TRATON

2023

Half-Year Financial Report

AT A GLANCE

Incoming orders down by
24%

Unit sales
22%
higher at 168,114 vehicles

Sales revenue rose by 27% to around
€22.9
billion

Adjusted operating result around €1.2 billion higher at around
€2.0
billion

Adjusted operating return on sales climbed to
8.6%

Trucks and buses (units)	H1 2023	H1 2022	Change
Incoming orders	125,258	164,213	–24%
Unit sales	168,114	137,294	22%
of which trucks	139,843	115,115	21%
of which buses	14,848	12,894	15%
of which MAN TGE vans	13,423	9,285	45%
TRATON GROUP			
Sales revenue (€ million)	22,854	17,982	27%
Operating result (adjusted) (€ million)	1,973	798	1,176
Operating return on sales (adjusted) (in %)	8.6	4.4	4.2 pp
Earnings per share (€)	2.48	1.38	1.10
Active employees[1]	101,879	100,356	1,523
TRATON Operations			
Sales revenue (€ million)	22,335	17,634	27%
Operating result (adjusted) (€ million)	2,097	869	1,229
Operating return on sales (adjusted) (in %)	9.4	4.9	4.5 pp
Primary R&D costs (€ million)	1,050	896	17%
Capex (€ million)	497	469	6%
Net cash flow (€ million)	1,754	–1,395	3,149
TRATON Financial Services			
Sales revenue (€ million)	737	609	21%
Operating result (adjusted) (€ million)	158	146	12
Operating return on sales (adjusted) (in %)	21.5	24.1	–2.6 pp
Return on equity (in %)	5.6	9.0	–3.4 pp

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

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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 2022, 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 2023. 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. This report can be downloaded from our website at **https://ir.traton.com/websites/traton/English/3000/reports-_-presentations.html**.

To Our Shareholders

1

TO OUR SHAREHOLDERS

Highlights in the First Half of 2023

In the first half of 2023, the TRATON GROUP recorded tremendous progress in the field of electric mobility and at the same time further implemented its TRATON Way Forward strategy, which charts a course for the Company's future success.

The Company's Supervisory Board made key decisions in mid-March aimed at implementing its corporate strategy even more systematically. The contract with Christian Levin, Chairman of the Executive Board, was extended by five years until January 2029, and the contract with TRATON Executive Board member Antonio Roberto Cortes, Chief Executive Officer of Volkswagen Truck & Bus, was extended by three years until January 2027. At the same time, the introduction of the new Global Product Management area of responsibility within the Executive Board will safeguard the heart of the business model in the future: both the strategic and the operational integration of the commercial and industrial systems of the four brands and coordinating Group functions. Catharina Modahl Nilsson, who has been Head of Group Product Management at TRATON since the beginning of 2022, has been responsible for the new area as a member of the TRATON Executive Board since April 2023. In addition, the Supervisory Board appointed Dr. Michael Jackstein to the Executive Board effective April 1, 2023. He heads the combined Finance and Human Resources division of TRATON SE, which also includes Business Development.

At TRATON SE's Annual General Meeting, which took place at the International Congress Center Messe in Munich on June 1, 2023, Chief Executive Officer Christian Levin presented the progress in implementing the Company's strategy to its shareholders in detail. "We deliver added value for our customers, we deliver value for our shareholders, and we continue to deliver on our TRATON Way Forward strategy," Levin said in his speech to the shareholders. TRATON's shareholders are benefiting from the Group's good performance. At the Annual General Meeting, they voted by a majority of 99.99% to approve a dividend of €0.70 per share, following €0.50 for fiscal year 2021. The payout ratio of 30.7% is thus within the target corridor.

Thanks to increasingly stable supply chains and higher production volumes, TRATON got off to a good start in fiscal year 2023. This positive business performance continued in the second quarter. For example, unit sales in the first six months increased by 22% to 168,114 vehicles. Sales revenue grew 27% to reach €22.9 billion. Operating return on sales (adjusted) improved by 4.2 percentage points year-on-year to 8.6%.

Looking toward the sustainable transportation of the future, one thing is certain for the TRATON GROUP: the technology for the transition to sustainable transportation is ready — for trucks and buses and for charging stations. The TRATON GROUP brands have already proved that their battery electric vehicles are suitable for everyday use and can withstand even the harshest of conditions. In order to raise awareness among political decision-makers in Europe that this transition toward sustainable transportation will only succeed with the rapid development of the urgently needed charging infrastructure for commercial vehicles, TRATON hosted a Parliamentary Evening in Berlin in mid-May together with ABB E-mobility. "We now need the right political roadmap, framework, and incentives so that we can build a high-performance European charging network at the required speed. This would then pave the way for the European Union to reach its climate goals," said Chief Executive Officer Christian Levin as he was joined on stage by German Transport Minister Dr. Volker Wissing, Swedish Infrastructure Minister Andreas Carlson, and Per Thöresson, Sweden's Ambassador to Germany.

The TRATON GROUP brands reported numerous strategy and product highlights in the first half of 2023:

Scania:

- Scania reached important milestones on the road to sustainable transportation in the first half of the year. In April, it presented a battery cell for heavy-duty electric vehicles developed jointly with Northvolt. In tests, this lithium-ion cell has demonstrated a useful life in trucks of over 1.5 million kilometers. This means that an electric truck can use the same battery cells throughout its entire service life. The cell is set to be manufactured in northern Sweden using fossil-free electricity and will have a carbon footprint equivalent to around one-third of a comparable industry benchmark cell.
- Scania also made progress in another key area in the first half of the year, namely charging stations and charging technology for electric commercial vehicles. Megawatt charging using the future MCS (Megawatt Charging System) standard is needed to charge electric commercial vehicles quickly. Together with ABB E-mobility, Scania successfully tested this type of megawatt charging system in May.
- Scania made significant progress in decarbonizing its supply chains in the first half of the year, placing its first order with H2 Green Steel, which will supply the company with green steel. This sustainably manufactured steel will help further reduce the climate footprint of Scania's vehicle production.

MAN:

- MAN already registered strong interest in its battery electric heavy-duty eTruck in the first half of 2023. International logistics company DB Schenker plans to add a total of 100 MAN eTrucks to its fleet by 2026. The first vehicle deliveries are scheduled as soon as the first half of 2024. The list of initial customers also includes logistics service provider Duvenbeck, which plans to deploy around 120 eTrucks. The all-electric 40-ton truck is a perfect fit for automotive logistics thanks to its low coupling height and will be in operation for Volkswagen Group Logistics from 2024. MAN had already received more than 500 order requests for the electric long-haul truck as the first half of the year drew to a close.
- MAN reached another major milestone in the launch of the Group-wide 13-liter CBE powertrain platform. The topping-out ceremony for the future production facility at MAN's Nuremberg plant was held in March. MAN's €170 million investment will create 160 additional jobs, underscoring its commitment to the long-standing engine plant at the Nuremberg site.
- MAN is also making great strides with its transformation. Following the expansion of the plant in Krakow, Poland, the opening ceremony there was held in May. Truck production is operating in three shifts and will be stepped up further by the end of the year. MAN has invested approximately €200 million in this expansion. The plant grew by around one-third in size. As well as the heavy-duty trucks that were already being manufactured in Krakow, the site will also add light- and medium-duty series to the lineup. Following the conversion and the successful ramp-up of production, around 300 vehicles and driver cabs can roll off the assembly line every day, virtually equivalent to a threefold increase in capacity.

Navistar:

- Navistar helped the TRATON GROUP to take an important step forward in its aspiration to become an even more sustainable company in the first half of the year. With Scania and MAN Truck & Bus already participating in the Science Based Targets initiative (SBTi), Navistar has now made a commitment to develop science-based near-term targets to submit to the SBTi for validation. The SBTi is a global initiative that allows companies to adopt emissions reduction targets based on the latest scientific findings. The over-arching goal of the initiative is to cut global emissions in half by 2030 and to achieve net zero emissions by 2050, in line with the Paris Climate Agreement.
- Navistar aims to make significant progress in reducing carbon emissions from traditional diesel engines with the introduction of the Group-wide 13-liter CBE powertrain platform, which will be used in the company's new S13 Integrated Powertrain. In addition to aerodynamic improvements, it also offers fuel savings of up to 15% compared with the previous generation

of Navistar engines and thus marks an important milestone on the road to climate-neutral transportation. Production of the S13 will start in the second half of the year.
– Navistar has already secured its first customers for the eMV series of battery electric trucks from its International brand. Deliveries to Sysco, a company in the food supply sector, were announced at the end of April.

Volkswagen Truck & Bus:

– Volkswagen Truck & Bus (VWTB) started series production of its e-Delivery truck in the first half of the year, in line with the TRATON GROUP's strategy that sees battery electric drives as the core alternative drive technology, supplemented by hydrogen drives in niche areas. This makes the VWTB plant in Resende the first in Brazil to produce vehicles with zero-emissions technology on a large scale. VWTB is manufacturing the e-Delivery on the same assembly line as its diesel vehicles, and thus operating with both the greatest possible flexibility and the established high quality standards.
– Volkswagen Truck & Bus is further strengthening its presence on international markets in 2023 as part of its strategy to expand its global footprint. In order to intensify its activities on four continents, the brand will open further representative offices in South America, Mexico and Central America, Africa and West Asia, and Southeast Asia. The first step in VWTB's ambition to become more international is to further strengthen its brand in Argentina. A new factory is scheduled to open in Córdoba in early 2024 that will primarily supply the Argentine market with VWTB models.

