazil	21,322	30,808	–31%	25,738	31,923	–19%
Other regions	11,220	25,090	–55%	12,067	22,101	–45%
Buses	**15,724**	**6,360**	**147%**	**12,894**	**6,503**	**98%**
EU27+3	3,141	2,407	30%	2,250	2,012	12%
of which in Germany	818	761	7%	436	664	–34%
North America	7,195	361	>1,000%	6,384	371	>1,000%
of which in the USA/Canada	5,896	–	–	5,630	–	–
of which in Mexico	1,299	361	260%	754	371	103%
South America	3,881	2,600	49%	3,282	2,873	14%
of which in Brazil	2,598	2,128	22%	2,741	2,272	21%
Other regions	1,507	992	52%	978	1,247	–22%
MAN TGE vans	**12,911**	**17,387**	**–26%**	**9,285**	**11,282**	**–18%**
EU27+3	12,832	17,078	–25%	9,194	11,088	–17%
of which in Germany	5,651	5,185	9%	3,766	3,138	20%

The TRATON GROUP recorded a moderate decline in incoming orders in the first half of 2022. Excluding Navistar, incoming orders would have been down 33% year-on-year. Due to high order backlogs accompanied by long delivery times caused by limited parts availability, Scania Vehicles & Services and MAN Truck & Bus were highly restrictive in their order acceptance in the second quarter. This also affected Navistar Sales & Services. Furthermore, no new vehicle orders are being accepted from Russia.

The decline in the MAN TGE van business is primarily attributable to a very strong first half of 2021, which had seen exceptionally high demand due to a COVID-19 catch-up effect. By contrast, the bus business recorded a very sharp increase in the reporting period, albeit based on a very weak prior-year period impacted by the COVID-19 pandemic. Reflecting the market trend, the increase related, in particular, to coaches and intercity buses.

The TRATON GROUP’s unit sales increased by 9% in the first half of the year. Given the continuing supply bottlenecks and the production stop at MAN Truck & Bus, unit sales would have been 21% lower year-on-year without taking Navistar into account.

PROFIT AND LOSS

CONDENSED TRATON GROUP INCOME STATEMENT

	TRATON GROUP		TRATON Operations		TRATON Financial Services		Corporate Items	
€ million	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**
Sales revenue	17,982	13,621	17,634	13,402	609	419	–260	–200
Cost of sales	–14,914	–10,836	–14,761	–10,773	–359	–259	206	195
Gross profit	**3,068**	**2,785**	**2,873**	**2,629**	**249**	**160**	**–54**	**–5**
Distribution expenses	–1,599	–1,198	–1,395	–1,127	–79	–68	–125	–3
Administrative expenses	–663	–461	–599	–403	–14	–	–50	–59
Other operating result	–145	–670	–82	–655	–75	8	11	–23
Operating result	**661**	**455**	**797**	**445**	**82**	**100**	**–217**	**–89**
Operating result (adjusted)	**798**	**1,128**	**869**	**1,117**	**146**	**100**	**–217**	**–89**
Operating return on sales (in %)	3.7	3.3	4.5	3.3	13.4	23.8	–	–
Operating return on sales (adjusted) (in %)	4.4	8.3	4.9	8.3	24.1	23.8	–	–
Financial result	272	69	290	–10	0	0	–17	80
Earnings before tax	**933**	**525**	**1,086**	**434**	**82**	**100**	**–235**	**–10**
Income taxes	–243	–173	–316	–191	–42	–25	115	43
Earnings after tax	**691**	**351**	**770**	**243**	**40**	**75**	**–120**	**34**

Operating result:
The acquisition of Navistar in 2021 also had a significantly positive impact on the TRATON GROUP's sales revenue, which rose by 32% year-on-year. Excluding Navistar, sales revenue in the TRATON Operations business area would have only been 3% below the prior-year level. The main reason for this decline in sales revenue were the lower unit sales of new vehicles. These were virtually offset by a favorable market and product mix and an increase in the Vehicle Services business to €3.0 billion (H1 2021: €2.6 billion). Accounting for around a quarter of total sales revenue, the Vehicle Services business, including Navistar, contributed a considerable €4.1 billion (H1 2021: €2.6 billion) to business performance. Both the genuine parts business and workshop services recorded significant growth. Additionally, there were positive currency effects compared with the previous year, in particular due to the movement of the Brazilian real and the Swedish krona. Moreover, the weakening of the euro against the US dollar made a positive contribution to sales revenue growth in the first half of the year.

At €609 million (H1 2021: €419 million), sales revenue in the TRATON Financial Services segment rose very sharply year-on-year. Even excluding Navistar's financial services business, we recorded substantial growth following the expansion of the financing portfolio in the previous year.

Gross profit of €3.1 billion (H1 2021: €2.8 billion) in the first half of 2022 was 10% above the level of the prior-year period. This growth was largely attributable to the consolidation of Navistar. Without the consolidation of Navistar, there would have been a year-on-year decline of 12% for the TRATON GROUP and 13% for the TRATON Operations business area. The decline was due in part to lower sales revenue in the TRATON Operations business area, mainly because of the war in Ukraine, which led to massive supply shortages for truck cable harnesses at MAN Truck & Bus, among other things. These resulted in a six-week production stop at some truck plants from mid-March. In addition, there were production program restrictions in the TRATON Operations business area due to bottlenecks in the supply of semiconductors and other key components as well as due to logistics shortages.

The TRATON GROUP's gross margin fell from 20.4% in the previous year to 17.1% (TRATON Operations: from 19.6% in the previous year to 16.3%), mainly as a result of significantly lower production volumes, particularly for trucks, and the accompanying significant reduction in capacity utilization. In addition, higher development costs on the back of increased activities in the area of e-mobility negatively impacted the gross margin. Significantly higher prices for energy, raw materials, and other bought-in parts as well as for logistics services were largely offset by higher selling prices. Additionally, the comparatively lower gross margin at Navistar, which is the result of a different distribution structure as well as other factors including distribution by third-party dealers in the USA, had a negative effect. Without Navistar, the TRATON GROUP's gross margin would have been 18.6% (TRATON Operations: 17.7%).

Distribution expenses were up €401 million on the previous year's level, largely due to the €352 million from the consolidation of Navistar. Adjusted to exclude the effect of the consolidation of Navistar in the amount of €210 million, administrative expenses declined slightly year-on-year thanks to strict cost management. Overall, the ratio of distribution and administrative expenses to sales revenue rose slightly by 0.4 percentage points to 12.6% (H1 2021: 12.2%).

Other operating result improved year-on-year by €525 million. The main driver of this improvement were the expenses for restructuring measures at MAN Truck & Bus amounting to €658 million, which had been included in the previous year. These were partly offset in the current reporting period by negative effects of €113 million directly related to the war in Ukraine. These included earnings effects from increased bad debt allowances on receivables in the TRATON Financial Services segment and impairment losses on property, plant, and equipment and on inventories, as well as other expenses in the TRATON Operations business area. Additionally, adverse effects from the measurement and realization of foreign currency items in the TRATON Operations business area, in particular in connection with the development of the Russian ruble, had a negative impact.

At €661 million (H1 2021: €455 million), the TRATON GROUP's operating result in the first half of 2022 rose by €206 million year-on-year. The consolidation of Navistar, including the negative effect of purchase price allocation, contributed €48 million to this increase. It was partly offset by negative effects of €113 million in connection with the war in Ukraine. The prior-year figure had been negatively impacted by expenses of €672 million in connection with the repositioning of MAN Truck & Bus.

Operating result (adjusted):
Operating result (adjusted) was €798 million (H1 2021: €1.1 billion) in the reporting period, €330 million lower year-on-year due to substantial effects from supply bottlenecks, the resulting lower capacity utilization, and increased procurement prices. Adjustments in the current reporting period amounted to €137 million. These included both bad debt allowances on receivables of €65 million in the TRATON Financial Services segment and loss allowances and other expenses in the TRATON Operations business area amounting to €48 million, which were directly connected to the war in Ukraine. In addition, expenses of €17 million in connection with the EU antitrust proceedings and €7 million in connection with the repositioning at MAN Truck & Bus were adjusted in the TRATON Operations business area. In the previous year, adjustments of €672 million had been made in connection with the repositioning of MAN Truck & Bus.

Financial result:
At €272 million (H1 2021: €69 million), financial result in the first half of 2022 was up €203 million year-on-year. The main drivers for the increase were currency translation effects on net financial debt, in particular the stronger US dollar and Russian ruble. These were only partly offset by the expense from related hedges, whose measurement was impacted by the higher interest rate level in the first half of 2022, among other factors. Lower investment income from companies accounted for using the equity method, mainly from the investment in Sinotruk, and higher interest expense from the inclusion of Navistar, in particular, also had an impact.

Taxes:
Income taxes in the first half of the year came to €–243 million (H1 2021: €–173 million), corresponding to a tax rate of 26% (H1 2021: 33%). This meant that the rate was below the nominal Group tax rate, primarily because of offsetting effects from lower foreign tax rates and tax-exempt income.

Earnings after tax:
At €691 million (H1 2021: €351 million), earnings after tax in the first half of 2022 were up €339 million year-on-year. Earnings per share came to €1.38 (2021: €0.69). Calculation of earnings per share was based on an average of 500 million shares.

The Executive and Supervisory Boards of TRATON SE proposed to the Annual General Meeting to pay a dividend of €0.50 per share for fiscal year 2021. In line with this proposal, the Annual General Meeting of TRATON SE resolved on June 9, 2022, to pay a dividend of €0.50 per no-par value share carrying dividend rights. This corresponds to a total distribution of €250 million. The payout was made on June 14, 2022.

