

Ford Motor Company A/S

Annual Report for 2022

**Borupvang 1
2750 Ballerup**

CVR-nr. 62532319



The Annual Report was presented and adopted at the Annual General Meeting of the company.

Copenhagen, 25th of May 2023

Jacob Ørskov Rasmussen
Chairman

Ford Motor Company A/S
INTERNATIONAL FINANCIAL REPORTING STANDARDS

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**Ford Motor Company A/S
DIRECTORS' REPORT**

The Directors present their annual report and audited financial statements for the year ended 31 December 2022 for Ford Motor Company A/S (the "Company") prepared under International Financial Reporting Standards as adopted by the European Union.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Frank Skjærbæk Pedersen

Erling Kaas

Charlotte Lone Jensen

Róbert Fódi *

Zsafia Kiss-Torocsik*

*Róbert Fódi was a director of the Board until Nov 29th, 2022. *Zsafia Kiss-Torocsik has been a director since Nov 30th, 2022

Principal activities and review of the business

The Company is engaged in importing and distributing Ford motor vehicles and ancillary products in Denmark. In addition, the company also sells vehicles to Faroe Island and one dealership located in Iceland.

The Company's revenue for 2022 was MDKK 3.192 a decrease of 17,7% versus the previous year. Profit before income tax for 2022 was MDKK 21,7 compared with a profit of MDKK 12,6 in 2021.

The market came out lower than expected with a total market of 182.000 units, with a decline in both, commercial and passenger cars.

The company's sale of passenger cars in 2022 was lower than expected by management after changes in production capacity and allocation. The sale of vans in 2022 was lower than 2021 due to a declining market. Nevertheless, our share went up to 19,98% from 15,15% in 2021.

The company sold 7.810 passenger cars in 2022 which is a decrease of 30,0% compared to 2021. This caused Ford's market share for passenger cars to decrease from 5,98% in 2021 to 5,27% in 2022. Ford closed the year as the 10th best-selling brand in respect of passenger cars in 2022.

The company sale of vans amounted to 6.562 units which was 11,0% lower than in 2021.

The total market share on commercial vehicles held by Ford was thus 7,88% in 2022 compared to 8,20% in 2021. Ford was the fourth most sold brand in 2022.

The Covid-19 pandemic, and related restriction measures around the world, as well as rapid economic changes in the global world, also affected the operating environment in 2022. These continue to create uncertainty for the future. The geopolitical situation may tighten further, and the war situation may expand to other areas. Economic development is uncertain as a result of the war situation in Ukraine, high inflation and the energy crisis. The economic recession may turn out to be longer than expected and be reflected in employment. The increased amount of used car imports creates its own challenges for the sector, especially in a situation where the availability of new cars is limited.

Future developments

The Danish car market is expected to be on a level of 190.000 registered passenger units in 2023. The market will be impacted by consumer confidence, financial situation in general, interest increase and inflation.

For vans, sales are also expected to be on a lower level in 2023 corresponding to approximately 30.000 units.

The company expects that 2023 will be at the same level than 2022 performance.

*The figures for the number of registered units are based on statistics from the Danish Car Importers Association (De danske bilimportører).

Financial Highlights

Set over a five-year period, the development of the Company is shown below:

Key figures	2022	2021	2020	2019	2018
Income Statement:	TDKK	TDKK	TDKK	TDKK	TDKK
Revenue	3.192.110	3.876.394	3.619.231	3.038.244	2.935.595
Operating (loss)/ profit	18.469	12.108	7.441	1.929	3.460
Net Profit/(Loss) from financial items	1.771	(888)	(935)	(3.154)	(2.845)
Net Profit/(Loss) for the year after tax	19.620	16.492	10.220	(4.133)	890
Statement of Financial Position					
Total Assets	1.036.890	1.298.741	1.372.917	884.678	702.475
Equity	159.223	136.328	121.127	121.127	110.612
Investment in property, plant and equipment	—	268	1.942	—	—
Number of employees at the end of the financial year	49	47	48	48	47
Proposed Dividend					

The Board of Directors proposes to declare no dividend out of 2022 profit for the year (2021: nil).

Political donations

There were no contributions to political parties (2021: nil).

Financial risks

The company's operations expose it to a variety of financial risks that include price risk and liquidity risk. The company has in place a risk management program that sets out the guidelines to manage these risks and the circumstances where it would be appropriate to use financial instruments to manage these.

Changes in interest rates or exchange rates do not have a material impact to the financial position of Ford Motor Company A/S.