Interim Group Management Report

of the TRATON GROUP as of June 30, 2023

INTERIM GROUP MANAGEMENT REPORT

of the TRATON GROUP as of June 30, 2023

Report on Economic Position

1. Material events

The TRATON GROUP generated sales revenue of €22.9 billion (H1 2022: €18.0 billion) in the first half of 2023. Operating result (adjusted) was €2.0 billion (H1 2022: €798 million), operating return on sales (adjusted) came in at 8.6% (H1 2022: 4.4%). This development was primarily attributable to a very strong improvement in operating result in our Scania Vehicles & Services, MAN Truck & Bus, and Navistar Sales & Services segments, in particular on the back of an increase in the New Vehicles business across the three segments. This was made possible by a higher production volume that resulted from an improved supply situation.

The planned sale of Scania Finance Russia was completed on January 17, 2023, following receipt of all regulatory approvals. The sale price was €400 million. Scania Finance Russia recorded negative accumulated other comprehensive income of €102 million from currency translation effects, which was reclassified to the income statement upon disposal.

The TRATON GROUP decided in 2022 to develop a Group-wide, integrated business unit for financial services. An important milestone was reached at the beginning of the second quarter with the adjustment of the ownership structure of the financial services business, which resulted in a net cash flow effect of €499 million in the TRATON Operations business area. TRATON Financial Services will offer comprehensive customer financing services to meet the demand for new technologies and business models.

Scania Vehicles & Services is realigning its bus business. With a new focus for its product portfolio and a changed market environment, body production for Scania bus chassis will be discontinued at the plant in Słupsk, Poland. Expenses of €72 million were incurred in this context, which were adjusted in operating result. Scania continues to offer its customers complete buses and coaches, an offering increasingly based on the modular system, a comprehensive service network, and global and local partnerships with body manufacturers.

At its meeting on March 20, 2023, the TRATON GROUP's Supervisory Board revised the composition of the Company's Executive Board. The appointment of Christian Levin, Chairman of the Executive Board of TRATON SE and Chief Executive Officer of Scania CV AB, was renewed until January 2029. Furthermore, Executive Board member Antonio Roberto Cortes, who is also Chief Executive Officer of Volkswagen Truck & Bus, will remain on the Executive Board until January 2027. Dr. Michael Jackstein has been heading the combined Finance and Human Resources division of TRATON SE, which also includes the Business Development division, since April 1, 2023. At the same time, the introduction of the new Global Product Management area of responsibility within the Executive Board safeguards the heart of the business model: the strategic and operational integration of the commercial and industrial systems of the four brands and coordinated Group functions. Catharina Modahl Nilsson has been responsible for this since April 1, 2023.

2. Market environment

The available registration data for the TRATON GROUP's core regions reflects the situation from January through June 2023 for the EU27+3 region and Brazil, as well as from January through May for Türkiye, South Africa, and North America.

In the first half of 2023, the most important truck markets (> 6t) for the TRATON GROUP reported a substantial increase overall in new registrations. After the war in Ukraine had once again exacerbated supply bottlenecks for semiconductors and other components last year and thereby impaired the production of many manufacturers, these adverse effects increasingly eased in the first half of 2023. As a result, it has become increasingly possible to meet the demand that had accumulated over the past two years, causing market growth to accelerate significantly in many regions.

New truck registrations in the EU27+3 region were up substantially on the previous year's level in the first half of 2023. This was also the case for larger markets such as the United Kingdom and Spain, while Germany exhibited an even stronger catch-up effect, following a weak previous year. The French and Italian markets grew more slowly, but were nevertheless up significantly year-on-year. The improved situation in the supply chains also had an impact in North America, with the market for Class 6 through 8 trucks developing strongly compared with the prior-year level. By contrast, the market in Brazil experienced a significant negative trend due to the introduction of a new emissions standard that has been in force since January 2023. The P-8 emissions standard corresponds to the current European Euro 6 standard, whose requirements result in significantly higher prices for new vehicles. The very strong market increase continued in Türkiye, whereas South Africa recorded noticeable growth.

Overall, the most important bus markets for the TRATON GROUP recorded very strong growth in the first half of 2023. Bus markets as a whole are on the road to recovery following three years impacted by the COVID-19 pandemic. New bus registrations in the EU27+3 region were up substantially on the prior-year level, albeit with widely varying rates between the individual countries and segments. Whereas Germany and the United Kingdom posted strong growth and the Italian and Spanish markets were even up very strongly year-on-year, France recorded slower but nevertheless noticeable growth. The coach segment, in particular, posted very strong growth, starting from the low level seen in the previous years. The Brazilian and North American bus markets both recorded very strong growth. The new emissions legislation in Brazil did not yet negatively impact new registrations in the first half of the year, as buses were still being registered from stocks of the previous P–7 technology (equivalent to Euro 5).

3. Results of operations

INCOMING ORDERS AND UNIT SALES BY COUNTRY, TRATON OPERATIONS

	Incoming orders			Unit sales		
Units	H1 2023	H1 2022	Change	H1 2023	H1 2022	Change
Total	**125,258**	**164,213**	**–24%**	**168,114**	**137,294**	**22%**
BEV unit sales ratio (excluding MAN TGE vans, in %)	–	–	–	0.3	0.3	0.0 pp
Trucks	**98,246**	**135,578**	**–28%**	**139,843**	**115,115**	**21%**
EU27+3	48,307	51,841	–7%	60,094	39,504	52%
of which in Germany	12,540	11,424	10%	16,578	8,816	88%
North America	17,050	44,281	–61%	40,321	31,195	29%
of which in the USA/Canada	13,472	38,504	–65%	34,430	26,791	29%
of which in Mexico	3,578	5,777	–38%	5,891	4,404	34%
South America	19,325	28,236	–32%	22,185	32,349	–31%
of which in Brazil	15,536	21,322	–27%	17,663	25,738	–31%
Other regions	13,564	11,220	21%	17,243	12,067	43%
Buses	**14,002**	**15,724**	**–11%**	**14,848**	**12,894**	**15%**
EU27+3	2,838	3,141	–10%	2,747	2,250	22%
of which in Germany	741	818	–9%	743	436	70%
North America	6,999	7,195	–3%	7,871	6,384	23%
of which in the USA/Canada	5,201	5,896	–12%	6,127	5,630	9%
of which in Mexico	1,798	1,299	38%	1,744	754	131%
South America	2,976	3,881	–23%	3,095	3,282	–6%
of which in Brazil	2,223	2,598	–14%	2,498	2,741	–9%
Other regions	1,189	1,507	–21%	1,135	978	16%
MAN TGE vans	**13,010**	**12,911**	**1%**	**13,423**	**9,285**	**45%**
EU27+3	12,867	12,832	0%	13,184	9,194	43%
of which in Germany	4,564	5,651	–19%	4,945	3,766	31%

The TRATON GROUP recorded a sharp decline in incoming orders in the first half of 2023. In Europe and North America, this was the result of existing uncertainty with regard to economic development and a more difficult financing environment as well as the persistently restrictive order acceptance, a reflection of the continued very high order backlog. In North America, additionally, order books for 2024 had largely not yet been opened, due among other things to future regulatory requirements, the precise nature of which was still under discussion in the reporting period. In South America, incoming orders were down year-on-year as a result of pull-forward effects in connection with the new P–8 emissions standard in Brazil, which came into force at the beginning of the year.

Unit sales rose sharply, in particular due to the development in Europe and North America, as a result of continued high order backlog and as supply chains became more and more stable, which led to a sharp rise in production volume in the reporting period. In South America, the introduction of the new emissions regulation in Brazil led to lower customer demand and a corresponding decline in the unit sales of trucks.

The book-to-bill ratio in the first half of 2023 was 0.7 (H1 2022: 1.2). This meant that unit sales were higher than incoming orders, and although order backlog declined, it remains at a very high level.

In the first half of 2023, 188 (H1 2022: 208) all-electric trucks and 294 (H1 2022: 217) all-electric buses were sold. This corresponds to a BEV unit sales ratio of 0.3% (H1 2022: 0.3%). Additionally, 104 (H1 2022: 11) hybrid trucks, 138 (H1 2022: 30) hybrid buses, and 172 (H1 2022: 416) MAN eTGE vans were sold.