Segments of the TRATON GROUP

Scania Vehicles & Services

	H1 2022	H1 2021	Change
Incoming orders (units)	**39,213**	**75,437**	**–48%**
Sales (units)	**36,834**	**49,229**	**–25%**
of which trucks	34,801	47,272	–26%
of which buses	2,033	1,957	4%
Sales revenue (€ million)	**6,839**	**7,155**	**–4%**
New Vehicles	4,062	4,640	–12%
Vehicle Services business[1]	1,662	1,432	16%
Others	1,115	1,083	3%
Operating result (€ million)	500	860	–360
Operating result (adjusted) (€ million)	534	860	–327
Operating return on sales (in %)	7.3	12.0	–4.7 pp
Operating return on sales (adjusted) (in %)	7.8	12.0	–4.2 pp

1 Including spare parts and workshop services

Scania Vehicles & Services recorded sales revenue of €6.8 billion (H1 2021: €7.2 billion) in a difficult market environment. Shortages in the supply of semiconductors and other key components meant that fewer trucks could be produced and sold compared to the prior-year period. Logistics shortages also had a negative impact on unit sales. This decline was partly offset by the favorable market and product mix and the significant growth in the Vehicle Services business, among other things.

As well as the volume-related decline in sales revenue, lower production utilization had a negative impact on operating result. This was exacerbated by increased commodity prices and higher personnel and non-staff-related expenses, primarily directed toward expanding the Vehicle Services business. Higher development costs due to intensified spending on e-mobility further reduced operating result. Currency effects, especially the performance of the Swedish krona, had a positive effect.

Adjustments of €33 million were made to operating result in the current reporting period. These included expenses of €17 million in connection with the EU antitrust proceedings and write-downs of €16 million in connection with the war in Ukraine.

MAN Truck & Bus

	H1 2022	H1 2021	Change
Incoming orders (units)	**47,735**	**67,414**	**–29%**
Sales (units)	**34,858**	**47,317**	**–26%**
of which trucks	23,872	34,221	–30%
of which buses	1,701	1,814	–6%
of which MAN TGE vans	9,285	11,282	–18%
Sales revenue (€ million)	**4,973**	**5,408**	**–8%**
New Vehicles	2,506	3,021	–17%
Vehicle Services business[1]	1,269	1,122	13%
Others	1,198	1,265	–5%
Operating result (€ million)	–5	–493	488
Operating result (adjusted) (€ million)	34	179	–145
Operating return on sales (in %)	–0.1	–9.1	9.0 pp
Operating return on sales (adjusted) (in %)	0.7	3.3	–2.6 pp

1 Including spare parts and workshop services

MAN Truck & Bus was able to achieve sales revenue of €5.0 billion despite production stops and supply bottlenecks. However, this figure was still noticeably below the prior-year level. Declining unit sales of new vehicles were partly countered by an improved market and product mix and growth in the Vehicle Services business.

As well as the volume-related decline in sales revenue, operating result was impacted by negative developments in material and energy prices. These effects were offset by factors such as the improved margins for used vehicles and in the Vehicle Services business.

Adjustments of €39 million were made to operating result in the first half of 2022. Restructuring expenses of around €7 million (H1 2021: €672 million) were incurred for the repositioning, and loss allowances in connection with the war in Ukraine amounted to €32 million.

Navistar Sales & Services[1]

	H1 2022
Incoming orders (units)	**50,471**
Sales (units)	**37,333**
of which trucks	31,392
of which buses	5,941
Sales revenue (€ million)	**4,666**
New Vehicles	2,908
Vehicle Services business[2]	1,152
Others	605
Operating result (€ million)	157
Operating return on sales (in %)	3.4

1 Navistar included from July 1, 2021

2 Including spare parts and workshop services

Navistar Sales & Services posted an operating result of €157 million in the first half of 2022. Navistar's Vehicle Services business accounts for around a quarter of total sales revenue. Unit sales were negatively impacted by shortages in the supply of semiconductors and other key components. These also had a negative effect on operating result.

In April 2022, TRATON entered into a definitive agreement with Tupy S.A., Brazil, for the sale of International Indústria Automotiva Da América Do Sul Ltda. (MWM). The transaction is currently expected to be completed in the second half of 2022. With the classification as a disposal group, an expense was recognized, reducing operating result.

Volkswagen Truck & Bus (previously: Volkswagen Caminhões e Ônibus)

	H1 2022	H1 2021	Change
Incoming orders (units)	**26,894**	**28,129**	**–4%**
Sales (units)	**28,423**	**30,011**	**–5%**
of which trucks	25,134	27,278	–8%
of which buses	3,289	2,733	20%
Sales revenue (€ million)	**1,445**	**1,021**	**42%**
New Vehicles	1,380	980	41%
Vehicle Services business[1]	58	40	43%
Others	7	1	> 1,000%
Operating result (€ million)	149	77	72
Operating return on sales (in %)	10.3	7.6	2.8 pp

1 Including spare parts and workshop services

Volkswagen Truck & Bus generated sales revenue of €1.4 billion (H1 2021: €1.0 billion) in the first half of 2022, a year-on-year increase of 42%. The increase was primarily the result of improved product positioning in Brazil. Exchange rate effects from translation into the Group currency (euros) also had a positive impact.

Operating result was €149 million (H1 2021: €77 million). This corresponds to an operating return on sales of 10.3% (H1 2021: 7.6%). Operating result nearly doubled despite higher material costs.

TRATON Financial Services

	H1 2022	H1 2021	Change
Sales revenue (€ million)	**609**	**419**	**45%**
Operating result (€ million)	82	100	–18
Operating result (adjusted) (€ million)	146	100	47
Operating return on sales (in %)	13.4	23.8	–10.4 pp
Operating return on sales (adjusted) (in %)	24.1	23.8	0.2 pp
Return on equity (in %)	9.0	19.4	–10.4 pp

The TRATON Financial Services segment recorded sales revenue of €609 million (H1 2021: €419 million), a very sharp year-on-year increase. Substantial growth was recorded even without taking Navistar's financial services business into account due to the expansion of the financing portfolio in the prior-year period, higher interest income, and positive currency effects.

The positive effects of higher volumes on operating result were largely offset by bad debt allowances on receivables. Without Navistar, operating result (adjusted) would have been €102 million and thus roughly on a level with the prior-year period.

Bad debt allowances on receivables in connection with the war in Ukraine amounted to €65 million in the first half of the year, and operating result was adjusted to reflect this.

Return on equity was 9.0% (H1 2021: 19.4%) as of the reporting date. Without Navistar, this figure would have been 6.1%. The year-on-year decline mainly resulted from the lower operating result.

4. Financial position

CASH FLOW

CONDENSED TRATON GROUP STATEMENT OF CASH FLOWS

	TRATON GROUP		TRATON Operations		TRATON Financial Services		Corporate Items	
€ million	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**
Cash and cash equivalents as of 01/01	**2,002**	**1,714**	**4,775**	**4,267**	**146**	**73**	**–2,919**	**–2,626**
Gross cash flow	1,732	1,426	1,929	1,764	276	257	–473	–595
Change in working capital	–3,325	–841	–2,534	–253	–984	–773	193	184
Net cash provided by/used in operating activities	**–1,593**	**584**	**–606**	**1,511**	**–708**	**–515**	**–280**	**–411**
Net cash provided by/used in investing activities attributable to operating activities	–791	–605	–789	–570	–1	–1	0	–34
Change in marketable securities, investment deposits, and loans	–122	–1,846	–300	–126	–80	0	258	–1,721
Net cash provided by/used in investing activities	**–913**	**–2,451**	**–1,089**	**–696**	**–81**	**–1**	**257**	**–1,754**
Net cash provided by/used in financing activities	**2,223**	**2,094**	**0**	**–465**	**975**	**520**	**1,248**	**2,039**
Effect of exchange rate changes on cash and cash equivalents	171	49	97	36	74	4	0	9
Change in cash and cash equivalents	**–112**	**277**	**–1,598**	**386**	**260**	**8**	**1,226**	**–117**
Cash and cash equivalents as of 06/30[1]	**1,890**	**1,991**	**3,177**	**4,653**	**405**	**81**	**–1,692**	**–2,743**
Gross cash flow	1,732	1,426	1,929	1,764	276	257	–473	–595
Change in working capital	–3,325	–841	–2,534	–253	–984	–773	193	184
Net cash provided by/used in investing activities attributable to operating activities	–791	–605	–789	–570	–1	–1	0	–34
Net cash flow	**–2,384**	**–20**	**–1,395**	**941**	**–709**	**–517**	**–280**	**–445**

1 €33 million (€324 million as of June 30, 2021) of the reported cash and cash equivalents is contained in "Assets held for sale" as of June 30, 2022.

The TRATON GROUP's net cash provided by/used in operating activities fell by €2.2 billion year-on-year to €–1.6 billion. This included €–632 million from Navistar's operating activities in the first half of 2022.

The €306 million increase in gross cash flow primarily reflects the rise in operating result and the increased depreciation and amortization charges. The cash tied up in all items of working capital totaled €3.3 billion in the reporting period.

In the second quarter, Scania settled the fine of €937 million, including interest, imposed in the EU antitrust proceedings. In addition, Navistar made final payments totaling €420 million in June 2022 following court approval of the "Profit Sharing Settlement Agreement" and "Krzysiak Action Settlement Agreement" (see the **"Important Legal Cases"** section). This negatively impacted cash tied up in working capital, increasing provisions by a total of €1.4 billion.