Post balance sheet events

No post balance sheet events were considered at year-end.

Statement of Corporate Social Responsibility

With reference to section 99a(7) of the Danish Financial Statements Act and to the Sustainability Report of Ford Motor Company, the Company has not disclosed this information in its own Management's Review.

The report is available on the Group's website: <https://corporate.ford.com/content/dam/corporate/us/en-us/documents/reports/2023-integrated-sustainability-and-financial-report.pdf>

Data Ethics

With reference to section 99d(3) of the Danish Financial Statements Act and to the Sustainability Report of Ford Motor Company, the Company has not disclosed this information in its own Management's Review. The Sustainability Report includes a section for Data Protection, Privacy and Cyber Security, which also applies for Ford Motor Company A/S.

The report is available on the Group's website: <https://corporate.ford.com/content/dam/corporate/us/en-us/documents/reports/2023-integrated-sustainability-and-financial-report.pdf>

Diversity

Ford Motor Company A/S is a sales company characterized by high numbers of vehicles sold through the company and with a limited number of employees. Ford Motor Company A/S pursues a policy of providing equal opportunities for both genders at all levels.

When choosing between equally qualified candidates, the diversity among the employees will be taken into consideration, as it is the aim that both genders attain a representation at management levels of at least 25%. The Board of Directors currently consists of four members, two women and two male members.

On other management levels Ford Motor Company A/S has an equal distribution between genders according to the guidelines from the Danish Business Authority.

Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of Ford Motor Company A/S for the financial year 1 January – 31 December 2022.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the European Union and further requirements in the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2022.

In our opinion, the Director's report includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 25th of May 2023

Executive Board

Frank Skjærbæk
Pedersen
CEO

Board of Directors

Frank Skjærbæk Pedersen

Erling Kaas
Chairman

Charlotte Lone Jensen

Zsafia Kiss-Torocsik

Ford Motor Company A/S

INCOME STATEMENT
(in DKK thousands)

		As at December 31,	
	Note	2022	2021
Revenues			
Automotive	5	3.192.110	3.876.394
Total revenues		3.192.110	3.876.394
Cost of sales and other expenses			
Cost of sales		2.963.194	3.756.660
Selling, administrative, and other expenses		210.447	107.626
Total costs and expenses	6	3.173.641	3.864.286
Other income	8	1.444	1.402
Other interest expense and finance cost	7	1.771	(888)
Profit/(Loss) before income tax		21.684	12.622
Income tax (benefit)/expense	10	2.063	(3.870)
Net profit/(loss)		19.620	16.492

STATEMENT OF COMPREHENSIVE INCOME
(in DKK thousands)

		As at December 31,	
	Note	2022	2021
Net profit/(loss)		19.620	16.492
Other comprehensive income/(loss), net of tax			
Recognition of actuarial gains/(losses)			
Remeasurement of the asset / (liability) for the post-employment benefit	16	4.127	(1.705)
Interest income/(expense) impact on irrecoverable surplus		(908)	375
Movement in pension asset		—	—
Total other comprehensive income/(loss), net of tax	21	3.219	(1.330)
Comprehensive income/(loss)		22.839	15.162

The accompanying notes are part of the financial statements.

Ford Motor Company A/S

STATEMENT OF FINANCIAL POSITION
(in DKK thousands)

	Note	As at December 31,	
		2022	2021
ASSETS			
Cash and cash equivalents		18.866	37.271
Trade and other receivables	11	833.451	1.021.347
Income taxes receivable- current	10	—	2.187
Inventories	12	127.688	187.155
Other assets	13	10.321	7.445
Total current assets		990.326	1.255.405
Property, plant and equipment	14/23	5.106	6.269
Investment in subsidiaries	15	25.732	25.732
Pension Asset	16	9.010	3.561
Deferred income taxes	10	6.165	7.268
Other assets	13	551	506
Total non-current assets		46.564	43.336
Total assets		1.036.890	1.298.741
LIABILITIES			
Accounts payable	17	434.547	824.794
Deferred revenue and other liabilities	18	50.908	54.608
Provisions	19	303.616	206.344
Income taxes payable	10	960	—
Debt - current	23	1.058	1.018
Total current liabilities		791.089	1.086.764
Deferred revenue and other liabilities	18	3.192	1.166
Provisions	19	80.861	70.913
Debt – non-current	23	2.525	3.570
Total non-current liabilities		86.578	75.649
Total liabilities		877.667	1.162.413
EQUITY			
Common stock	20	108.000	108.000
Capital in excess of par value of stock		222	166
Accumulated other comprehensive income/(loss)	21	—	—
(Accumulated losses)/Retained Earnings		51.001	28.162
Total equity		159.223	136.328
Total liabilities and equity		1.036.890	1.298.741

The accompanying notes are part of the financial statements.