Profit and loss

CONDENSED TRATON GROUP INCOME STATEMENT

	TRATON GROUP		TRATON Operations		TRATON Financial Services		Corporate Items	
€ million	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Sales revenue	22,854	17,982	22,335	17,634	737	609	–217	–260
Cost of sales	–18,304	–14,914	–17,980	–14,761	–482	–359	158	206
Gross profit	**4,550**	**3,068**	**4,354**	**2,873**	**255**	**249**	**–58**	**–54**
Distribution expenses	–1,769	–1,599	–1,566	–1,395	–81	–79	–122	–125
Administrative expenses	–775	–663	–669	–599	–19	–14	–87	–50
Other operating result	–206	–145	–94	–82	–98	–75	–14	11
Operating result	**1,800**	**661**	**2,025**	**797**	**57**	**82**	**–282**	**–217**
Operating result (adjusted)	**1,973**	**798**	**2,097**	**869**	**158**	**146**	**–282**	**–217**
Operating return on sales (in %)	7.9	3.7	9.1	4.5	7.7	13.4	–	–
Operating return on sales (adjusted) (in %)	8.6	4.4	9.4	4.9	21.5	24.1	–	–
Financial result	–232	272	925	290	0	0	–1,157	–17
Earnings before tax	**1,568**	**933**	**2,950**	**1,086**	**56**	**82**	**–1,439**	**–235**
Income taxes	–329	–243	–619	–316	–50	–42	341	115
Earnings after tax	**1,238**	**691**	**2,331**	**770**	**6**	**40**	**–1,099**	**–120**

Operating result:

The TRATON GROUP generated sales revenue of €22.9 billion (H1 2022: €18.0 billion) in the reporting period, up 27% on the previous year's level. This increase is attributable to higher unit sales of new vehicles, a positive market and product mix, better unit price realization, and an increase in the Vehicle Services business. Both the genuine parts business and workshop services recorded growth. Currency effects did not have any material impact on sales revenue in the first half of 2023 on the whole.

Sales revenue in the TRATON Financial Services segment rose by 21% year-on-year to €737 million. This growth was driven by the expansion of the financing portfolio and by higher interest income.

The TRATON GROUP's gross profit increased at a faster rate than sales revenue compared with the prior-year period. At €4.6 billion (H1 2022: €3.1 billion), gross profit in the first half of 2023 was 48% higher year-on-year. The main drivers of the increase were higher unit sales and higher capacity utilization, due to significantly increased production figures, especially for trucks. Bottlenecks in the supply of key components and logistics shortages continued to leave their mark on production and deliveries. Expenses of €72 million in connection with the realignment of the bus business at Scania Vehicles & Services also had a negative impact. The previous year had been impacted mainly by the war in Ukraine, which had led to massive supply shortages for truck cable harnesses at MAN Truck & Bus, among other things.

Gross margin increased by 2.8 percentage points to 19.9% in the TRATON GROUP and by 3.2 percentage points to 19.5% in the TRATON Operations business area. The year-on-year improvement is primarily attributable to higher production capacity utilization, increased vehicle deliveries, and the associated decline in fixed costs in the TRATON Operations business area. The significantly higher prices for energy, raw materials, and other bought-in components were offset by introducing price measures.

At €1.8 billion (H1 2022: €1.6 billion), distribution expenses in the TRATON GROUP were up €170 million year-on-year. The growth is due primarily to higher costs in connection with increased vehicle deliveries, for example shipping costs, as well as to inflation-related cost increases.

Administrative expenses rose by €112 million year-on-year to €775 million (H1 2022: €663 million). The main drivers were cost increases due to inflation. Despite the increase in costs, the ratio of distribution and administrative expenses to sales revenue improved by 1.4 percentage points to 11.1% (H1 2022: 12.6%).

At €–206 million (H1 2022: €–145 million), other operating result was down €61 million year-on-year. The main driver of the decrease was negative accumulated other comprehensive income of €102 million from currency translation effects attributable to Scania Finance Russia, which was reclassified to the income statement upon disposal. The prior-year period had contained expenses attributable directly to the war in Ukraine.

The TRATON GROUP's operating result rose by €1.1 billion year-on-year to a total of €1.8 billion (H1 2022: €661 million). The first half of 2023 included expenses of €102 million in connection with the disposal of Scania Finance Russia and €72 million in connection with the realignment of the Scania bus business. Expenses of €113 million attributable directly to the war in Ukraine had been incurred in the comparative period.

The TRATON GROUP's operating return on sales more than doubled year-on-year to 7.9% (H1 2022: 3.7%). Operating return on sales in the TRATON Operations business area doubled year-on-year to 9.1% (H1 2022: 4.5%).

Operating result (adjusted):
The TRATON GROUP's operating result (adjusted) rose by €1.2 billion year-on-year to €2.0 billion (H1 2022: €798 million). In the current reporting period, the adjustments in the TRATON Financial Services segment amounted to €102 million and included the reclassification of negative accumulated other comprehensive income from currency translation effects at Scania Finance Russia to the income statement. Adjustments in the TRATON Operations business area in the first half of 2023 came to €72 million and related to the realignment of Scania's bus business. In the prior-year period, the adjustments of €137 million had included both bad debt allowances on receivables in the TRATON Financial Services segment (€65 million) and loss allowances and other expenses in the TRATON Operations business area (€48 million), all of which had been directly connected to the war in Ukraine. In addition, expenses in connection with the EU antitrust proceedings (€17 million) and in connection with the repositioning at MAN Truck & Bus (€7 million) had been adjusted in the TRATON Operations business area in the prior-year period.

The TRATON GROUP increased its operating return on sales (adjusted) by 4.2 percentage points to 8.6% (H1 2022: 4.4%). In the TRATON Operations business area, operating return on sales (adjusted) increased by 4.5 percentage points to 9.4% (H1 2022: 4.9%). In the TRATON Financial Services segment, operating return on sales (adjusted) declined by 2.6 percentage points to 21.5% (H1 2022: 24.1%).

Financial result:
At €–232 million (H1 2022: €272 million), the TRATON GROUP's financial result was down €504 million year-on-year. The reduction is mainly attributable to negative remeasurement effects from financial instruments, following high gains in the comparative period. In addition, the general rise in interest rates led to higher interest expenses. The adjustment of the ownership structure of the financial services business resulted in income of €971 million in the TRATON Operations business area in the second quarter of 2023. This effect was eliminated at the TRATON GROUP level.

Taxes:
Income taxes in the first half of 2023 came to €–329 million (H1 2022: €–243 million), corresponding to a tax rate of 21% (H1 2022: 26%). The rate was thus lower than the nominal Group tax rate and the previous year's figure, mainly because of offsetting effects attributable to loss carryforwards from previous years, for which deferred taxes were recognized for the first time.

Earnings after tax:
At €1.2 billion (H1 2022: €691 million), earnings after tax in the first half of 2023 were up €548 million year-on-year. Earnings per share came to €2.48 (H1 2022: €1.38). 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 €0.70 per share for fiscal year 2022. In line with this proposal, the Annual General Meeting of TRATON SE resolved on June 1, 2023, to pay a dividend of €0.70 per no-par value share carrying dividend rights. This corresponds to a total distribution of €350 million. The payout was made on June 6, 2023.

Segments of the TRATON GROUP

Scania Vehicles & Services

	H1 2023	H1 2022	Change
Incoming orders (units)	**38,698**	**39,213**	**–1%**
Sales (units)	**46,450**	**36,834**	**26%**
of which trucks	44,173	34,801	27%
of which buses	2,277	2,033	12%
Sales revenue (€ million)	**8,619**	**6,839**	**26%**
New Vehicles	5,526	4,062	36%
Vehicle Services business[1]	1,857	1,662	12%
Others	1,236	1,115	11%
Operating result (€ million)	1,086	500	585
Operating result (adjusted) (€ million)	1,158	534	624
Operating return on sales (in %)	12.6	7.3	5.3 pp
Operating return on sales (adjusted) (in %)	13.4	7.8	5.6 pp

1 Including genuine parts and workshop services

Scania Vehicles & Services recorded a slight decline in incoming orders in the first half of 2023. Unit sales rose sharply as a result of continued high order backlog and as supply chains became more and more stable, leading to a sizeable increase in production volume.

Scania Vehicles & Services increased its sales revenue by 26% year-on-year to €8.6 billion (H1 2022: €6.8 billion). This increase is primarily attributable to growth in the New Vehicles and the Vehicle Services business. In addition to the volume-driven increase in sales revenue, operating result (adjusted) was positively affected, especially in the truck business, by a favorable market and product mix and by better unit price realization. The Vehicle Services business also made a positive contribution to earnings thanks to an increase in volumes and to improved margins. This was partly offset by increased material and raw material prices, higher non-staff-related expenses, and increased personnel expenses, which were primarily directed toward expanding the Vehicle Services business. Higher development costs due to intensified spending on e-mobility further reduced operating result.

Due to the realignment of the bus business, body production for Scania bus chassis will be discontinued at the plant in Słupsk, Poland. This resulted in a charge of €72 million in operating result, which was reported as an adjustment. It relates mainly to impairment losses on capitalized development costs and production facilities.