Additionally, cash tied up in working capital grew because of the €1.0 billion increase in inventories resulting from ongoing supply bottlenecks for bought-in parts and from logistics shortages, among other factors. Receivables also increased by €569 million.

The increase of €185 million in cash used in investing activities attributable to operating activities is primarily due to the initial consolidation of Navistar. This resulted in negative net cash flow of €1.4 billion in the TRATON Operations business area, due mainly to the effects on working capital described above. Net cash flow in the TRATON Financial Services segment was impacted especially by the increased receivables in connection with the higher business volume.

Net cash provided by financing activities in the first half of 2022 contains €1.7 billion (H1 2021: €4.2 billion) of bond issues. Of the bond issues, €802 million (H1 2021: €3.5 billion) was implemented by TRATON Finance Luxembourg S.A., Strassen, Luxembourg (TRATON Finance), which is allocated to Corporate Items. In addition, short-term credit lines of €1.1 billion were drawn down from Volkswagen AG and a loan of €500 million was taken out with Volkswagen International Luxemburg S.A., Strassen, Luxembourg (Volkswagen International Luxemburg) in the first half of 2022. A loan of €1.0 billion was already repaid to Volkswagen International Luxemburg in the first quarter of 2022.

Repayments of bonds amounting to €972 million (H1 2021: €1.7 billion) relate to Scania. Moreover, a dividend of €250 million was paid out.

CAPEX, TRATON OPERATIONS

The increase in capex by €124 million to €469 million is due largely to the integration of Navistar (€122 million). Navistar invested in constructing new production facilities and expanding existing facilities at its sites in San Antonio, Texas, USA, and Huntsville, Alabama, USA.

PRIMARY RESEARCH AND DEVELOPMENT COSTS, TRATON OPERATIONS

At €896 million (H1 2021: €614 million), primary research and development costs in the first half of 2022 were higher than in the prior-year period. The increase was due on the one hand to the integration of Navistar, accounting for €161 million, and on the other to intensified development spending on technologies of the future. Development costs of €276 million (H1 2021: €170 million) were capitalized, resulting in a capitalization rate of 30.8% (H1 2021: 27.7%). Research and development costs not eligible for capitalization are included in cost of sales.

TRATON repositioned its research and development function in the first half of 2022 and introduced a matrix structure for its global development organization with effect from June 1. The aim of this structure is to implement the TRATON Modular System for the trucks and buses of all brands.

NET LIQUIDITY

TRATON GROUP NET LIQUIDITY

	TRATON GROUP		TRATON Operations		TRATON Financial Services		Corporate Items	
€ million	**06/30/2022**	**12/31/2021**	**06/30/2022**	**12/31/2021**	**06/30/2022**	**12/31/2021**	**06/30/2022**	**12/31/2021**
Cash and cash equivalents[1]	1,890	2,002	3,177	4,775	405	146	–1,692	–2,919
Marketable securities, investment deposits, and loans to affiliated companies	423	290	699	302	312	220	–587	–233
Gross liquidity	**2,314**	**2,292**	**3,876**	**5,078**	**717**	**366**	**–2,280**	**–3,152**
Third-party borrowings	–21,031	–18,205	–6,807	–6,771	–12,104	–10,177	–2,120	–1,257
Net liquidity/net financial debt	**–18,717**	**–15,913**	**–2,931**	**–1,694**	**–11,387**	**–9,811**	**–4,400**	**–4,409**

1 €33 million of the reported cash and cash equivalents is contained in “Assets held for sale” as of June 30, 2022.

Net financial debt rose by €2.8 billion to €18.7 billion in the first half of 2022, driven mainly by net cash flow development. In the second quarter, Scania settled the fine of €937 million, including interest, imposed in the EU antitrust proceedings. In addition, Navistar made final payments totaling €420 million in June 2022 following court approval of the “Profit Sharing Settlement Agreement” and “Krzysiak Action Settlement Agreement” (see the **“Important Legal Cases”** section). Furthermore, the loan of €1.0 billion from Volkswagen International Luxemburg was repaid in the first half of 2022. This was partly offset by additional external borrowing and loans of another €1.1 billion taken out with Volkswagen AG and €500 million taken out with Volkswagen International Luxemburg. In addition, bonds totaling €1.7 billion were issued and repayments of €972 million were made. These related primarily to the European Medium Term Notes programs at TRATON and Scania.

5. Net assets

BALANCE SHEET ANALYSIS

CONDENSED TRATON GROUP BALANCE SHEET

	TRATON GROUP		TRATON Operations		TRATON Financial Services		Corporate Items	
€ million	**06/30/2022**	**12/31/2021**	**06/30/2022**	**12/31/2021**	**06/30/2022**	**12/31/2021**	**06/30/2022**	**12/31/2021**
Goodwill	6,353	6,173	360	390	–	–	5,993	5,783
Intangible assets	7,385	7,173	4,131	4,018	4	4	3,250	3,151
Property, plant, and equipment	8,143	7,993	7,724	7,568	24	25	395	400
Assets leased out	6,555	6,924	6,415	6,802	829	886	–689	–765
Equity-method investments	1,267	1,280	225	203	–	–	1,043	1,077
Other equity investments	288	660	795	1,022	0	0	–507	–362
Income tax receivables	285	268	250	258	45	33	–9	–23
Deferred tax assets	2,091	2,147	2,590	2,393	125	124	–624	–370
Financial services receivables	11,111	9,936	7	8	11,103	9,925	2	3
Inventories	6,629	5,456	6,627	5,454	2	2	0	0
Trade receivables	2,824	2,437	2,505	2,522	561	328	–243	–414
Other assets	2,997	2,447	2,971	2,523	1,574	1,526	–1,547	–1,603
Marketable securities and investment deposits	67	226	67	26	–	–	–	200
Cash and cash equivalents	1,857	2,002	3,144	4,775	405	146	–1,692	–2,919
Assets held for sale	332	–	323	–	–	–	9	–
Total assets	**58,184**	**55,121**	**38,134**	**37,964**	**14,670**	**12,999**	**5,380**	**4,159**
Equity	14,434	13,446	8,007	6,991	1,800	1,823	4,628	4,632
Financial liabilities	21,029	18,205	6,805	6,771	12,104	10,177	2,120	1,257
Provisions for pensions and other post-employment benefits	2,031	2,648	2,009	2,628	12	12	9	8
Income tax payables	153	195	236	286	37	32	–120	–123
Deferred tax liabilities	772	804	590	326	124	123	58	355
Income tax provisions	223	162	96	53	7	3	120	105
Other provisions	3,397	4,659	3,302	4,556	5	6	90	98
Other liabilities	10,875	10,756	11,801	12,138	384	407	–1,310	–1,788
Trade payables	5,144	4,245	5,168	4,215	197	416	–221	–385
Liabilities directly associated with assets held for sale	126	–	120	–	–	–	7	–
Total equity and liabilities	**58,184**	**55,121**	**38,134**	**37,964**	**14,670**	**12,999**	**5,380**	**4,159**

The TRATON GROUP's total assets increased by €3.1 billion compared with December 31, 2021. This increase was due primarily to the €1.2 billion rise in financial services receivables, the €1.2 billion increase in inventories, and the €551 million increase in other assets.

The increase in intangible assets is mainly attributable to positive effects from the translation of financial statements of foreign operations into euros. This reflects the positive movement of the Brazilian real and the US dollar against the euro.

Assets leased out decreased by €369 million. Among other things, this reflects a lower share of sales with buyback obligations.

Other equity investments recorded a sharp decline. This was due, in particular, to the fair value measurement of the investment in TuSimple due to changes in the share price.

The €1.2 billion increase in financial services receivables was due partly to an expansion of the financing business and partly to the translation of financial statements of foreign operations.

Inventories increased by €1.2 billion compared with December 31, 2021. Among other things, this reflects the delivery and production difficulties due to a lack of components, as well as the increased production volume in some areas, the ramp-up of production following the plant closures at MAN Truck & Bus, and logistics shortages. The €387 million increase in trade receivables was due primarily to increased business volumes in North and South America and to positive currency translation effects.

The €551 million increase in other assets resulted from the rise in a large number of different items, for example higher prepaid expenses, receivables from dividends, and the increase in restricted cash from ABS transactions.

Marketable securities and investment deposits fell by €159 million. Most of the investment deposits held as of December 31, 2021, expired in the course of the first half of 2022. Cash and cash equivalents amounted to €1.9 billion as of the reporting date.

In April 2022, TRATON entered into a definitive agreement with Tupy S.A., Brazil, for the sale of International Indústria Automotiva Da América Do Sul Ltda. (MWM). MWM specializes in the manufacture of diesel engines. The transaction is currently expected to be completed in the second half of 2022. MWM's assets and liabilities as of June 30, 2022, were reclassified to "Assets held for sale" and "Liabilities directly associated with assets held for sale" (for further explanations, refer to Note **"6. Noncurrent assets or disposal groups held for sale"**).

The TRATON GROUP's total equity increased to €14.4 billion as of June 30, 2022, compared with December 31, 2021. This is attributable primarily to the positive total comprehensive income of €1.2 billion. It is the result of the positive earnings after tax of €691 million and other comprehensive income of €550 million, which is due in particular to the actuarial gains from the measurement of pension obligations resulting from the rise in interest rates and positive effects from translating the financial statements of foreign operations. It was partly offset by the fair value measurement of the investment in TuSimple and the dividend payout (see Note **"9. Equity"**).

Financial liabilities increased by €2.8 billion. This is primarily attributable to the issues of notes under the European Medium Term Notes program by TRATON Finance and bank liabilities incurred to repay the bridge loan taken out to finance the Navistar acquisition (for further information, refer to the **"Financial position"** section).