Ford Motor Company A/S

STATEMENT OF CASH FLOWS
(in DKK thousands)

	As at December 31,	
	2022	2021
Cash flows from operating activities		
Net profit/(loss)	19.620	16.492
Depreciation	1.520	1.235
Share-based payment expense/(income)	56	39
Pension/OPEB expense/(income)	3.219	(1.330)
Foreign currency adjustments	(284)	(50)
Decrease/(Increase) in inventory	59.467	829
Decrease/(Increase) in trade and other receivables and other assets	104.832	192.951
(Decrease)/Increase in provisions	107.220	(259.626)
(Decrease)/Increase in accounts payable and other liabilities	(391.793)	169.492
Cash flows from taxes	3.147	532
Other	(4.396)	(2.369)
Net cash provided by/(used in) operating activities	(97.391)	118.196
Cash flows from investing activities		
Capital spending	—	(268)
Group undertakings	80.141	(100.019)
Net cash provided by/(used in) investing activities	80.141	(100.287)
Cash flows from financing activities		
Lease payments	(1.155)	(978)
Cash dividends	—	—
Net cash provided by/(used in) financing activities	(1.155)	(978)
Net increase/(decrease) in cash and cash equivalents	(18.405)	16.931
Cash and cash equivalents at January 1	37.271	20.340
Net increase/(decrease) in cash and cash equivalents	(18.405)	16.931
Cash and cash equivalents at December 31	18.866	37.271

The accompanying notes are part of the financial statements.

Ford Motor Company A/S

STATEMENT OF CHANGES IN EQUITY
(in DKK thousands)

	Common Stock	Cap. In Excess of Par Value of Stock	Accum. Other Comprehensive Income/(Loss)	(Accumulated losses)/ Retained Earnings	Total
Balance at January 1, 2021	108.000	127	—	13.000	121.127
Comprehensive income/(loss)	—	—	—	—	—
Net profit/(loss)	—	—	—	16.492	16.492
Other comprehensive income/(loss)	—	—	(1.330)	—	(1.330)
Reclassifications	—	—	1.330	(1.330)	—
Comprehensive income/(loss)	—	—	—	15.162	15.162
Transactions with shareholders	—	—	—	—	—
Dividends	—	—	—	—	—
Share-based compensation	—	39	—	—	39
Total transactions with shareholders	—	39	—	—	39
Balance at December 31, 2021	108.000	166	—	28.162	136.328
Balance at January 1, 2022	108.000	166	—	28.162	136.328
Comprehensive income/(loss)	—	—	—	—	—
Net profit/(loss)	—	—	—	19.620	19.620
Other comprehensive income/(loss)	—	—	3.219	—	3.219
Reclassifications	—	—	(3.219)	3.219	—
Comprehensive income/(loss)	—	—	—	22.839	22.839
Transactions with shareholders	—	—	—	—	—
Dividends	—	—	—	—	—
Share-based compensation	—	56	—	—	56
Total transactions with shareholders	—	56	—	—	56
Balance at December 31, 2022	108.000	222	—	51.001	159.223

The accompanying notes are part of the financial statements.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

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Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. BACKGROUND AND BASIS OF PREPARATION

Background

Ford Motor Company A/S was founded in 1919. The company operates as an importer and wholesaler of passenger and commercial vehicles as well as spare parts and accessories. Ford Motor Company A/S operates in Denmark and has sales externally to one dealership in Iceland and one dealership in Faroe Island..

Ford Motor Company A/S's registered office is Borupvang 1, Ballerup, 2750, Denmark.

Basis of Preparation

Statement of Compliance

We prepared our financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in conformity with IFRS as adopted by the European Union, together with any additional Danish disclosure requirements for large enterprises. We present the financial statements on the going concern basis.

With reference to section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Presentation

The financial statements are presented in Danish Kroners, being the functional currency of the company. All financial information has been rounded to the nearest thousand, except where otherwise indicated.

The statement of financial position differentiates between current and non-current assets and liabilities. Assets and liabilities are classified as current if they mature within one year.