MAN Truck & Bus

	H1 2023	H1 2022	Change
Incoming orders (units)	**49,517**	**47,735**	**4%**
Sales (units)	**56,173**	**34,858**	**61%**
of which trucks	40,423	23,872	69%
of which buses	2,327	1,701	37%
of which MAN TGE vans	13,423	9,285	45%
Sales revenue (€ million)	**7,036**	**4,973**	**41%**
New Vehicles	4,349	2,506	74%
Vehicle Services business[1]	1,414	1,269	11%
Others	1,272	1,198	6%
Operating result (€ million)	476	–5	481
Operating result (adjusted) (€ million)	476	34	442
Operating return on sales (in %)	6.8	–0.1	6.9 pp
Operating return on sales (adjusted) (in %)	6.8	0.7	6.1 pp

1 Including genuine parts and workshop services

MAN Truck & Bus recorded a slight increase in incoming orders in the first half of 2023. Unit sales rose very sharply as a result of continued high order backlog and as supply chains became more and more stable, leading to a sharp rise in production volume. Moreover, a six-week production stop had had a strong adverse impact on unit sales in the prior-year period.

MAN Truck & Bus generated sales revenue of €7.0 billion (H1 2022: 5.0 billion), a year-on-year increase of 41%. This growth was attributable primarily to higher unit sales of new vehicles and an increase in the Vehicle Services and the engines business. In addition to the volume-driven increase in sales revenue, operating result was lifted by better unit price realization for new and used vehicles, improved margins in the Vehicle Services business, and cost efficiency measures, such as the realignment of the Bus business area. Operating result was negatively impacted by higher material and energy prices and higher personnel expenses, including those in connection with the increase in inflation worldwide and the wage adjustments that had to be made as a result. In the prior-year period, production shutdowns at some plants had had a substantial negative impact on operating result.

Navistar Sales & Services

	H1 2023	H1 2022	Change
Incoming orders (units)	**21,139**	**50,471**	**–58%**
Sales (units)	**45,791**	**37,333**	**23%**
of which trucks	38,841	31,392	24%
of which buses	6,950	5,941	17%
Sales revenue (€ million)	**5,585**	**4,666**	**20%**
New Vehicles	3,950	2,908	36%
Vehicle Services business[1]	1,056	1,152	–8%
Others	578	605	–4%
Operating result/operating result (adjusted) (€ million)	344	157	187
Operating return on sales/operating return on sales (adjusted) (in %)	6.2	3.4	2.8 pp

1 Including genuine parts

Navistar Sales & Services recorded a very strong year-on-year decline in incoming orders in the first half of 2023 because the majority of the orders for 2023 had already been commissioned in 2022. Additionally, order books for 2024 had largely not yet been opened, due among other things to future regulatory requirements in the USA, the precise nature of which was still under discussion in the reporting period. Unit sales rose sharply as a result of continued high order backlog and a sizeable increase in production volume.

Navistar Sales & Services generated sales revenue of €5.6 billion (H1 2022: 4.7 billion), a year-on-year increase of 20%. This increase was mainly attributable to the New Vehicles business. By contrast, sales revenue in the Vehicle Services business was down 8% year-on-year. This decrease resulted from the sale of the Brazilian engine plant (International Indústria Automotiva Da América Do Sul Ltda., or “MWM” for short) completed in 2022 and the resulting discontinuation of the associated genuine parts business. Adjusted for this effect, Navistar would have recorded a slight increase in its Vehicle Services business.

Navistar Sales & Services posted an operating result of €344 million (H1 2022: €157 million) and an operating return on sales of 6.2% (H1 2022: 3.4%) in the first half of 2023. In addition to the volume-driven increase in sales revenue, operating result was positively affected by a favorable product and customer mix and improved unit price realization. This was offset by ongoing supply bottlenecks and higher expenses for recalls.

Volkswagen Truck & Bus

	H1 2023	H1 2022	Change
Incoming orders (units)	**16,105**	**26,894**	**–40%**
Sales (units)	**20,081**	**28,423**	**–29%**
of which trucks	16,747	25,134	–33%
of which buses	3,334	3,289	1%
Sales revenue (€ million)	**1,265**	**1,445**	**–12%**
New Vehicles	1,165	1,380	–16%
Vehicle Services business[1]	77	58	34%
Others	23	7	214%
Operating result/operating result (adjusted) (€ million)	117	149	–32
Operating return on sales/operating return on sales (adjusted) (in %)	9.3	10.3	–1.1 pp

1 Including genuine parts and workshop services

Volkswagen Truck & Bus generated sales revenue of €1.3 billion (H1 2022: €1.4 billion) in the first half of 2023, a year-on-year decrease of 12%. The very sharp decline in truck unit sales is attributable primarily to the new P-8 emissions standard, which has been in force in Brazil since January 2023. Operating result fell by €32 million to €117 million; operating return on sales came in at 9.3% (H1 2022: 10.3%). The volume-driven decline in sales revenue and increased material and distribution expenses were partly offset by improved product positioning and unit price realization.

TRATON Financial Services

	H1 2023	H1 2022	Change
Sales revenue (€ million)	**737**	**609**	**21%**
Operating result (€ million)	57	82	–25
Operating result (adjusted) (€ million)	158	146	12
Operating return on sales (in %)	7.7	13.4	–5.7 pp
Operating return on sales (adjusted) (in %)	21.5	24.1	–2.6 pp
Return on equity (in %)	5.6	9.0	–3.4 pp

The TRATON Financial Services segment recorded sales revenue of €737 million (H1 2022: €609 million) in the first half of 2023, a year-on-year increase of 21%. This growth was driven by the expansion of the financing portfolio and by higher interest income. Operating result (adjusted) was €158 million (H1 2022: €146 million) in the TRATON Financial Services segment. At 21.5% (H1 2022: 24.1%), operating return on sales (adjusted) was down year-on-year, largely because of the lower interest rate margin.

Scania Finance Russia recorded negative accumulated other comprehensive income of €102 million from currency translation effects, which was reclassified to the income statement upon disposal and recognized in operating result.

At 5.6% (H1 2022: 9.0%), return on equity in the TRATON Financial Services segment was down year-on-year in the first half of 2023, primarily due to the sale of Scania Finance Russia, which had a negative effect on earnings. Return on equity was calculated on the basis of equity after offsetting the disposed assets and liabilities of Scania Finance Russia.

4. Financial position

Cash flow

CONDENSED TRATON GROUP STATEMENT OF CASH FLOWS

	TRATON GROUP		TRATON Operations		TRATON Financial Services		Corporate Items	
€ million	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Cash and cash equivalents as of 01/01 [1]	**1,743**	**2,002**	**3,155**	**4,775**	**455**	**146**	**–1,867**	**–2,919**
Gross cash flow	2,610	1,732	2,870	1,929	261	276	–520	–473
Change in working capital	–2,141	–3,325	–1,211	–2,534	–1,106	–984	177	193
Net cash provided by/used in operating activities	**470**	**–1,593**	**1,658**	**–606**	**–845**	**–708**	**–343**	**–280**
Net cash provided by/used in investing activities attributable to operating activities	–746	–791	96	–789	–404	–1	–438	0
Change in marketable securities, investment deposits, and loans	–95	–122	–33	–300	21	–80	–83	258
Net cash provided by/used in investing activities	**–841**	**–913**	**63**	**–1,089**	**–383**	**–81**	**–521**	**257**
Net cash provided by/used in financing activities	**44**	**2,223**	**–1,127**	**0**	**950**	**975**	**221**	**1,248**
Effect of exchange rate changes on cash and cash equivalents	–35	171	–24	97	–3	74	–8	0
Change in cash and cash equivalents	**–362**	**–112**	**571**	**–1,598**	**–281**	**260**	**–652**	**1,226**
Cash and cash equivalents as of 06/30 [2]	**1,381**	**1,890**	**3,726**	**3,177**	**174**	**405**	**–2,519**	**–1,692**
Gross cash flow	2,610	1,732	2,870	1,929	261	276	–520	–473
Change in working capital	–2,141	–3,325	–1,211	–2,534	–1,106	–984	177	193
Net cash provided by/used in investing activities attributable to operating activities	–746	–791	96	–789	–404	–1	–438	0
Net cash flow	**–276**	**–2,384**	**1,754**	**–1,395**	**–1,250**	**–709**	**–781**	**–280**

1 €304 million of the reported cash and cash equivalents was contained in “Assets held for sale” as of January 1, 2023. The entire amount is attributable to the TRATON Financial Services segment.

2 €33 million of the reported cash and cash equivalents was contained in “Assets held for sale” as of June 30, 2022. The entire amount is attributable to the TRATON Operations business area.

The TRATON GROUP's net cash provided by/used in operating activities rose by €2.1 billion year-on-year to €470 million in the first six months of 2023. This was primarily the result of the €1.2 billion lower cash outflows in working capital, which were mainly attributable to the settlement of the fine of €937 million, including interest, in the second quarter of 2022 imposed in EU antitrust proceedings. Additionally, there was an €879 million increase in gross cash flow, which above all reflects the €1.1 billion increase in operating result.

Cash tied up in working capital rose by a total of €2.1 billion in the reporting period. This primarily reflected the €1.1 billion increase in inventories, due in part to the higher production volume and to logistics shortages, which had a major impact on net cash flow in the TRATON Operations business area. It also reflected the €978 million increase in financial services receivables resulting from the expansion of the business volume and reported in net cash flow in the TRATON Financial Services segment.