Provisions for pensions and other post-employment benefits decreased by €617 million, primarily because of an increase in the discount rates for the main pension plans.

Other provisions decreased by €1.3 billion. In particular, this reflected the payment of the fine of €937 million, including interest, imposed in the EU antitrust proceedings and final payments totaling €420 million for the “Profit Sharing Settlement Agreement” and the “Krzysiak Action Settlement Agreement.”

Trade payables rose by €899 million. In addition to positive exchange rate effects, this was also attributable to higher production volumes in the second quarter.

Off-balance-sheet commitments as of June 30, 2022, related to buyback guarantees (mainly to Volkswagen Group companies) of €2.7 billion (December 31, 2021: €2.6 billion), guarantees and sureties amounting to €1.0 billion (December 31, 2021: €1.0 billion), and other contingent liabilities of €1.0 billion (December 31, 2021: €767 million). Other contingent liabilities mainly contain contingent liabilities for potential tax risks, which primarily concern Volkswagen Truck & Bus in Brazil.

Other financial obligations were entered into, in particular for irrevocable credit commitments as well as purchase commitments.

Opportunities and Risks

The Report on Opportunities and Risks should be read in conjunction with our guidance in the 2021 Annual Report. As in the 2021 Annual Report, we draw attention to the high level of uncertainty associated, in particular, with the war in Ukraine and the future course of the COVID-19 pandemic, as well as the associated availability and costs of certain components and materials (e.g., supply bottlenecks for semiconductors, as well as rising raw material and gas prices).

Markets

TRATON’s business in Russia, Ukraine, and Belarus is being adversely affected by the war in Ukraine. The impact is reflected both in the sales of new and used trucks and in the Vehicle Services business and the Financial Services business area. In addition, there are uncertainties that may arise from decisions on TRATON’s medium- and longer-term involvement in Russia.

The war in Ukraine is affecting macroeconomic developments in Europe and the rest of the world to a varying degree. The current further growth in inflation and any potential economic downturn may have a negative impact on the TRATON GROUP.

Products

Supply bottlenecks for critical bought-in parts, especially semiconductors and cable harnesses, had an immense impact on the TRATON GROUP’s business activities in the first half of the year. Due to the high level of complexity of the supply chains and the associated dependencies, risks relating to costs and availability remain high.

In this context, we are currently monitoring the security of natural gas supply very closely, both in terms of our own production and in relation to critical suppliers. However, the measures pursued by TRATON to save or replace natural gas can only mitigate this risk to a limited extent.

Operations

Due to the reasons already discussed, there are continued considerable risks if further or longer lasting closures of plants or critical production areas were to become necessary. It is also not possible to rule out production interruptions in the future.

Legal & compliance

Legal risks could arise as a result of the sanctions imposed on Russia and the countersanctions adopted by Russia, both of which are evolving dynamically, as could risks from the nonfulfillment of existing contracts.

Finance

Further balance sheet measures such as loss allowances or provisions may become necessary in addition to existing provisions in connection with the war in Ukraine, depending on further developments. This may affect the Financial Services portfolio, in particular.

Aggregated representation on the basis of risk categories

The following risk classes are derived based on their impact on the TRATON GROUP's operating result. Based on the following matrix, identified risks are assessed in the aggregate according to their potential net impact and net likelihood, considering any implemented risk mitigating measures.

The 2021 Combined Management Report outlines risks that could have a significant impact on the achievement of the Company's goals based on financial and nonfinancial criteria. The Enterprise Risk Management process defines brand-specific thresholds for internal risk reporting in the net risk impact amount of between €7.5 million and €15 million. These criteria are validated on a regular basis and adjusted if necessary.

Risks belonging to the "Strategy" risk category usually have a long-term effect, which is difficult to quantify in the short term. TRATON therefore does not quantify these risks. The risk class for strategic risks is assessed through expert opinion. As Navistar has also been quantifying these risks since 2022, they are included in the following overview under "Risk class, current (2022 Half-Year Financial Report)."

The aggregated risk situation of the reported risks for each risk category is represented in the following table on the basis of the three risk classes and the risk categories:

Risk category	Risk class, previous year (2021 Annual Report)	Risk class, current (2022 Half-Year Financial Report)
Strategy	High	High
Markets	High	High
Products	Medium	High
Operations	High	High
Legal & compliance	High	High
Finance	High	High

The current economic environment, the war in Ukraine, the COVID-19 pandemic, and various supply chain issues continue to result in a high degree of uncertainty. This means that all risk classes are assessed as "High." For the "Products" category, TRATON sees a higher risk than in the 2021 Annual Report, classifying its risk class as "High." This higher risk class is primarily attributable to risks related to increased prices for raw materials, energy, and bought-in parts. The inclusion of Navistar's risks does not have a material effect on any change in the risk classes compared with the 2021 Annual Report.

Overall, the TRATON GROUP is exposed to significant levels of uncertainty that it can influence only partially. In the aggregate, the described risks generally outweigh the corresponding opportunities. However, TRATON has determined that there are no risks which individually, or in combination with other risks, could endanger its continued existence.

Important Legal Cases

In the course of their operating activities, the TRATON GROUP and the companies in which it is directly or indirectly invested become involved in a large number of legal cases and official proceedings at both national and international level. In particular, such legal cases and other proceedings may occur in relation to suppliers, dealers, customers, employees, or investors. For the companies involved, these may result in payment or other obligations.

Risks may also emerge in connection with compliance with regulatory requirements. This applies, in particular, in the case of regulatory vagueness that may be interpreted differently by the TRATON GROUP and the agencies responsible for the respective regulations. In addition, legal risks can arise from the criminal activities of individual persons, which even the best compliance management system can never completely prevent. Where transparent and economically viable, adequate insurance coverage was taken out for these risks. For the identifiable and measurable risks, provisions considered appropriate are recognized and information about contingent liabilities is disclosed. As some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage not being covered by the insured amounts and provisions cannot be ruled out.

Important legal cases

Note "44. Litigation/legal proceedings" in the Notes to the Consolidated Financial Statements in TRATON SE's 2021 Annual Report contains detailed information on important litigation and legal proceedings. There have been no other material developments since the publication of the Annual Report. Primarily as a result of currency fluctuations, the risk relating to the tax proceedings initiated by the Brazilian tax authorities against Volkswagen Truck & Bus rose from €512 million to €618 million due to the translation of the risk amount and current interest.

Scania/EU antitrust proceedings

On April 8, 2022, Scania appealed against the judgment of the General Court of the European Union from February 2, 2022, to the European Court of Justice. The €880.5 million fine plus interest from the EU antitrust proceedings was paid on April 12, 2022, to avoid additional interest penalties.

Navistar/profit sharing disputes

The final agreement ("Profit Sharing Settlement Agreement") entered into with the class representatives in December 2021 was approved by the competent court in June 2022. Following this, Navistar made the contractually agreed final payment of €401 million (USD 424 million including interest).

Navistar/retiree health care litigation

The competent court also approved the final agreement ("Krzysiak Action Settlement Agreement") in June 2022. Following this, Navistar made the contractually agreed final payments in the total amount of €19 million (USD 20 million).

MAN SE merger squeeze-out

TRATON submitted its response to the court at the end of June 2022 as part of the judicial award proceedings initiated by affected noncontrolling interest shareholders following the MAN SE merger squeeze-out. The oral proceedings are scheduled for March 2023.

Report on Expected Developments

The TRATON GROUP largely confirms its existing forecast published in the Interim Statement as of March 31, 2022.

However, it remains impossible to predict the effects of the continuing supply chain bottlenecks, possible energy shortages, and the further course of the war in Ukraine with sufficient certainty. Therefore, the risk remains that as these issues evolve, they may have a negative impact on the TRATON GROUP's business activities. Moreover, negative effects may still arise if the COVID-19 situation were to deteriorate once more, bringing with it further supply chain difficulties.

We expect new registrations of medium- and heavy-duty trucks (> 6t or Class 6 through 8 in North America) in the Group's core geographic regions to continue to record generally positive growth compared with the previous year, with growth rates varying from region to region.

In the bus markets that are relevant for the TRATON GROUP, we continue to project rising demand for 2022, albeit with varied regional developments.

The Navistar acquisition as of July 1, 2021, unlocked potential for additional unit sales of trucks and buses in North America for the TRATON GROUP. The integration of Navistar is reflected in all forecast figures.

Worldwide, we now only expect a substantial increase in sales volumes for all vehicles (including MAN TGE vans) in fiscal year 2022.

Overall, we are still expecting a very sharp increase in sales revenue for the TRATON GROUP, largely resulting from higher unit sales, a more advantageous market and product mix, a growing Vehicle Services business, and positive currency effects.

For 2022, we are still forecasting an operating return on sales (adjusted) of between 5.0 and 6.0% for the TRATON GROUP. This forecast includes earnings effects from the Navistar purchase price allocation.

For the TRATON Operations business area, we are anticipating an operating return on sales (adjusted) of between 5.5 and 6.5%.

We expect a return on investment of 6.0 to 7.0%.

The TRATON GROUP's Executive Board still expects net cash flow in the TRATON Operations business area to range between €700 million and €1 billion for fiscal year 2022. This does not include expenses at Scania Vehicles & Services in connection with the EU antitrust proceedings.