Recognition and Measurement

The financial statements have been prepared under the historical cost basis except when IFRS explicitly requires use of fair value.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is generated primarily by sales of vehicles, parts and accessories. Revenue is recorded when obligations under the terms of a contract with our customer are satisfied; generally, this occurs with the transfer of control of our vehicles, parts or accessories. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods. When we give our dealers the right to return eligible parts for credit, we reduce the related revenue for expected returns.

Sales and Marketing Incentives

Sales and marketing incentives generally are recognised as revenue reductions in Revenues. The incentives generally take the form of cash payments to dealers and dealers' customers. The reduction to revenue is accrued at the later of the date the related vehicle is sold or the date the incentive program is both approved and communicated. We generally estimate these accruals using incentive programs that are approved as of the balance sheet date and are expected to be effective at the beginning of the subsequent period.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Foreign Currency Revaluation

We re-measure monetary assets and liabilities denominated in a currency that is different from Ford Motor Company A/S's functional currency.

The effect of this remeasurement process is reported in Cost of sales, Selling, administrative, and other expenses, and Other interest income/(expense) and finance income/(cost), net.

Trade Receivables

Trade receivables consist primarily of receivables from contracts with our customers for the sale of vehicles, parts, and accessories. Trade receivables initially are recorded at the transaction amount and are typically outstanding for less than 30 days. Each reporting period, we evaluate the collectability of the receivables and record an allowance for doubtful accounts representing our estimate of the expected losses that result from all possible default events over the expected life of a receivable.

Other receivables relate to deposits with other group entities. These receivables are initially recorded at the nominal amount of the deposit and are short term in nature. Each reporting period, we evaluate the collectability of these receivables. There is no history of uncollectible receivables against group undertakings in the past and we do not foresee such an occurrence in the future; therefore, no allowance for doubtful accounts has been recorded related to these receivables.

Expected bad debt loss rates are applied to receivables that are grouped based on their number of days past due (aging buckets) to calculate the overall allowance. Default occurs when a receivable is 90 days or more past due. The allowance for doubtful accounts is measured using a provision matrix method based on the number of days a receivable is past due. Separate provision matrices are developed for each major type of receivable for each country. A receivable is written-off when it is deemed uncollectible and all collection efforts have been exhausted. Additions to the allowance for doubtful accounts are made by recording charges to bad debt expense reported in Selling, administrative, and other expenses.

Ford's exposure to credit risk arising from trade receivables is influenced primarily by the default risk of customer base and the risk associated with the industry and the country in which the customers operate. Our credit policy requires that credit limits be established for each external customer before the first shipment is released. The process of establishing or reaffirming credit limits considers the financial conditions and creditworthiness of the customer based on information such as current and historical financial statements, credit agency reports, and trade references. The credit limits are monitored and reviewed at least annually. Sales exceeding the limits are placed on hold if necessary to limit risk.

The carrying amount of trade receivables represents the maximum credit exposure. Ford may require a mortgage collateral from certain dealers for vehicle sales. In a few markets, we may require bank guarantees for direct sales or service parts for certain trade receivables. Ford does not have trade receivables and contract assets for which no loss allowance is recognized because of collateral.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that it relates to a business combination, items recognised directly in equity, or items recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Deferred Taxes

Deferred tax is recognised for temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the company has no uncertain tax positions to take into consideration.

A deferred tax asset is recognised for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Presentation of Sales and Sales-Related Taxes

We collect and remit taxes assessed by different governmental authorities that are both imposed on and concurrent with a revenue-producing transaction between us and our customers. These taxes may include, but are not limited to, sales, use, value-added, and some excise taxes. We report the collection of these taxes on a net basis (excluded from revenues).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in local bank accounts available upon demand and are recognised at nominal value.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined by methods approximating the first-in first-out ("FIFO") principle, and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Lease Accounting

A lease asset and a corresponding lease liability are recognised in the balance sheet when a lease has been concluded and the lease asset has been made available.

The lease asset is initially measured at cost equivalent to the value of the lease liability added prepaid lease payments. The lease liability is initially measured at the net present value of future lease payments discounted at the interest rate implicit in the lease or the Company's incremental borrowing rate if the interest rate implicit in the lease is not available. The right-of-use assets and lease liabilities are reported in Property, plant, and equipment and Other Financial Liabilities, respectively, on our balance sheet.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The lease asset is depreciated over the lease term. Depreciation is recognised on a straight-line basis in the income statement.

Leases with terms of less than 12 months are not recognised in the balance sheet. This also applies to leases of low-value assets. Lease payments are instead recognised in the income statement on a straight line basis over the lease term. No leases subject to variable payments have been concluded.