Net cash used in investing activities attributable to operating activities declined by €45 million due to the sale of Scania Finance Russia in the amount of €96 million. This effect is the result of the purchase price payment of €400 million in the TRATON Operations business area, less the disposal of the cash and cash equivalents of Scania Finance Russia amounting to €304 million, which affect the TRATON Financial Services business area.

Net cash flow in the TRATON Operations business area was positively affected by a €130 million (H1 2022: €200 million) dividend payment by TRATON Financial Services. This effect was eliminated at the TRATON GROUP level.

The adjustment of the ownership structure of the financial services business led to a positive effect of €499 million on net cash provided by/used in investing activities and on net cash flow in the TRATON Operations business area. At the same time, dividend payments of €547 million reduced net cash provided by/used in financing activities in the TRATON Operations business area. These effects were eliminated at the TRATON GROUP level.

Net cash provided by financing activities in the first half of 2023 contains €2.0 billion (H1 2022: €1.7 billion) of bond issues. Of the bond issues, €1.8 billion (H1 2022: €802 million) was issued by TRATON Finance Luxembourg S.A., Strassen, Luxembourg (TRATON Finance), which is allocated to Corporate Items. Additionally, miscellaneous financial liabilities rose by €906 million (H1 2022: €1.3 billion) due to external borrowings. By contrast, the drawdown on the Volkswagen AG credit line was reduced in the first half of 2023 by a repayment of €970 million, and a loan of €500 million taken out with Volkswagen International Luxemburg S.A., Strassen, Luxembourg (Volkswagen International Luxemburg) was repaid in the first quarter of 2023.

Repayments of bonds of €939 million (H1 2022: €972 million) relate to Scania. Additionally, TRATON SE paid out a dividend of €350 million (previous year: €250 million) for fiscal year 2022.

Capex, TRATON Operations

The increase in capital expenditures in the first six months of 2023 from €469 million to €497 million is largely attributable to Scania, which increased its investments in e-mobility and its new site in China.

Primary research and development costs, TRATON Operations

At €1.0 billion (H1 2022: €896 million), primary research and development costs were higher in the first half of 2023 than in the prior-year period. The rise is attributable to increased development activities in the area of forward-looking technologies such as e-mobility and for the development of the modular system. Development costs of €339 million (H1 2022: €276 million) were capitalized, resulting in a capitalization ratio of 32.3% (H1 2022: 30.8%). Research and development costs not eligible for capitalization are included in cost of sales.

Net liquidity/net financial debt

NET LIQUIDITY/NET FINANCIAL DEBT OF THE TRATON GROUP

	TRATON GROUP		TRATON Operations		TRATON Financial Services		Corporate Items	
€ million	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Cash and cash equivalents[1]	1,381	1,743	3,726	3,155	174	455	–2,519	–1,867
Marketable securities, investment deposits, and loans to affiliated companies	303	208	701	518	32	50	–431	–361
Gross liquidity	**1,684**	**1,951**	**4,427**	**3,673**	**207**	**506**	**–2,950**	**–2,228**
Third-party borrowings	–21,573	–21,131	–6,529	–7,236	–13,010	–11,952	–2,035	–1,944
Net liquidity/net financial debt	**–19,890**	**–19,180**	**–2,101**	**–3,563**	**–12,803**	**–11,446**	**–4,986**	**–4,172**

1 €304 million of the reported cash and cash equivalents was contained in "Assets held for sale" as of December 31, 2022. The entire amount is attributable to the TRATON Financial Services segment.

More detailed information explaining net liquidity can be found in the **"Cash flow"** section.

The net financial debt/EBITDA (adjusted) ratio for the TRATON Operations business area including Corporate Items was –1.6 as of June 30, 2023, and hence an improvement on the prior-year comparative figure of –2.1 as of December 31, 2022. It is calculated by dividing the net financial debt in the TRATON Operations business area including Corporate Items of €7.1 billion (December 31, 2022: €7.7 billion) as of the reporting date by the EBITDA (adjusted) for the past twelve months in the TRATON Operations business area including Corporate Items of €4.6 billion (December 31, 2022: €3.8 billion).

5. Net assets

Balance sheet analysis

CONDENSED TRATON GROUP BALANCE SHEET

	TRATON GROUP		TRATON Operations		TRATON Financial Services		Corporate Items	
€ million	**06/30/2023**	**12/31/2022**	**06/30/2023**	**12/31/2022**	**06/30/2023**	**12/31/2022**	**06/30/2023**	**12/31/2022**
Goodwill	5,994	6,184	367	366	–	–	5,627	5,818
Intangible assets	7,010	7,195	4,249	4,198	14	3	2,747	2,994
Property, plant, and equipment	8,314	8,354	7,904	7,930	28	23	381	402
Assets leased out	5,925	6,162	5,764	6,015	785	784	–623	–637
Equity-method investments	1,354	1,328	251	236	–	–	1,104	1,093
Other equity investments	189	204	332	1,185	0	–	–143	–981
Income tax receivables	258	225	294	356	32	23	–68	–154
Deferred tax assets	2,262	2,274	2,590	2,581	150	150	–478	–456
Financial services receivables	12,705	11,622	1	2	12,724	11,618	–20	2
Inventories	7,648	6,574	7,646	6,573	2	0	0	1
Trade receivables	3,482	3,348	3,091	2,999	629	557	–239	–209
Other assets	2,874	2,854	3,062	3,229	1,169	1,224	–1,357	–1,600
Marketable securities and investment deposits	221	73	71	73	–	–	150	–
Cash and cash equivalents	1,381	1,439	3,726	3,155	174	152	–2,519	–1,867
Assets held for sale	–	421	–	–	–	421	–	–
Total assets	**59,619**	**58,256**	**39,349**	**38,896**	**15,707**	**14,955**	**4,563**	**4,404**
Equity	15,122	14,374	9,167	8,473	1,839	2,175	4,116	3,725
Financial liabilities	21,573	21,131	6,529	7,236	13,010	11,951	2,035	1,944
Provisions for pensions and other post-employment benefits	1,658	1,786	1,634	1,763	10	10	14	14
Income tax payables	213	237	404	343	55	57	–247	–164
Deferred tax liabilities	540	690	513	394	116	120	–90	175
Income tax provisions	269	218	100	61	5	4	164	153
Other provisions	3,519	3,293	3,400	3,197	13	13	106	82
Other liabilities	11,084	10,988	11,901	11,855	435	452	–1,251	–1,319
Trade payables	5,641	5,518	5,702	5,573	224	151	–285	–206
Liabilities directly associated with assets held for sale	–	21	–	–	–	21	–	–
Total equity and liabilities	**59,619**	**58,256**	**39,349**	**38,896**	**15,707**	**14,955**	**4,563**	**4,404**

As of June 30, 2023, the TRATON GROUP's total assets increased by €1.4 billion compared with December 31, 2022. This increase resulted primarily from the €1.1 billion rise in financial services receivables and the €1.1 billion growth in inventories. Offsetting effects were in particular the completed sale of Scania Finance Russia, accounting for €421 million, and the €237 million decrease in assets leased out.

The decrease in intangible assets and goodwill is mainly attributable to negative effects from the translation of financial statements of foreign operations into euros. This reflected the depreciation of the Swedish krona and the US dollar against the euro.

Assets leased out decreased by €237 million. Among other things, this reflects a lower share of sales with buyback obligations.

The €1.1 billion increase in financial services receivables results primarily from the expansion of the financing business.

Inventories also increased by €1.1 billion compared with December 31, 2022. This is mainly the result of the sharp increase in the number of new vehicles. Among other factors, this reflects the increase in production at certain brands, as it was not possible to deliver all new vehicles due to logistics shortages. The €134 million increase in trade receivables was due primarily to increased business volume in Europe and North America.

Marketable securities and investment deposits rose by €148 million. Surplus liquidity of €150 million was invested with Volkswagen AG in the reporting period.

The sale of Scania Finance Russia was completed on January 17, 2023, following receipt of all regulatory approvals. The sale price was €400 million. This resulted in the disposal of assets and liabilities held for sale. For further information, see Note **"4. Noncurrent assets or disposal groups held for sale."**

The TRATON GROUP's total equity increased to €15.1 billion as of June 30, 2023, compared with December 31, 2022. This is attributable primarily to the positive total comprehensive income of €1.1 billion, which resulted from earnings after tax of €1.2 billion less other comprehensive income of €140 million. It contained negative effects from the translation of financial statements of foreign operations and positive effects including, in particular, actuarial gains from the remeasurement of pension obligations and plan assets due to the rise in interest rates. A dividend of €350 million was also paid out (see Note **"7. Equity"**).

Financial liabilities increased by €443 million. This mainly reflected the issuance of additional bonds under the European Medium Term Notes program by TRATON Finance (for further information, refer to the **"Financial position"** section).

Provisions for pensions and other post-employment benefits declined by €128 million due to a number of factors. On the one hand, the discount rate in Sweden rose, while on the other hand, higher plan assets or increased payouts to beneficiaries in other key countries led to a reduction.

Other provisions increased by €226 million. In particular, this reflected the increase in provisions for price risks and warranties.

Trade payables rose by €123 million. This also reflected higher production volumes at certain brands.