	Actual 2021	Forecast 2022 2021 Annual Report	Forecast 2022 3M 2022 Interim Statement	Forecast 2022 2022 Half-Year Financial Report
TRATON GROUP				
Sales (units)	271,608	very sharp increase	sharp increase	substantial increase
Sales revenue (€ million)	30,620	sharp increase	very sharp increase	very sharp increase
Operating return on sales (adjusted) (in %)	5.2	5.0–7.0	5.0–6.0	5.0–6.0
TRATON Operations				
Sales revenue (€ million)	30,103	sharp increase	very sharp increase	very sharp increase
Operating return on sales (adjusted) (in %)	6.3	5.5–7.5	5.5–6.5	5.5–6.5
Return on investment (in %)	0.8	7.0–9.0	7.0–8.0	6.0–7.0
Net cash flow (€ million)[1]	938	700–1,000	700–1,000	700–1,000
Capex (€ million)	1,125	very sharp increase	very sharp increase	very sharp increase
Primary R&D costs (€ million)	1,462	sharp increase	sharp increase	sharp increase
TRATON Financial Services				
Sales revenue (€ million)	964	significant increase	sharp increase	sharp increase
Operating return on sales (adjusted) (in %)	26.9	20.0–25.0	20.0–25.0	20.0–25.0

1 The forecast does not include expenses at Scania Vehicles & Services in connection with the EU antitrust proceedings.

3

CONDENSED HALF-YEARLY FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

CONDENSED HALF-YEARLY FINANCIAL STATEMENTS AS OF JUNE 30, 2022

Income Statement

of the TRATON GROUP for the period January 1 to June 30

€ million	H1 2022	H1 2021
Sales revenue	**17,982**	**13,621**
Cost of sales	–14,914	–10,836
Gross profit	**3,068**	**2,785**
Distribution expenses	–1,599	–1,198
Administrative expenses	–663	–461
Net impairment losses on financial assets	–97	–1
Other operating income[1]	551	470
Other operating expenses[1]	–599	–1,140
Operating result	**661**	**455**
Share of earnings of equity-method investments	38	126
Interest income	76	42
Interest expense	–182	–116
Other financial result	340	17
Financial result	**272**	**69**
Earnings before tax	**933**	**525**
Income taxes	–243	–173
current	–322	–310
deferred	79	137
Earnings after tax	**691**	**351**
of which attributable to shareholders of TRATON SE	690	345
of which attributable to noncontrolling interests	0	6
Earnings per share in € (diluted/basic)	1.38	0.69

1 Prior-period amounts adjusted. See Note **“3. Accounting policies – Prior-period information”** for more details

Statement of Comprehensive Income

of the TRATON GROUP for the period January 1 to June 30

€ million	H1 2022	H1 2021
Earnings after tax	**691**	**351**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	718	239
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–214	–51
Pension plan remeasurements recognized in other comprehensive income, net of tax	505	188
Fair value measurement of other equity investments		
Fair value measurement of other equity investments, before tax	–439	309
Deferred taxes relating to the fair value measurement of other equity investments	71	–8
Fair value measurement of other equity investments, net of tax	–368	300
Share of other comprehensive income of equity-method investments that will not be reclassified subsequently to profit or loss, net of tax	1	29
Items that will not be reclassified subsequently to profit or loss	**137**	**517**
Currency translation differences		
Currency translation differences, before tax	386	69
Deferred taxes relating to currency translation differences	2	–1
Currency translation differences, net of tax	388	68
Cash flow hedges		
Fair value changes recognized in other comprehensive income	12	86
Transferred to profit or loss	12	23
Cash flow hedges, before tax	24	109
Deferred taxes relating to cash flow hedges	–11	–4
Cash flow hedges, net of tax	13	104

€ million	H1 2022	H1 2021
Cost of hedging		
Cost of hedging, before tax	5	–3
Deferred taxes relating to cost of hedging	–1	2
Cost of hedging, net of tax	4	–2
Share of other comprehensive income of equity-method investments that may be reclassified subsequently to profit or loss, net of tax	8	27
Items that may be reclassified subsequently to profit or loss	**413**	**198**
Other comprehensive income, before tax	702	779
Deferred taxes relating to other comprehensive income	–152	–63
Other comprehensive income, net of tax	**550**	**716**
Total comprehensive income	**1,240**	**1,067**
of which attributable to shareholders of TRATON SE	1,240	1,050
of which attributable to noncontrolling interests	0	17

Balance Sheet

Assets of the TRATON GROUP as of June 30, 2022, and December 31, 2021

€ million	06/30/2022	12/31/2021[1]
Noncurrent assets		
Goodwill	6,353	6,173
Intangible assets	7,385	7,173
Property, plant, and equipment	8,143	7,993
Assets leased out	6,555	6,924
Equity-method investments	1,267	1,280
Other equity investments	288	660
Noncurrent income tax receivables	87	80
Deferred tax assets	2,091	2,147
Noncurrent financial services receivables	6,324	5,834
Other noncurrent financial assets	248	192
Other noncurrent receivables	449	435
	39,189	**38,891**
Current assets		
Inventories	6,629	5,456
Trade receivables	2,824	2,437
Current income tax receivables	198	188
Current financial services receivables	4,788	4,102
Other current financial assets	870	579
Other current receivables	1,431	1,240
Marketable securities and investment deposits	67	226
Cash and cash equivalents	1,857	2,002
Assets held for sale	332	–
	18,995	**16,230**
Total assets	**58,184**	**55,121**

1 Prior-year amounts adjusted (see the “Navistar” section in Note **“5. Acquisitions”**)

Balance Sheet

Equity and liabilities of the TRATON GROUP as of June 30, 2022, and December 31, 2021

€ million	06/30/2022	12/31/2021[1]
Equity		
Subscribed capital	500	500
Capital reserves	14,295	14,295
Retained earnings	1,915	1,477
Accumulated other comprehensive income	–2,279	–2,829
Equity attributable to shareholders of TRATON SE	**14,431**	**13,444**
Noncontrolling interests	3	3
	14,434	**13,446**
Noncurrent liabilities		
Noncurrent financial liabilities	13,883	12,181
Provisions for pensions and other post-employment benefits	2,031	2,648
Deferred tax liabilities	772	804
Noncurrent income tax provisions	186	157
Other noncurrent provisions	1,537	1,549
Other noncurrent financial liabilities	2,733	2,429
Other noncurrent liabilities	1,966	2,060
	23,107	**21,828**
Current liabilities		
Current financial liabilities	7,146	6,024
Trade payables	5,144	4,245
Current income tax payables	153	195
Current income tax provisions	37	5
Other current provisions	1,860	3,111
Other current financial liabilities	2,145	2,045
Other current liabilities	4,031	4,222
Liabilities directly associated with assets held for sale	126	–
	20,643	**19,847**
Total equity and liabilities	**58,184**	**55,121**

1 Prior-year amounts adjusted (see the “Navistar” section in Note **“5. Acquisitions”**)

Statement of Changes in Equity
of the TRATON GROUP for the period January 1 to June 30

				Accumulated other comprehensive income		
				Items that will be reclassified subsequently to profit or loss		
€ million	**Subscribed capital**	**Capital reserves**	**Retained earnings**	**Currency translation**	**Cash flow hedges**	**Equity-method investments**
Balance as of 01/01/2021	**500**	**19,995**	**–4,479**	**–2,005**	**–115**	**–104**
Earnings after tax	–	–	345	–	–	–
Other comprehensive income, net of tax	–	–	–	65	103	27
Total comprehensive income	–	–	345	65	103	27
Capital transactions involving a change in ownership interest[1]	–	–	–270	–46	–1	–1
Dividend payout	–	–	–125	–	–	–
Other changes	–	–	0	0	–	40
Balance as of 06/30/2021	**500**	**19,995**	**–4,529**	**–1,987**	**–13**	**–38**
Balance as of 01/01/2022	**500**	**14,295**	**1,477**	**–1,984**	**–20**	**3**
Earnings after tax	–	–	690	–	–	–
Other comprehensive income, net of tax	–	–	–	388	18	8
Total comprehensive income	–	–	690	388	18	8
Dividend payout	–	–	–250	–	–	–
Other changes	–	–	–2	–	–	0
Balance as of 06/30/2022	**500**	**14,295**	**1,915**	**–1,596**	**–3**	**11**

1 Squeeze-out under merger law of MAN SE shareholders by TRATON SE

	Accumulated other comprehensive income					
	Items that will not be reclassified subsequently to profit or loss					
€ million	Pension plan remeasurements	Equity-method investments	Other equity investments	Equity attributable to shareholders of TRATON SE	Noncontrolling interests	Total
Balance as of 01/01/2021	**–1,054**	**186**	**15**	**12,939**	**230**	**13,169**
Earnings after tax	–	–	–	345	6	351
Other comprehensive income, net of tax	180	29	300	705	11	716
Total comprehensive income	180	29	300	1,050	17	1,067
Capital transactions involving a change in ownership interest[1]	–24	0	0	–342	–245	–586
Dividend payout	–	–	–	–125	–1	–126
Other changes	–	–40	–	0	0	0
Balance as of 06/30/2021	**–898**	**175**	**316**	**13,522**	**1**	**13,523**
Balance as of 01/01/2022	**–745**	**–7**	**–76**	**13,444**	**3**	**13,446**
Earnings after tax	–	–	–	690	0	691
Other comprehensive income, net of tax	505	1	–368	550	0	550
Total comprehensive income	505	1	–368	1,240	0	1,240
Dividend payout	–	–	–	–250	–	–250
Other changes	0	0	–	–2	0	–2
Balance as of 06/30/2022	**–241**	**–6**	**–444**	**14,431**	**3**	**14,434**