When assessing the expected lease term, the non-cancellable lease term is identified. If the lease includes an extension option which Management is reasonably certain to exercise, this is added to the noncancellable lease term.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, net of accumulated depreciation and impairments. We capitalise new assets when we expect to use the asset for more than one year. Routine maintenance and repair costs are expensed when incurred.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of the property, plant, and equipment, taking into consideration our best estimate of its residual value.

Property and equipment are depreciated primarily using the straight-line method over the estimated useful life of the asset. Useful lives range from 6 to 14.5 years. The estimated useful lives generally are 14.5 years for machinery and equipment

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provisions for impairment.

Employee Benefits

We provide short-term and long-term benefits to our employees. Short-term employee benefit obligations generally take on the form of salaries, bonuses and profit sharing and are measured on an undiscounted basis. We generally expense short-term benefits in the period the related benefit is provided. Long-term employee benefit obligations generally take on the form of post-employment benefits.

Defined benefit pensions are measured based on the present value of projected future benefit payments for all participants for services rendered to-date. The measurement of projected future benefits is dependent on the provisions of each specific plan, demographics of the group covered by the plan, and other key measurement assumptions. For plans that provide benefits dependent on salary assumptions, we include a projection of salary growth in our measurements. No assumption is made regarding any potential changes to benefit provisions beyond those to which we are presently committed (e.g., in existing labour contracts).

The net periodic benefit costs associated with the company's defined benefit pension plans are determined using assumptions regarding the benefit obligation and the plan assets (where applicable) as of the beginning of each year. Net periodic benefit costs are recorded in Cost of sales and Selling, administrative, and other expenses.

The funded status of the benefit plans, which represents the difference between the benefit obligation and fair value of plan assets, is calculated on a plan-by-plan basis. The benefit obligation and related funded status are determined using assumptions as of the end of each year. The impact of plan amendments and actuarial gains and losses are recorded in Accumulated other comprehensive income/(loss), and then reclassified to retained earnings at the end of the year.

Curtailment gains or losses are recorded when an event occurs that significantly reduces the number of employees covered by the plan. We record a curtailment gain when the employees who are entitled to the benefits terminate their employment; we record a curtailment loss when it becomes probable a loss will occur.

Ford Motor Company A/S shall recognise a settlement gain or loss in the period in which a transaction that permits derecognition of the net defined benefit liability. The gain or loss on a settlement shall comprise: (a) the present value of the obligation being settled, as determined on the date of the settlement; and (b) the settlement price, including any assets transferred and/or payments made.

Ford Motor Company A/S shall re-measure the plan as of the date of the action if there is a significant curtailment or settlement.

Our policy for funded pension plans is to contribute annually, at a minimum, amounts required by applicable laws and regulations. We may make contributions beyond those legally required.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

The net pension asset is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan (asset ceiling).

Provisions

A provision is recognised if, as a result of a past event, we have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. We record provisions for warranty, dealer and customer claims and similar matters.

Due to the inherent uncertainty of the amount and timing of expected payments, we measure our provisions using patterned estimation models that take into consideration historical experience with similar matters, recent facts and circumstances, as well as assumptions about current trends. Each measurement reflects our best assumptions at each reporting period, but the ultimate outcome of any matter could result in an amount different than the amount we have accrued and/or disclosed.

Provisions expected to be paid in a period of greater than one year are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in Other interest income/(expense) and finance income/(cost), net.

Warranties

We accrue obligations for warranty costs and field service actions (i.e., safety recalls, emission recalls, and other product campaigns) at the time of sale. We establish estimates for warranty and field service action obligations using a patterned estimation model using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We re-evaluate the adequacy of our accruals on a regular basis and any revisions to our estimated obligation for warranties and field service actions are reported as Changes in accrual related to pre-existing warranties.

Dealer and Customer Claims

We accrue for dealer and customer claims related to incentive programs that are approved as of the reporting date and are expected to be effective at the beginning of the subsequent period.

Share-Based Payments

Share-based payment arrangements include awards that will be settled by the delivery of shares. The shares are measured at fair value on the grant date. The fair value of the awards that employees are expected to earn is recognised as compensation cost over the vesting period. Changes in the number of awards that employees are expected to earn are recognised in profit or loss over the vesting period.