Off-balance sheet commitments as of June 30, 2023, related to buyback guarantees (mainly to Volkswagen Group companies) of €2.7 billion (December 31, 2022: €2.6 billion), guarantees and sureties of €828 million (December 31, 2022: €904 million), and other contingent liabilities of €1.2 billion (December 31, 2022: €1.0 billion). 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.

TRATON SE (German GAAP)

TRATON SE is the parent and holding company of the TRATON GROUP.

Following the 2023 Annual General Meeting, TRATON SE paid its shareholders a dividend of €0.70 (previous year: €0.50) per share. This corresponds to a payout of €350 million (previous year: €250 million). The payout was made on June 6, 2023.

A capital increase of €2.2 billion was implemented at TRATON International S.A., Strassen, Luxembourg, as part of the refinancing of the purchase price for the acquisition of Navistar International Corporation, Lisle, Illinois, USA, and receivables from affiliated companies decreased accordingly.

The drawdown on the Volkswagen AG credit line was reduced by a repayment of €970 million in the first half of 2023. The loan taken out with Volkswagen International Luxemburg S.A., Strassen, Luxembourg, in the amount of €500 million was repaid in full. The increase in borrowings from banks was primarily attributable to new loans taken out in the amount of €500 million.

There have been no other material changes in net assets, financial position, and results of operations.

Opportunities and Risks

There have been no material changes in the risk position of the TRATON GROUP compared with the disclosures in the 2022 Annual Report.

Important Legal Cases

Note “43. Litigation/legal proceedings” in the Notes to the Consolidated Financial Statements in TRATON SE’s 2022 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.

Report on Expected Developments

The TRATON GROUP is largely reiterating the existing forecast published in the Interim Statement as of March 31, 2023. The forecasts for operating return on sales (adjusted) in the TRATON GROUP and in the TRATON Operations business area and for net cash flow in the TRATON Operations business area published in the 2022 Annual Report were both raised in this statement.

In the commercial vehicle markets relevant to the TRATON GROUP, the Executive Board is anticipating overall market growth based on continued high demand for replacement investments that could not be fully serviced in recent years due to supply bottlenecks. However, uncertainties continue to result from the war in Ukraine and the associated consequences for the macroeconomic situation, the further development of our supply chains, ongoing logistics shortages, and energy and raw material price trends.

For new registrations of medium- and heavy-duty trucks (> 6t or Class 6 through 8 in North America), we are expecting the following developments for our core geographic regions: we are now anticipating significant market growth in the EU27+3 region. We continue to assume a noticeable increase in demand in North America. In Brazil, we are now expecting a sharply contracting market following the introduction of a new emissions standard. In Türkiye, demand is now expected to increase noticeably. We anticipate slight market growth in South Africa.

Our expectations for demand in the bus markets relevant to the TRATON GROUP (EU27+3 region, Brazil, and school buses in North America) vary significantly depending on the market in question: we continue to assume moderate market growth in the EU27+3 region. We still expect a very strong year-on-year increase in new registrations in North America. Since most of the vehicles sold in the fourth quarter of 2022 in Brazil were only registered in the first half of this year, we are now expecting this market to contract slightly.

Unit sales 2023

Based on the current high order backlog and the rising production volumes resulting from the improved supply chain situation, we continue to expect unit sales of all vehicles (including MAN TGE vans) worldwide to record growth of 5 to 15% overall in fiscal year 2023.

Sales revenue and profitability 2023

We are still projecting an increase of between 5 and 15% in sales revenue in the TRATON Operations business area in fiscal year 2023. In the TRATON Financial Services segment, we are also still expecting sales revenue growth of 10 to 20%. Overall, we are reiterating an increase of 5 to 15% in the TRATON GROUP's sales revenue.

We continue to expect an operating return on sales (adjusted) of between 7.0 and 8.0% for the TRATON GROUP for fiscal year 2023.

For the TRATON Operations business area, we are still anticipating an operating return on sales (adjusted) of between 7.5 and 8.5%.

In light of the operating return on sales (adjusted) recorded in the TRATON Financial Services business area in the first half of the year, which was higher than projected, we are now expecting this indicator to range between 13.0 and 18.0%. This range does not take into account earnings effects from the acquisition of the financial services businesses of MAN and VWTB.

The TRATON GROUP's Executive Board is still forecasting a range of between €1.8 billion and €2.3 billion for net cash flow in the TRATON Operations business area.

	Actual 2022	Forecast 2023 2022 Annual Report	Forecast 2023 3M 2023 Interim Statement	Forecast 2023 2023 Half-Year Financial Report
TRATON GROUP				
Sales (units)	305,485	+5–15%	+5–15%	+5–15%
Sales revenue (€ million)	40,335	+5–15%	+5–15%	+5–15%
Operating return on sales (adjusted) (in %)	5.1	6.0–7.0	7.0–8.0	7.0–8.0
TRATON Operations				
Sales revenue (€ million)	39,554	+5–15%	+5–15%	+5–15%
Operating return on sales (adjusted) (in %)	5.7	6.5–7.5	7.5–8.5	7.5–8.5
Return on investment (in %)	6.7	8.0–12.0	8.0–12.0	8.0–12.0
Net cash flow (€ million)	–625	1,300–1,800	1,800–2,300	1,800–2,300
Capex (€ million)	1,298	very sharp increase	very sharp increase	very sharp increase
Primary R&D costs (€ million)	1,892	significant increase	significant increase	significant increase
TRATON Financial Services[1]				
Sales revenue (€ million)	1,294	+10–20%	+10–20%	+10–20%
Operating return on sales (adjusted) (in %)	23.5	10.0–15.0	10.0–15.0	13.0–18.0

1 Including Scania Financial Services and Navistar Financial Services

Condensed Half-Yearly Consolidated Financial Statements

as of June 30, 2023

CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2023

Income Statement

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

€ million	H1 2023	H1 2022
Sales revenue	**22,854**	**17,982**
Cost of sales	–18,304	–14,914
Gross profit	**4,550**	**3,068**
Distribution expenses	–1,769	–1,599
Administrative expenses	–775	–663
Net impairment losses on financial assets	–27	–97
Other operating income	716	551
Other operating expenses	–896	–599
Operating result	**1,800**	**661**
Share of earnings of equity-method investments	30	38
Interest income	157	76
Interest expense	–406	–182
Other financial result	–14	340
Financial result	**–232**	**272**
Earnings before tax	**1,568**	**933**
Income taxes	–329	–243
current	–455	–322
deferred	125	79
Earnings after tax	**1,238**	**691**
of which attributable to shareholders of TRATON SE	1,238	690
of which attributable to noncontrolling interests	0	0
Earnings per share in € (diluted/basic)	2.48	1.38

Condensed Statement of Comprehensive Income

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

€ million	H1 2023	H1 2022
Earnings after tax	**1,238**	**691**
Pension plan remeasurements recognized in other comprehensive income, net of tax	83	505
Fair value measurement of other equity investments, net of tax	4	–368
Share of other comprehensive income of equity-method investments that will not be reclassified subsequently to profit or loss, net of tax	3	1
Items that will not be reclassified subsequently to profit or loss	**90**	**137**
Currency translation differences, net of tax	–225	388
Cash flow hedges, net of tax	–11	13
Cost of hedging, net of tax	8	4
Share of other comprehensive income of equity-method investments that will be reclassified subsequently to profit or loss, net of tax	–2	8
Items that will be reclassified subsequently to profit or loss	**–230**	**413**
Other comprehensive income, net of tax	**–140**	**550**
Total comprehensive income	**1,098**	**1,240**
of which attributable to shareholders of TRATON SE	1,099	1,240
of which attributable to noncontrolling interests	0	0

Balance Sheet

Assets of the TRATON GROUP as of June 30, 2023, and December 31, 2022

€ million	06/30/2023	12/31/2022
Noncurrent assets		
Goodwill	5,994	6,184
Intangible assets	7,010	7,195
Property, plant, and equipment	8,314	8,354
Assets leased out	5,925	6,162
Equity-method investments	1,354	1,328
Other equity investments	189	204
Noncurrent income tax receivables	99	71
Deferred tax assets	2,262	2,274
Noncurrent financial services receivables	7,186	6,560
Other noncurrent financial assets	461	414
Other noncurrent receivables	375	404
	39,169	**39,150**
Current assets		
Inventories	7,648	6,574
Trade receivables	3,482	3,348
Current income tax receivables	160	153
Current financial services receivables	5,519	5,061
Other current financial assets	632	695
Other current receivables	1,406	1,340
Marketable securities and investment deposits	221	73
Cash and cash equivalents	1,381	1,439
Assets held for sale	–	421
	20,449	**19,106**
Total assets	**59,619**	**58,256**

Balance Sheet

Equity and liabilities of the TRATON GROUP as of June 30, 2023, and December 31, 2022