1 Squeeze-out under merger law of MAN SE shareholders by TRATON SE

Statement of Cash Flows

of the TRATON GROUP for the period January 1 to June 30

€ million	H1 2022	H1 2021
Cash and cash equivalents as of 01/01	**2,002**	**1,714**
Earnings before tax	933	525
Income taxes paid	–321	–285
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property[1]	682	626
Amortization of, and impairment losses on, capitalized development costs[1]	180	133
Depreciation of products leased out[1]	591	562
Change in pension obligations	2	16
Earnings on disposal of noncurrent assets and equity investments	–4	7
Share of earnings of equity-method investments	–38	–126
Other noncash income/expense	–295	–33
Change in inventories	–1,021	–653
Change in receivables (excluding financial services)	–569	–327
Change in liabilities (excluding financial liabilities)	274	753
Change in provisions	–1,400	581
Change in products leased out	–181	–510
Change in financial services receivables	–427	–684
Net cash provided by/used in operating activities	**–1,593**	**584**
Capital expenditures in intangible assets (excluding capitalized development costs) and property, plant, and equipment[2]	–472	–347
Additions to capitalized development costs	–276	–170
Capital expenditures to acquire subsidiaries	–66	0
Capital expenditures to acquire other investees	–13	–107
Proceeds from the disposal of subsidiaries and other businesses	23	0
Proceeds from the disposal of other investees	–	1
Proceeds from the disposal of intangible assets, property, plant, and equipment, and investment property	12	18
Change in marketable securities and investment deposits	159	–1,850
Change in loans	–281	4

1 Net of impairment reversals

2 Of which in the TRATON Operations business area: €–469 million (H1 2021: €–345 million)

€ million	H1 2022	H1 2021
Net cash used in investing activities	**–913**	**–2,451**
Dividend payouts	–250	0
Proceeds from the issuance of bonds	1,737	4,201
Proceeds from the issuance of *Schuldscheindarlehen*	–	700
Repayment of bonds	–972	–1,692
Loans extended by Volkswagen AG and Volkswagen International Luxemburg S.A.	1,630	–
Loan repayments to Volkswagen AG and Volkswagen International Luxemburg S.A.	–1,049	–1,000
Change in miscellaneous financial liabilities	1,254	–2
Repayment of lease liabilities	–126	–112
Net cash provided by financing activities	2,223	2,094
Effect of exchange rate changes on cash and cash equivalents	171	49
Change in cash and cash equivalents	**–112**	**277**
Cash and cash equivalents as of 06/30	**1,890**	**1,991**
Cash and cash equivalents reported separately in the balance sheet (assets held for sale)	–33	–324
Cash and cash equivalents as of 06/30 (reported in the balance sheet)	**1,857**	**1,666**

NOTES

1. Basis of preparation

General information

TRATON SE, Munich, Germany (the Company, TRATON) is the parent company of the TRATON GROUP (the Group). TRATON is registered in the commercial register at the Munich Local Court under no. 246068.

In accordance with Regulation 1606/2002 of the European Parliament and of the Council, the TRATON GROUP prepared its Consolidated Financial Statements for fiscal year 2021 in compliance with International Financial Reporting Standards (IFRSs), as adopted by the European Union. The accompanying Condensed Half-Yearly Consolidated Financial Statements (Half-Yearly Consolidated Financial Statements) of TRATON SE as of June 30, 2022, comply with the applicable requirements of the *Wertpapierhandelsgesetz* (WpHG — German Securities Trading Act) and were prepared in compliance with IFRSs, as adopted by the European Union, and in particular with IAS 34 *Interim Financial Reporting*. They do not contain all the information and disclosures required by IFRSs for full-year consolidated financial statements. The Half-Yearly Consolidated Financial Statements should therefore be read in conjunction with the Consolidated Financial Statements for the fiscal year ended December 31, 2021, and the additional information contained therein. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

From the Executive Board's perspective, the accompanying Half-Yearly Consolidated Financial Statements reflect all standard intraperiod adjustments required for the presentation of a true and fair view of the Group's net assets, financial position, and results of operations. The results presented for the first six months of fiscal year 2022 are not necessarily indicative of future results.

Preparation of the half-yearly consolidated financial statements requires the Executive Board to make certain assumptions and estimates affecting the measurement and presentation of assets and liabilities and income and expenses for the period. Actual amounts may differ from these estimates.

The accompanying Half-Yearly Consolidated Financial Statements were reviewed by an auditor within the meaning of section 115 of the WpHG.

2. Impact of the war in Ukraine

The war in Ukraine had a negative impact on the TRATON GROUP's business in the first half of 2022. As well as price increases on the energy and commodity markets, shortages of truck cable harnesses temporarily led to production stops at MAN. In addition, the Scania and MAN brands took a decision in March 2022 to immediately suspend the production and sale of vehicles in Russia until further notice.

The TRATON GROUP does not have any material subsidiaries or equity investments in Ukraine. In Russia, the TRATON GROUP has, in particular, a production company in St. Petersburg as well as sales entities and financing companies. Asset write-downs and additional expenses of €113 million were incurred in the first half of 2022 as a result of the direct impact of the war in Ukraine. Of this, €65 million related to write-downs of financial services receivables as a result of increased credit risks. The carrying amount of the related financial services receivables was €670 million (December 31, 2021: €606 million) as of June 30, 2022. There were also cash and cash equivalents of €327 million (December 31, 2021: €133 million) in the affected countries, of which by far the larger share was attributable to Russia and is subject to the applicable restrictions there.

For the impairment tests of goodwill, intangible assets, and property, plant, and equipment, the cash flows used in last year's impairment tests were adjusted to reflect current assumptions for 2022. These assumptions relate, in particular, to the expected impact of production stops, as well as the suspension of deliveries of vehicles to Russia and the shutdown of vehicle production in Russia in fiscal year 2022. They do not take into account any potential energy shortages. Generally unchanged assumptions were applied to long-term earnings performance. Furthermore, the pretax weighted average cost of capital (WACC) as of June 30, 2022, was adjusted as follows.

WACC	06/30/2022	12/31/2021
Scania Vehicles & Services	11.3%	8.3%
MAN Truck & Bus	11.3%	8.3%
Navistar Sales & Services	12.1%	9.2%
Volkswagen Truck & Bus	16.9%	11.8%

It was not necessary to charge impairment losses on our goodwill. However, in connection with the Navistar Sales & Services cash-generating unit, it was established in this context that a potential further increase in the discount rate by more than 0.8 percentage points would result in the carrying amount exceeding the recoverable amount.

After depreciating substantially to RUB 91.10/EUR as of March 31, 2022, following the outbreak of the war in Ukraine, the Russian ruble recovered significantly to RUB 54.58/EUR as of June 30, 2022. Intragroup loan receivables in rubles are hedged against currency risks by corresponding derivatives.

3. Accounting policies

TRATON has applied all accounting pronouncements adopted by the EU and required to be applied for periods beginning on or after January 1, 2022.

Other accounting policies

The income tax expense for the Half-Yearly Consolidated Financial Statements was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year, in accordance with IAS 34.

In the accompanying Half-Yearly Consolidated Financial Statements, a discount rate of 3.2% (December 31, 2021: 1.0%) was used for provisions for pensions and other post-employment benefits in Germany, 4.6% (December 31, 2021: 2.6%) in the USA, and 3.8% (December 31, 2021: 2.0%) in Sweden. Due to the persistent rise in inflation expectations, the pension trend was adjusted to 2.0% (December 31, 2021: 1.7%) for Germany and 2.8% (December 31, 2021: 2.3%) for Sweden as of June 30, 2022.

In all other respects, the same accounting policies and consolidation principles were generally applied to the preparation of the Half-Yearly Consolidated Financial Statements and the computation of the prior-year comparative figures as to the 2021 Consolidated Financial Statements. A detailed description of these accounting policies is given in the Notes to the 2021 Consolidated Financial Statements under “Accounting policies.” In addition, the effects of the new standards are described in more detail under the disclosures on “New or amended IFRSs not applied.” Application of these amendments did not materially affect the TRATON GROUP’s Half-Yearly Consolidated Financial Statements.

PRIOR-PERIOD INFORMATION

Certain prior-period information was adjusted to reflect the current presentation to improve comparability. If material, the details of such information are contained in the relevant sections.

Additionally, certain prior-period data was adjusted. Material adjustments in the income statement for the previous year are explained in the following.

It was determined in the fourth quarter of 2021 that some subsidiaries had reported effects from the translation of receivables/liabilities denominated in foreign currencies as an offset amount. The items concerned were adjusted as follows for the first half of 2021:

INCOME STATEMENT (EXTRACT)

€ million	H1 2021	Increase	H1 2021 (adjusted)
Other operating income	362	108	470
Other operating expenses	–1,032	–108	–1,140

4. Segment reporting

For information on the basis used for identifying reportable segments, refer to the TRATON GROUP's Consolidated Financial Statements as of December 31, 2021.

Starting in fiscal year 2022, segment result is calculated on the basis of operating result (adjusted). In the prior-year period, segment result was the same as operating result. Operating result (adjusted) is calculated from operating result (earnings before tax and before financial result) adjusted for adjustments. The adjustments concern certain items in the financial statements that, in the opinion of the Executive Board, can be presented separately to enable a more appropriate assessment of financial performance. They include, in particular, costs of restructurings and structural measures as well as of one-time events with a material impact on the TRATON GROUP's earnings. The prior-year period was adjusted correspondingly to reflect the current presentation.

The following tables contain segment-related information for the first six months of 2022.