We measure the fair value of stock options using an option-pricing model and the fair value of restricted stock units using the closing market price of our Common Stock on the grant date.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

We consider an accounting estimate to be significant if: 1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and 2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

The Management of the ultimate parent company has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors. In addition, there are other items within our financial statements that require estimation but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

Warranty and Product Recalls

Nature of Estimates Required. We provide warranties on the products we sell. Separately, we also periodically perform field service actions related to safety recalls, emission recalls, and other product campaigns. Pursuant to these warranties and field service actions, we will repair, replace or adjust all parts on a vehicle that are defective in factory-supplied materials or workmanship. We accrue the estimated cost of both basic warranty coverages and field service actions at the time of sale.

Assumptions and Approach Used. We establish estimates for warranty and field service action obligations using a patterned estimation model. We use historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We re-evaluate our estimate of warranty and field service obligations on a regular basis. Experience has shown that the initial data for any given model year may be volatile; therefore, our process relies on long-term historical averages until sufficient data are available. As actual experience becomes available, we use the data to modify the historical averages in order to ensure that the estimate is within the range of likely outcomes. We then compare the resulting accruals with present spending rates to ensure that the balances are adequate to meet expected future obligations. Based on these data, we revise our estimates as necessary. Warranty coverages vary; therefore, our warranty accruals vary depending on the type of product and the geographic location of its sale for specific periods of time and/or mileage. Field service actions are distinguishable from warranties in that they may occur in periods beyond the basic warranty coverage period. Our best estimate of the obligation related to field service actions includes expected future payments related to vehicles produced in the most recent eight model years and announced field service actions for vehicles produced before this period.

Due to the uncertainty and potential volatility of these factors, changes in our assumptions could materially affect our financial condition and results of operations. See Note 19 of the Notes to the Financial Statements for information regarding warranty and product recall related costs.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Pensions

Nature of Estimates Required. The estimation of our defined benefit pension plan obligations and expenses requires that we make use of estimates of the present value of projected future payments to all participants, taking into consideration the likelihood of potential future events such as demographic experience and health care cost increases. Plan obligations and expenses are based on existing retirement plan provisions. No assumption is made regarding any potential future changes to benefit provisions beyond those to which we are presently committed (e.g., in existing labour contracts).

Assumptions and Approach Used. The assumptions used in developing the required estimates include the following key factors:

- Discount rates. Our discount rate assumption is based primarily on the results of a cash flow matching analysis, which matches the future cash outflows for each major plan to a yield curve based on high-quality bonds specific to the country of the plan. Benefit payments are discounted at the rates on the curve and a single discount rate specific to the plan is determined.
- Salary growth. Our salary growth assumption reflects our long-term actual experience, outlook, and assumed
- Inflation. Our inflation assumption is based on an evaluation of external market indicators, including real gross domestic product growth and central bank inflation targets.
- Expected contributions. Our expected amount and timing of contributions is based on an assessment of minimum requirements, cash availability, and other considerations (e.g., funded status, avoidance of regulatory premiums and levies, and tax efficiency).
- Retirement rates. Retirement rates are developed to reflect actual and projected plan experience.
- Mortality rates. Mortality rates are developed to reflect actual and projected plan experience.

Assumptions are set at each year end and are generally not changed unless there is a major plan event such as a significant curtailment or settlement that would trigger a plan remeasurement.

The effects of actual results differing from our assumptions and the effects of changing assumptions are recognised in Accumulated Other Comprehensive Income/(Loss) on our balance sheet.

See Note 16 for more information regarding pension costs and assumptions.

Income Taxes

Nature of Estimates Required. We must make estimates and apply judgment in determining the provision for income taxes for financial reporting purposes. We make these estimates and judgments primarily in the following areas: (i) the calculation of tax credits, and (ii) the calculation of differences in the timing of recognition of revenue and expense for tax and financial statement purposes that will ultimately be reported in tax returns. Changes in these estimates and judgments may result in a material increase or decrease to our tax provision, which would be recorded in the period in which the change occurs.

Assumptions and Approach Used. We are subject to the income tax laws and regulations of the Danish tax jurisdiction. We must assess the likelihood that we will be able to recover our deferred tax assets against future sources of taxable income. IFRS recognizes deferred tax assets to the extent that it is more likely than not (defined as a likelihood of more than 50%) that sufficient taxable profits will be available to utilize the deductible temporary difference or unused tax losses.