€ million	06/30/2023	12/31/2022
Equity		
Subscribed capital	500	500
Capital reserves	13,695	13,695
Retained earnings	3,852	2,964
Accumulated other comprehensive income	–2,931	–2,791
Equity attributable to shareholders of TRATON SE	**15,116**	**14,368**
Noncontrolling interests	6	6
	15,122	**14,374**
Noncurrent liabilities		
Noncurrent financial liabilities	12,600	12,485
Provisions for pensions and other post-employment benefits	1,658	1,786
Deferred tax liabilities	540	690
Noncurrent income tax provisions	253	205
Other noncurrent provisions	1,463	1,462
Other noncurrent financial liabilities	2,516	2,652
Other noncurrent liabilities	2,084	1,971
	21,114	**21,250**
Current liabilities		
Current financial liabilities	8,973	8,646
Trade payables	5,641	5,518
Current income tax payables	213	236
Current income tax provisions	15	14
Other current provisions	2,056	1,831
Other current financial liabilities	2,319	2,113
Other current liabilities	4,165	4,253
Liabilities directly associated with assets held for sale	–	21
	23,383	**22,632**
Total equity and liabilities	**59,619**	**58,256**

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 01/01/2022	**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**
Balance as of 01/01/2023	**500**	**13,695**	**2,964**	**–2,180**	**23**	**8**
Earnings after tax	–	–	1,238	–	–	–
Other comprehensive income, net of tax	–	–	–	–225	–4	–2
Total comprehensive income	–	–	1,238	–225	–4	–2
Dividend payout	–	–	–350	–	–	–
Balance as of 06/30/2023	**500**	**13,695**	**3,852**	**–2,404**	**19**	**7**

	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 01/01/2022	**–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**
Balance as of 01/01/2023	**–90**	**–6**	**–547**	**14,368**	**6**	**14,374**
Earnings after tax	–	–	–	1,238	0	1,238
Other comprehensive income, net of tax	83	3	4	–140	0	–140
Total comprehensive income	83	3	4	1,099	0	1,098
Dividend payout	–	–	–	–350	–	–350
Balance as of 06/30/2023	**–7**	**–3**	**–543**	**15,116**	**6**	**15,122**

Statement of Cash Flows

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

€ million	H1 2023	H1 2022
Cash and cash equivalents as of 01/01 (reported in the balance sheet)	**1,439**	**2,002**
Cash and cash equivalents reported separately at the beginning of the year (assets held for sale)	304	–
Cash and cash equivalents as of 01/01	**1,743**	**2,002**
Earnings before tax	1,568	933
Income taxes paid	–470	–321
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property[1]	684	682
Amortization of, and impairment losses on, capitalized development costs[1]	220	180
Depreciation of products leased out[1]	539	591
Change in pension obligations	6	2
Earnings on disposal of noncurrent assets and equity investments	103	–4
Share of earnings of equity-method investments	–29	–38
Other noncash income/expense	–12	–295
Change in inventories	–1,120	–1,021
Change in receivables (excluding financial services)	–193	–569
Change in liabilities (excluding financial liabilities)	211	274
Change in provisions	239	–1,400
Change in products leased out	–300	–181
Change in financial services receivables	–978	–427
Net cash provided by/used in operating activities	**470**	**–1,593**
Investments in intangible assets (excluding capitalized development costs) and in property, plant, and equipment[2]	–499	–472
Additions to capitalized development costs	–339	–276
Investments to acquire subsidiaries	3	–66
Investments to acquire other investees	–39	–13
Proceeds from the disposal of subsidiaries and other businesses	96	23
Proceeds from the disposal of intangible assets, property, plant, and equipment, and investment property	31	12
Change in marketable securities and investment deposits	–150	159
Change in loans	54	–281

→

1 Net of impairment reversals

2 Of which in the TRATON Operations business area: €–497 million (H1 2022: €–469 million)

€ million	H1 2023	H1 2022
Net cash used in investing activities	**–841**	**–913**
Dividend payouts	–350	–250
Proceeds from the issuance of bonds	2,033	1,737
Repayment of bonds	–939	–972
Proceeds from loans extended by Volkswagen AG and Volkswagen International Luxemburg S.A.	–	1,630
Loan repayments to Volkswagen AG and Volkswagen International Luxemburg S.A.	–1,470	–1,049
Change in miscellaneous financial liabilities	906	1,254
Repayment of lease liabilities	–136	–126
Net cash provided by financing activities	**44**	**2,223**
Effect of exchange rate changes on cash and cash equivalents	–35	171
Change in cash and cash equivalents	–362	–112
Cash and cash equivalents as of 06/30	**1,381**	**1,890**
Cash and cash equivalents reported separately in the balance sheet (assets held for sale)	–	–33
Cash and cash equivalents as of 06/30 (reported in the balance sheet)	**1,381**	**1,857**

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 2022 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, 2023, 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, 2022, 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 2023 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. Accounting policies

New accounting pronouncements applied

TRATON has applied all accounting pronouncements adopted by the EU and required to be applied for periods beginning on or after January 1, 2023. The amended pronouncements did not materially affect the TRATON GROUP's Half-Yearly Consolidated Financial Statements.

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 some countries in which the TRATON GROUP operates, statutory minimum taxation rules have been introduced in accordance with the OECD guidelines for a new global minimum tax framework. In line with the IAS 12 amendments adopted by the IASB in May 2023, the TRATON GROUP does not account for any potential effects on deferred taxes arising from this.

In the accompanying Half-Yearly Consolidated Financial Statements, a discount rate of 3.7% (December 31, 2022: 3.8%) was used for provisions for pensions and other post-employment benefits in Germany, 5.2% (December 31, 2022: 5.3%) in the USA, and 4.3% (December 31, 2022: 4.0%) in Sweden.

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 2022 Consolidated Financial Statements. A detailed description of these accounting policies is given in the Notes to the 2022 Consolidated Financial Statements under "Accounting policies."

3. 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, 2022.

Reporting segments

H1 2023

€ 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	**8,619**	**7,036**	**5,585**	**1,265**	**737**	**23,242**	**–387**	**22,854**	**22,335**
Intragroup sales revenue	–197	–140	15	–3	–63	–387	387	–	–152
External sales revenue	8,422	6,895	5,600	1,263	674	22,855	0	22,854	22,183
Operating result	1,086	476	344	117	57	2,080	–280	1,800	2,025
Operating result (adjusted)	**1,158**	**476**	**344**	**117**	**158**	**2,254**	**–280**	**1,973**	**2,097**

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
Operating result	500	–5	157	149	82	884	–223	661	797
Operating result (adjusted)	**534**	**34**	**157**	**149**	**146**	**1,020**	**–223**	**798**	**869**

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

€ million	H1 2023	H1 2022
Operating result (adjusted), total segments	**2,254**	**1,020**
Adjustments related to restructurings	–72	–7
Adjustments related to antitrust proceedings	–	–17
Adjustments related to the sale of Russian entities and to impairments due to the war in Ukraine	–102	–113
Operating result, TRATON Holding	–100	–68
Earnings effects from purchase price allocation not allocated to the segments	–146	–142
Consolidation	–35	–12
Operating result (TRATON GROUP)	**1,800**	**661**
Financial result	–232	272
Earnings before tax (TRATON GROUP)	**1,568**	**933**

4. Noncurrent assets or disposal groups held for sale

The sale of the 100% interest in Scania Finance LLC, Scania Insurance LLC, and Scania Leasing LLC, all with registered offices in the Russian Federation (collectively “Scania Finance Russia”), to companies in the Volkswagen Group was completed on January 17, 2023, after receipt of all regulatory approvals. The sale price was €400 million. The assets and liabilities of Scania Finance Russia can be disaggregated as follows as of the disposal date:

€ million	01/17/2023
Trade receivables	109
Other receivables and financial assets	9
Cash and cash equivalents	304
Total assets	**421**
Other liabilities	20
Deferred tax liabilities	1
Total liabilities	**21**

An expense of €285 million was recognized in connection with the disposal, of which €184 had already been recognized in fiscal year 2022. Intangible assets and property, plant, and equipment of Scania Finance Russia were written off in full. In addition, receivables from financial services were partially written off. Of the total expense, €183 million related to net impairment losses on financial assets and €1 million to other operating expenses. In addition, negative accumulated other comprehensive income of €102 million relating to currency translation effects was reclassified to other operating expenses as of the disposal date. The sale of Scania Finance Russia resulted in a net inflow of cash amounting to €96 million, which is reported in the “Proceeds from the disposal of subsidiaries and other businesses” item in the Statement of Cash Flows. The related assets and liabilities were allocated to the TRATON Financial Services segment.

5. Sales revenue

Structure of sales revenue

H1 2023

€ million	Scania Vehicles & Services	MAN Truck & Bus	Navistar Sales & Services	Volkswagen Truck & Bus	TRATON Financial Services	Reconciliation	H1 2023	of which TRATON Operations
New vehicles	5,526	4,349	3,950	1,165	–	17	15,008	14,976
Genuine parts	1,362	1,002	1,056	69	–	–14	3,476	3,477
Used vehicles and third-party products	539	339	417	3	8	0	1,306	1,298
Engines, powertrains, and parts deliveries	231	441	–	–	–	–134	538	538
Workshop services	495	412	–	8	–	–1	914	915
Rental and leasing business	343	420	21	–	240	–180	844	784
Interest and similar income	0	–	–	–	488	–62	426	0
Other sales revenue	122	73	140	20	–	–13	342	347
	8,619	**7,036**	**5,585**	**1,265**	**737**	**–387**	**22,854**	**22,335**

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	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**

Sales revenue for the first six months of 2023 includes income from operating leases in the amount of €641 million (H1 2022: €674 million).