2022 reporting segments

H1 2022

€ million	Scania Vehicles & Services	MAN Truck & Bus	Navistar Sales & Services	Volkswagen Truck & Bus	TRATON Financial Services	Total segments	Reconciliation	TRATON GROUP	of which TRATON Operations
Total sales revenue	**6,839**	**4,973**	**4,666**	**1,445**	**609**	**18,531**	**–549**	**17,982**	**17,634**
Intragroup sales revenue	–219	–109	–160	–4	–37	–529	529	–	–204
External sales revenue	6,620	4,864	4,505	1,441	572	18,002	–20	17,982	17,430
Depreciation and amortization	–562	–582	–117	–30	–228	–1,519	79	–1,440	–1,292
Impairment losses	0	–8	–27	–1	0	–37	15	–22	–37
Operating result	**500**	**–5**	**157**	**149**	**82**	**884**	**–223**	**661**	**797**
Operating result (adjusted)	**534**	**34**	**157**	**149**	**146**	**1,020**	**–223**	**798**	**869**
Financial result	199	32	131	–72	0	290	–17	272	290
of which share of earnings of equity-method investments	–3	16	–	0	–	14	25	38	14
Capital expenditures	**433**	**155**	**185**	**50**	**2**	**825**	**1**	**826**	**823**
Equity-method investments	107	117	–	–	–	225	1,043	1,267	225

2021 reporting segments

H1 2021

€ million	Scania Vehicles & Services	MAN Truck & Bus	Navistar Sales & Services	Volkswagen Truck & Bus	TRATON Financial Services	Total segments	Reconciliation	TRATON GROUP	of which TRATON Operations
Total sales revenue	**7,155**	**5,408**	**–**	**1,021**	**419**	**14,002**	**–382**	**13,621**	**13,402**
Intragroup sales revenue	–263	–122	–	–1	–2	–388	388	–	–205
External sales revenue	6,892	5,286	–	1,020	417	13,614	7	13,621	13,197
Depreciation and amortization	–541	–586	–	–25	–195	–1,347	185	–1,162	–1,152
Impairment losses	0	–158	–	–2	0	–160	0	–160	–160
Operating result	**860**	**–493**	**–**	**77**	**100**	**544**	**–89**	**455**	**445**
Operating result (adjusted)	**860**	**179**	**–**	**77**	**100**	**1,217**	**–89**	**1,128**	**1,117**
Financial result	3	9	–	–22	0	–10	80	69	–10
of which share of earnings of equity-method investments	4	21	–	–	–	25	102	126	25
Capital expenditures	**418**	**138**	**–**	**32**	**1**	**590**	**34**	**623**	**588**
Equity-method investments[1]	105	98	–	–	–	203	1,077	1,280	203

1 As of December 31, 2021

The reconciliation of aggregated segment results to the TRATON GROUP's earnings before tax is as follows:

€ million	H1 2022	H1 2021
Operating result (adjusted), total segments	**1,020**	**1,217**
Adjustments related to restructurings	–7	–672
Adjustments related to antitrust proceedings	–17	–
Adjustments related to impairments due to the war in Ukraine	–113	–
Operating result, TRATON Holding	–68	–83
Earnings effects from purchase price allocation not allocated to the segments	–142	–8
Consolidation	–12	2
Operating result (TRATON GROUP)	**661**	**455**
Financial result	272	69
Earnings before tax (TRATON GROUP)	**933**	**525**

5. Acquisitions

Navistar

A TRATON GROUP company acquired all outstanding shares of US commercial vehicle manufacturer Navistar on July 1, 2021. Because of the size of the transaction, the internal reviews of the information underlying the purchase price allocation could only be completed in the current fiscal year. Following adjustments due to better information, the goodwill resulting from the acquisition amounts to €2,790 million (originally €2,783 million).

The updated allocation of the purchase price to the assets acquired and liabilities assumed relates to intangible assets (€+29 million) and property, plant, and equipment (€–67 million), and the related deferred tax assets (€+33 million) and deferred tax liabilities (€+1 million), as well as a shift from noncurrent to current liabilities (€22 million), and results in an adjustment of the corresponding prior-year comparative figures. The update does not affect the prior-year income statement.

Bilmetro

On January 3, 2022, a TRATON GROUP company acquired 100% of the shares of Bilmetro AB and three real estate companies. Bilmetro AB is an authorized dealer for Scania trucks and for the passenger car brands Volkswagen, Audi, ŠKODA, SEAT, CUPRA, and Volkswagen Commercial Vehicles. The passenger cars business was sold on January 3, 2022, to a subsidiary of Volkswagen AG that is not part of the TRATON GROUP. Bilmetro AB is headquartered in central Sweden and operates at eleven locations in Sweden. Bilmetro AB's total assets, excluding the sold passenger cars business, were €350 million at the acquisition date and include a financing portfolio of €260 million. The acquisition does not result in any material goodwill, nor does it have any material impact on the sales revenue or earnings of the TRATON GROUP.

6. Noncurrent assets or disposal groups held for sale

In April 2022, TRATON entered into a definitive agreement with Tupy S.A., Brazil, for the sale of International Indústria Automotiva Da América Do Sul Ltda. (MWM). MWM specializes in the manufacture of diesel engines. The purchase price, which is subject to various adjustments, amounts to around €159 million (BRL 855 million). In addition, the transaction is subject to customary closing conditions, including regulatory approvals. The transaction is currently expected to be completed in the second half of 2022. MWM's assets and liabilities as of June 30, 2022, can be disaggregated as follows:

€ million	06/30/2022
Intangible assets and property, plant, and equipment	18
Inventories	78
Trade receivables	53
Other receivables and financial assets	102
Deferred tax assets	47
Cash and cash equivalents	33
Total assets	**332**
Trade payables	57
Other liabilities and provisions	57
Deferred tax liabilities	12
Total liabilities	**126**

With the classification as a disposal group, an impairment expense was recognized for €9 million. The impairment expense is reported in other operating expenses. The related assets and liabilities are allocated to the Navistar Sales & Services segment and to Corporate Items. In addition, MWM has accumulated other comprehensive income of €13 million, which mainly relates to currency translation effects that will be reclassified to the income statement upon disposal.

Refer to the Annual Report as of December 31, 2021, for information about the sale of MAN Truck & Bus Österreich GesmbH, Steyr, Austria, and the MAN facility in Plauen.

7. Sales revenue

Structure of sales revenue

H1 2022

€ million	Scania Vehicles & Services	MAN Truck & Bus	Navistar Sales & Services	Volkswagen Truck & Bus	TRATON Financial Services	Reconciliation	H1 2022	of which TRATON Operations
New vehicles	4,062	2,506	2,908	1,380	–	4	10,861	10,848
Genuine parts	1,188	873	1,152	54	–	–16	3,252	3,253
Used vehicles and third-party products[1]	481	355	301	0	10	0	1,147	1,138
Engines, powertrains, and parts deliveries	169	344	155	–	–	–254	415	415
Workshop services	474	396	–	4	–	0	873	873
Rental and leasing business	387	441	22	–	267	–214	903	850
Interest and similar income	1	–	–	–	332	–36	297	1
Other sales revenue	77	58	126	7	–	–33	235	256
	6,839	**4,973**	**4,666**	**1,445**	**609**	**–549**	**17,982**	**17,634**

H1 2021

€ million	Scania Vehicles & Services	MAN Truck & Bus	Navistar Sales & Services	Volkswagen Truck & Bus	TRATON Financial Services	Reconciliation	H1 2021	of which TRATON Operations
New vehicles	4,640	3,021	–	980	–	–14	8,627	8,633
Genuine parts	1,013	770	–	38	–	–6	1,815	1,816
Used vehicles and third-party products[1]	435	421	–	0	2	0	859	857
Engines, powertrains, and parts deliveries	179	347	–	–	–	–161	366	366
Workshop services	419	351	–	2	–	0	772	772
Rental and leasing business	384	435	–	–	218	–192	844	819
Interest and similar income	3	–	–	–	199	–1	201	3
Other sales revenue	82	62	–	0	–	–7	137	136
	7,155	**5,408**	**–**	**1,021**	**419**	**–382**	**13,621**	**13,402**

1 Navistar Class 4/5 contract manufacturing for third parties included from July 1, 2021; includes sales of leased out used vehicles, previously included in the rental and leasing business, also adjusted for comparative period.

Sales revenue for the first six months of 2022 includes revenue from operating leases in the amount of €674 million (H1 2021: €619 million).

8. Further income statement disclosures

The TRATON GROUP's operating result in the first half of 2022 was up substantially year-on-year. The consolidation of Navistar, including the negative effect of purchase price allocation, contributed €48 million to this increase. The impact of the war in Ukraine had an offsetting effect. Among other things, it led to supply shortages for truck cable harnesses at MAN Truck & Bus, resulting in a six-week production stop at some truck plants from mid-March. The increase in net impairment losses on financial assets, which was due primarily to increased bad debt allowances on receivables of €65 million in the TRATON Financial Services segment, is also related directly to the war in Ukraine. In addition, impairment losses on property, plant, and equipment, inventories, and other expenses of €48 million were incurred in the current reporting period in connection with the war in Ukraine. The prior-year figure had been negatively impacted by expenses of €672 million in connection with the repositioning of MAN Truck & Bus.

The €203 million increase in the financial result to €272 million was mainly attributable to currency translation effects on net financial debt, in particular the stronger US dollar and Russian ruble. These were only partly offset by the expense from related hedges, whose measurement was impacted by the higher interest rate level in the first half of 2022, among other factors. Lower investment income from companies accounted for using the equity method, mainly from the investment in Sinotruk, and higher interest expense, in particular from the inclusion of Navistar, also had an impact.

9. Equity

After the 2022 Annual General Meeting, TRATON SE paid its shareholders a dividend of €0.50 (2021: €0.25) per share. This resulted in a payout of €250 million (2021: €125 million). The payout was made on June 14, 2022.