Changes in our judgment regarding the ability to recover our deferred tax assets are reflected in our tax provision in the periods in which the changes occur.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. IMPLEMENTATION OF NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS

Implementation of Amendments and New Accounting Standards

The Company has implemented the following amendments or new standards (IFRS) for financial year 2022: The amendments came into effective for financial years beginning on or after 1 January 2022:

- IAS 16 Property, plant and equipment: The amendment to IAS 16 clarifies that proceeds from property, plant and equipment under construction before it is ready for use cannot be offset against the cost of the assets and shall recognised such income in profit or loss.
- IAS 37 Provisions, contingent liabilities and contingent assets: The amendment clarifies which costs can be included when assessing whether a contract is loss-making. Additionally, examples have been added of costs which are considered directly related to a contract and of costs which are not.
- Annual improvements 2018-2020, IFRS 9 and IFRS 16: Clarifications of IFRS 9 on financial instruments concerning fees included in the test to determine whether a financial liability is modified or repaid and amendment of an examples provided in IFRS 16.

Ford Motor Company A/S has assessed the effect of the new standards, amendments, and interpretations. Ford Motor Company A/S has concluded that all standards, amendments, and interpretations effective for financial years beginning on or after 1 January 2022 are either not relevant to Ford Motor Company A/S or have no significant effect on the Financial Statements of Ford Motor Company A/S.

New standards, amendments, and interpretations Issued But Not Yet Implemented

The following represent the standards and amendments that are applicable to Ford, none of which are expected to have a material impact to our financial statements or financial statement disclosures:

Insurance Contracts (effective January 1, 2023). This standard replaces IFRS 4 and implements a new uniform method of accounting for insurance contracts and reinsurance contracts, and ensures that the recognition occurs over the duration of the contracts. IFRS 17 also introduces a new measurement model, which requires that estimates must be remeasured in each reporting period.

The International Accounting Standards Board (“IASB”) has also issued the following amendments, which are not expected to have a material impact to our financial statements or financial statement disclosures:

Amendments	Effective Date
Initial Application of IFRS 17 and IFRS 9 (Financial Instruments) – Comparative Information (Amendment to IFRS 17 and IFRS 9)	January 1, 2023
Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)	January 1, 2023
Definition of Accounting Estimates (Amendment to IAS 8)	January 1, 2023
Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendment to IAS12)	January 1, 2023

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. REVENUES

Amounts included in Revenues on our income statement were as follows (in TDKK):

	As at December 31,	
	2022	2021
Sales of new vehicles, parts, and accessories (a)	3.180.399	3.856.118
Other (b)	11.711	20.276
Total revenues	3.192.110	3.876.394

(a) Risk wise (all sold to dealers) and business wise (spare parts supporting the vehicle sales)

(b) Other includes extended service plan revenue of MDKK 11,7 for the year ended December 31, 2022 (2021: MDKK 20,3)

All of our new vehicles were sold to the dealers in 2022 and financed by Santander. There are three dealer groups that had the majority of sales in 2022 (three dealers during 2021): Bjarne Nielsen A/S, Autohuset Vestergaard A/S Personvogne and Andersen Biler A/S.

Total Company revenues, split geographically, for the years ended December 31 were as follows (in TDKK):

	2022	2021
Domestic	3.052.241	3.704.610
Iceland	110.453	139.740
Faroe Island	29.416	32.044
Total company	3.192.110	3.876.394

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally, this occurs with the transfer of control of our vehicles, parts, accessories, or services. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. The transaction price is allocated to each performance obligation based on the relative standalone selling price at contract inception for each performance obligation. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue.

The expected costs associated with our base warranties and field service actions continue to be recognized as expense when the products are sold (see Note 19). We recognize revenue for vehicle service contracts that extend mechanical and maintenance coverages beyond our base warranties over the life of the contract. We do not have any material significant payment terms as payment is received at or shortly after the point of sale.

Vehicles, Parts, and Accessories. For the majority of vehicles, parts, and accessories, we transfer control and recognize a sale when we ship the product from our manufacturing facility to our customer (dealers and distributors). We receive cash equal to the invoice price for most vehicle sales at the time of wholesale. When the vehicle sale is financed by a third party (Santander Consumer Bank A/S), the dealer pays the third party when it sells the vehicle to the retail customer (see Note 17). Payment terms on part sales to dealers, distributors, and retailers range from 30 to 120 days. The amount of consideration we receive and revenue we recognize varies with changes in marketing incentives and returns we offer to our customers and their customers. When we give our dealers the right to return eligible parts and accessories, we estimate the expected returns based on an analysis of historical experience. We adjust our estimate of revenue at the earlier of when the most likely amount of consideration we expect to receive changes or when the consideration becomes fixed.