6. Further income statement disclosures

The TRATON GROUP's operating result rose by €1,139 million year-on-year in the first half of 2023 to a total of €1,800 million (H1 2022: €661 million). The main drivers of the increase were higher unit sales and higher capacity utilization, due to significantly increased production figures, especially for trucks. Higher prices for energy, raw materials, and other bought-in components were offset by introducing price measures. Bottlenecks in the supply of key components and logistics shortages continued to leave their mark on production and deliveries. The first half of 2023 included negative accumulated other comprehensive income of €102 million from currency translation effects attributable to Scania Finance Russia, which was reclassified to the income statement upon disposal. Expenses in connection with the realignment of the Scania bus business amounting to €72 million also had a negative impact; of which €53 million was attributable to impairment losses on intangible assets and on property, plant, and equipment. Expenses of €113 million attributable directly to the war in Ukraine had been incurred in the comparative period.

At €–232 million (H1 2022: €272 million), the TRATON GROUP's financial result in the first half of 2023 was down €504 million year-on-year. The reduction is mainly attributable to negative remeasurement effects from financial instruments, following high gains in the comparative period. Income in the previous year had been mainly attributable to currency translation effects, in particular the stronger US dollar and Russian ruble, on net financial debt. In addition, the general rise in interest rates led to higher interest expenses.

7. Equity

Following the 2023 Annual General Meeting, TRATON SE paid its shareholders a dividend of €0.70 (previous year: €0.50) per share. This corresponds to a payout of €350 million (previous year: €250 million). The payout was made on June 6, 2023.

8. Financial liabilities

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

€ million	06/30/2023	12/31/2022
Bonds	11,094	10,136
Liabilities to banks	7,669	6,695
Lease liabilities	1,173	1,209
Loans from Volkswagen AG	750	1,720
Schuldscheindarlehen	700	700
Loans from Volkswagen International Luxemburg S.A.	–	500
Loans and miscellaneous liabilities	188	171
	21,573	**21,131**

Financial liabilities from bonds mainly relate to European Medium Term Notes (EMTNs) at TRATON and Scania.

TRATON has a €12,000-million European Medium Term Notes (EMTN) program in place. TRATON Finance Luxembourg S.A., Strassen, Luxembourg (TRATON Finance) is using the issuance program to raise capital for general corporate purposes, and the capital raised will be used as needed within the TRATON GROUP. Under the program, TRATON Finance made five placements in the first six months of 2023 totaling €1,800 million with terms of 19 months to five years. These were partly hedged using interest rate derivatives. Liabilities with a carrying amount of €7,222 million (December 31, 2022: €5,408 million) were reported under this EMTN program as of June 30, 2023.

Scania has a €7,000-million EMTN program in place. Liabilities with a carrying amount of €3,002 million (December 31, 2022: €3,891 million) were reported under this program as of June 30, 2023. Bonds amounting to €134 million were issued and bonds amounting to €869 million were redeemed under this program in the reporting period.

The loan taken out with Volkswagen International Luxemburg S.A., Strassen, Luxembourg (Volkswagen International Luxemburg) in the amount of €500 million was repaid in full in the first quarter of 2023. The drawdown on the Volkswagen AG credit line was reduced by a repayment of €970 million in the first half of 2023. By contrast, there was an increase in borrowings from banks.

9. 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 06/30/2023	Fair value as of 06/30/2023	Carrying amount as of 12/31/2022	Fair value as of 12/31/2022
Noncurrent assets				
Financial services receivables	3,907	3,834	3,523	3,424
Noncurrent liabilities				
Financial liabilities	11,660	11,365	11,517	11,038

Other equity investments include the shares in TuSimple Holdings Inc., San Diego, USA, a listed company. The fair value of this investment was €24 million (December 31, 2022: €24 million) as of the reporting date and is categorized within Level 1 of the fair value hierarchy. The rest of the financial instruments included in other equity investments are categorized within Level 3 of the fair value hierarchy and comprise shares in unlisted companies for which there is no active market. The fair value of these shares in the amount of €107 million (December 31, 2022: €110 million) as of June 30, 2023, is determined using prices from previous transactions. In the first half of 2023, a change in value of €0 million (H1 2022: €–393 million) was recognized in other comprehensive income in the "Fair value measurement of other equity investments" item, of which €0 million (H1 2022: €7 million) relates to the shares in Level 3 of the fair value hierarchy.

All other financial assets and liabilities measured at fair value mainly consist of derivatives that are not included in hedge accounting and are categorized within 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, 2023, the fair value of these other financial assets was €353 million (December 31, 2022: €352 million), and the fair value of these other financial liabilities was €688 million (December 31, 2022: €562 million).

10. Contingent liabilities and commitments

€ million	06/30/2023	12/31/2022
Liabilities under buyback guarantees	2,650	2,555
Contingent liabilities under guarantees	828	904
Other contingent liabilities	1,179	1,033
	4,658	**4,492**

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.

As of June 30, 2023, contingent liabilities under guarantees include financial guarantees of €792 million (December 31, 2022: €870 million). These are mostly default guarantees by Navistar in favor of banks.

Other contingent liabilities mainly include contingent liabilities for potential charges from tax risks, which relate primarily to Volkswagen Truck & Bus and have increased above all as a result of currency translation and ongoing interest rate charges.

11. 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, 2022.

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 reporting periods presented.

RELATED PARTIES

	Sales and services rendered		Purchases and services received	
€ million	**H1 2023**	**H1 2022**	**H1 2023**	**H1 2022**
Volkswagen AG	1	2	119	77
Other subsidiaries and equity investments of Volkswagen AG that are not part of the TRATON GROUP	985	862	566	415
Unconsolidated subsidiaries	13	7	5	5
Associates and their majority-owned interests	116	82	116	120
Joint ventures and their majority-owned interests	7	7	24	25

€ million	Receivables from		Liabilities (including obligations) to	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Volkswagen AG	161	11	947	1,904
Other subsidiaries and equity investments of Volkswagen AG that are not part of the TRATON GROUP	383	624	2,138	2,711
Unconsolidated subsidiaries	36	60	40	40
Associates and their majority-owned interests	69	40	17	12
Joint ventures and their majority-owned interests	2	5	1	1

On June 30, 2023, Volkswagen Finance Luxemburg, a wholly owned subsidiary of Volkswagen AG, held 89.72% (December 31, 2022: 89.72%) of TRATON SE's share capital. Additionally, Mr. Levin held 3,600 (December 31, 2022: 3,600) shares of TRATON SE on June 30, 2023.

Receivables from Volkswagen AG are mainly finance transaction balances. As of June 30, 2023, there was a short-term deposit with Volkswagen AG in the amount of €150 million (December 31, 2022: €–) at market rates of interest.

In October 2022, the TRATON GROUP entered into an agreement to sell 100% of its interest in Scania Finance Russia to companies of the Volkswagen Group. The transaction was completed on January, 17, 2023, after all regulatory approvals had been obtained. The sale price was €400 million. The bank balances of Scania Finance Russia amounting to €287 million in relation to a company of the Volkswagen Group recognized as of December 31, 2022, were disposed of. For further information, see Note **"4. Noncurrent assets or disposal groups held for sale."**

Liabilities to Volkswagen AG include loans granted by Volkswagen AG in the amount of €750 million (December 31, 2022: €1,720 million) resulting from a €4,000 million (December 31, 2022: €4,000 million) credit line. 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. The loan of €500 million taken out with Volkswagen International Luxemburg in 2022 at standard market terms was repaid in full in January 2023.

The sale of receivables to subsidiaries of Volkswagen AG that are not part of the TRATON GROUP amounted to €683 million (H1 2022: €524 million) in the first half of 2023. 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 **“10. Contingent liabilities and commitments.”**

12. Events after the reporting period

On July 12, 2023, companies of the TRATON GROUP and companies of the Volkswagen Group signed a framework agreement on the acquisition of key aspects of the global MAN and VWTB financial services businesses. TRATON Financial Services will gradually acquire the rights to the future financial services business for MAN and VWTB customers in 14 countries that was most recently managed by Volkswagen Financial Services. The existing portfolio will remain with Volkswagen Financial Services. Transfer of the activities is expected to be completed by the second quarter of 2025. On July 19, 2023, TRATON Financial Services AB, Södertälje, Sweden, paid €275 million into an account at Volkswagen Bank GmbH, Braunschweig, for the acquisition, which will be reported in net cash provided by/used in investing activities in the future. Transfer of the activities in the individual countries is accounted for as a business combination under common control using the book-value method.

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 24, 2023

TRATON SE

The Executive Board

Christian Levin

Dr. Michael Jackstein

Mathias Carlbaum

Antonio Roberto Cortes

Catharina Modahl Nilsson

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, condensed 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, 2023 to June 30, 2023, 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 24, 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Meyer	Hummel
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Calendar

October 25, 2023
9M 2023 Interim Statement

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

Publication Details

Published by
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