10. Financial liabilities

The details of noncurrent and current financial liabilities are presented in the following table:

€ million	06/30/2022	12/31/2021
Bonds	10,055	9,553
Liabilities to banks	6,986	5,310
Lease liabilities	1,231	1,237
Loans from Volkswagen AG	1,400	270
Schuldscheindarlehen	699	699
Loans from Volkswagen International Luxemburg S.A.	500	1,049
Loans and miscellaneous liabilities	157	88
	21,029	**18,205**

Financial liabilities from bonds mainly relate to European Medium Term Notes (EMTNs). TRATON SE and TRATON Finance Luxembourg S.A., Strassen, Luxembourg (TRATON Finance) are using the issuance program to raise capital for general corporate purposes, and the capital raised will be used as needed within the TRATON GROUP.

TRATON has a €12,000-million European Medium Term Notes (EMTN) program. TRATON Finance issued a €300 million bond under this program with a term of 18 months and a €500 million bond with a 21-month term in the first half of 2022. The bonds were partly hedged using interest rate derivatives. Since the EMTN program was set up in 2021, this means that a total of €5,100 million had been drawn down from the EMTN program as of June 30, 2022.

Scania launched a €9,000 million EMTN program, €4,472 million of which was drawn down. Bonds amounting to €577 million were issued and bonds amounting to €934 million were redeemed in the reporting period.

€ million	06/30/2022	12/31/2021
Noncurrent financial liabilities	13,883	12,181
Current financial liabilities	7,146	6,024

11. Other provisions

The provisions for litigation and legal risks recognized in connection with the EU antitrust proceedings were utilized in full in the first half of 2022. In this context, Scania settled the fine, plus interest, imposed by the European Commission and confirmed by the General Court of the European Union in its ruling of February 2, 2022. The total amount was €937 million. Scania filed an appeal against this judgment with the European Court of Justice on April 8, 2022.

In addition, Navistar made final payments totaling €420 million in June 2022 following court approval of the “Profit Sharing Settlement Agreement” and “Krzysiak Action Settlement Agreement.”

Further information on legal risks and the antitrust proceedings can be found in the **“Important Legal Cases”** section of the Interim Group Management Report.

12. Additional financial instruments disclosures

As a rule, the fair value of financial instruments measured at amortized cost approximates their carrying amount. This is not the case for the following financial instruments:

€ million	Carrying amount as of 06/30/2022	Fair value as of 06/30/2022	Carrying amount as of 12/31/2021	Fair value as of 12/31/2021
Noncurrent assets				
Financial services receivables	3,105	2,849	2,701	2,603
Noncurrent liabilities				
Financial liabilities	12,892	12,511	11,186	11,254

Other equity investments include the shares in TuSimple, a listed company. The fair value of this investment was €110 million (December 31, 2021: €500 million) as of the reporting date and is allocated to Level 1 of the fair value hierarchy. The rest of the financial instruments included in other equity investments comprise shares in unlisted companies for which there is no active market. The fair value of these shares in the amount of €122 million (December 31, 2021: €119 million) as of June 30, 2022, is determined using standard valuation models such as discounted cash flow models (Level 3 of the fair value hierarchy). In the first half of 2022, a change in value of €–393 million (H1 2021: €309 million) was recognized in other comprehensive income in the “Fair value measurement of other equity investments” item, of which €+7 million (H1 2021: €309 million) relates to the shares in Level 3 of the fair value hierarchy.

All other financial assets and liabilities measured at fair value consist of derivatives that are not included in hedge accounting and are allocated to Level 2 of the fair value hierarchy. The fair value of Level 2 financial instruments is determined on the basis of the conditions prevailing at the end of the reporting period, such as interest rates or exchange rates, and using recognized models, such as discounted cash flow or option pricing models. As of June 30, 2022, the fair value of these other financial instruments was €194 million (December 31, 2021: €258 million), and the fair value of these other financial liabilities was €679 million (December 31, 2021: €219 million).

13. Contingent liabilities and commitments

€ million	06/30/2022	12/31/2021
Liabilities under buyback guarantees	2,693	2,603
Contingent liabilities under guarantees	981	1,045
Other contingent liabilities	954	767
	4,629	**4,415**

Customer liabilities to financial services companies of the Volkswagen Group and, to a small extent, to third parties are covered by standard industry buyback guarantees under which TRATON is obliged to buy back vehicles from the financial services company in the event of default. The maximum expenses from such obligations are shown under “Liabilities under buyback guarantees.” However, experience shows that the majority of these guarantees expire without being drawn upon.

Other contingent liabilities relate mainly to contingent liabilities for potential charges from tax risks, which exist primarily for Volkswagen Truck & Bus.

14. Related party disclosures

There have been no material changes in relationships with related parties compared with the disclosures in the Consolidated Financial Statements as of December 31, 2021.

The following tables present the amounts of supplies and services transacted, as well as outstanding receivables and obligations, between consolidated companies of the TRATON GROUP and its related parties, including Volkswagen AG. There were no significant transactions with Porsche Automobil Holding SE, Stuttgart, Volkswagen Finance Luxemburg S.A., Strassen, Luxembourg (Volkswagen Finance Luxemburg), or the state of Lower Saxony in any of the reported periods presented.

RELATED PARTIES

	Sales and services rendered		Purchases and services received	
€ million	H1 2022	H1 2021	H1 2022	H1 2021
Volkswagen AG	2	1	77	76
Other subsidiaries and equity investments of Volkswagen AG that are not part of the TRATON GROUP[1]	862	802	415	371
Unconsolidated subsidiaries	7	14	5	3
Associates and their majority interests	82	93	120	171
Joint ventures and their majority interests	7	7	25	27

1 Prior-period amounts adjusted (sales and services rendered)

	Receivables from		Liabilities (incl. obligations) to	
€ million	**06/30/2022**	**12/31/2021**	**06/30/2022**	**12/31/2021**
Volkswagen AG	11	210	1,481	362
Other subsidiaries and equity investments of Volkswagen AG that are not part of the TRATON GROUP	473	372	2,869	3,566
Unconsolidated subsidiaries	36	37	44	49
Associates and their majority interests	81	38	33	29
Joint ventures and their majority interests	5	2	1	1

On June 30, 2022, Volkswagen Finance Luxemburg, a wholly owned subsidiary of Volkswagen AG, held 89.72% (December 31, 2021: 89.72%) of TRATON SE's share capital. Additionally, Mr. Levin held 3,600 (December 31, 2021: 3,600) shares of TRATON SE on June 30, 2022.

Receivables from Volkswagen AG are mainly finance transaction balances. The short-term deposits with Volkswagen AG amounting to €200 million invested in the previous year were withdrawn in the first half of 2022.

Liabilities to Volkswagen AG include loans granted by Volkswagen AG in the amount of €1,400 million (December 31, 2021: €270 million) resulting from a €4,000 million (December 31, 2021: €4,000 million) credit facility. The credit facility is subject to market interest rates. Liabilities to other subsidiaries and equity investments of Volkswagen AG that are not part of the TRATON GROUP mainly relate to liabilities to Volkswagen Financial Services.

In November 2020, TRATON SE took out a loan of €3,300 million with Volkswagen International Luxemburg S.A., Strassen, Luxembourg (Volkswagen International Luxemburg), with a term of up to 30 months, to finance the US dollar purchase price of the common shares of Navistar International Corporation not already held by TRATON SE. The financing is subject to market interest rates. The loan was reduced to €2,750 million in May 2021 and fully drawn down at the acquisition date, and repaid in full by means of bank financing in three tranches in October 2021, November 2021, and March 2022. In addition, a new loan of €500 million (December 31, 2021: €1,050 million) was taken out with Volkswagen International Luxemburg in the first half of 2022 at standard market terms.

The sale of receivables to subsidiaries of Volkswagen AG that are not part of the TRATON GROUP amounted to €524 million (H1 2021: €504 million) in the first half of 2022. This relates to the volume of receivables that were transferred and derecognized in each reporting period. Customer liabilities to Volkswagen Financial Services are covered by standard industry buyback guarantees, see Note **"13. Contingent liabilities and commitments."**

4

FURTHER INFORMATION

FURTHER INFORMATION

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the Condensed Half-Yearly Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Munich, July 22, 2022

TRATON SE

The Executive Board

Christian Levin

Annette Danielski

Mathias Carlbaum

Antonio Roberto Cortes

Bernd Osterloh

Alexander Vlaskamp

Review Report

To TRATON SE, Munich

We have reviewed the condensed half-yearly consolidated financial statements of TRATON SE, Munich, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows, and selected explanatory notes, and the interim group management report for the period from January 1, 2022 to June 30, 2022, which are part of the half-year financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The executive directors are responsible for the preparation of the condensed half-yearly consolidated financial statements in accordance with IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the condensed half-yearly consolidated financial statements and the interim group management report based on our review.

We conducted our review of the condensed half-yearly consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IFRS on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statement, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IFRS on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, July 22, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Meyer
Wirtschaftsprüfer

Hummel
Wirtschaftsprüfer

Financial Calendar

The latest information and dates are available on TRATON SE's website at **www.traton.com/financialcalendar**.

WWW.TRATON.COM

Publication Details

Published by
TRATON SE
Dachauer Str. 641
80995 Munich
Germany
www.traton.com

Corporate Communications
media-relations@traton.com

Investor Relations
investor.relations@traton.com

T: +49 89 36098 70

Concept and Design
3st kommunikation GmbH, Mainz

Photographs
Getty Images (cover, p. 3)