Used Vehicles. We sell used vehicles both at auction and/or through our dealers. Proceeds from the sale of these vehicles are recognised in revenues upon transfer of control of the vehicle to the customer and the related vehicle carrying value is recognised in Cost of sales.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Extended Service Contracts. We sell separately-priced service contracts that extend mechanical and maintenance coverages beyond our base warranty agreements to vehicle owners. The separately priced service contracts range from 12 to 24 months. We receive payment at the inception of the contract and recognize revenue over the term of the agreement in proportion to the costs expected to be incurred in satisfying the obligations under the contract. We don't have any unearned revenue associated with outstanding contracts that was reported in Other Liabilities and deferred revenue and neither was any revenue recognized as revenue during the year ended December 31, 2022. At December 31, 2022, the unearned amount was MDKK 8,1. We expect to recognize approximately MDKK 6,3 of the unearned amount in 2023, MDKK 1,8 in 2024, and nothing thereafter. We record a premium deficiency reserve to the extent we estimate the future costs associated with these contracts exceed the unrecognized revenue. Amounts paid to dealers to obtain these contracts are deferred and recorded as Other assets. These costs are amortized to expense consistent with how the related revenue is recognized. We had a balance of MDKK 7,4 in deferred costs as of December 31, 2022, and recognized MDKK 8,0 of amortization during the year ended December 31, 2022.

Other revenue. Other revenue consists primarily of net commissions received for serving as the agent in facilitating the sale of a third party's products or services to our customers. We transfer control and recognize the net commission when the products are delivered to our customer (dealer and distributor).

NOTE 6. TOTAL COST OF SALES AND SELLING, ADMINISTRATIVE, AND OTHER EXPENSES

Amounts included in Cost of sales and selling, administrative, and other expenses on our income statement were as follows (in TDKK):

	As at December 31,	
	2022	2021
Purchase of new vehicles, parts and accessories	2.953.511	3.732.543
Depreciation	1.520	1.236
Warranty	110.829	1.684
Advertising	29.253	30.942
Wages and salaries (note 27)	30.290	28.603
Fixed Marketing	10.888	25.273
Other	37.350	44.005
Total cost of sales and selling, administrative, and other	3.173.641	3.864.286

NOTE 7. OTHER INTEREST INCOME/(EXPENSE) AND FINANCE INCOME/(COST), NET

Amounts included in Other interest income/(expense) and finance income/(cost), net on our income statement were as follows (in TDKK):

	As at December 31,	
	2022	2021
Interest expense	1.771	(888)
Total other interest (expense)/income, net	1.771	(888)

NOTE 8. OTHER INCOME/(EXPENSE), NET

Amounts included in Other income/(expense), net on our income statement were as follows (in TDKK):

	As at December 31,	
	2022	2021
Commission	1.444	1.402
Total	1.444	1.402

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. NET FOREIGN CURRENCY EXCHANGE GAINS/(LOSSES)

Net foreign currency exchange gains/(losses) recognized on our income statement were as follows (in TDKK):

	As at December 31,	
	2022	2021
Net foreign currency exchange (losses)/gains	284	50
	284	50

NOTE 10. INCOME TAX BENEFIT/(EXPENSE)

The Income tax benefit/(expense) on our income statement was estimated as follows (in TDKK):

	As at December 31,	
	2022	2021
Current		
Current tax on (loss)/profits for the year	(960)	579
Change in estimates related to prior years	(909)	—
Total current	(1.869)	579
Deferred		
Origination and reversal of temporary differences	(477)	(2.380)
Changes in tax losses carried forward	(3.392)	(1.059)
Write down	3.675	6.730
Total deferred	(194)	3.291
Income tax benefit/(expense)	(2.063)	3.870

Ford Motor Company A/S' applicable tax rate is 22,0%. The income tax prepaid during 2022 was TDKK 0 (2021: TDKK 520). The final income tax paid during 2022 was TDKK (960) (TDKK 579 during 2021).

The amount of reported income taxes in the statement of comprehensive income reconciled with income taxes calculated using Ford Motor Company A/S' applicable tax rate at December 31 was as follows (in TDKK):

	As at December 31,	
	2022	2021
(Loss)/Income before income taxes	21.684	12.622
Tax calculated at domestic tax rates applicable to profits (2022 – 22,0 % and 2021 – 22,0 %).	(4.771)	(2.777)
Tax effects of:		
Expenses/(Income) not (taxable)/deductible for tax purposes	(58)	(83)
Change in tax rates	—	—
Change in estimate related to prior years	(909)	—
Write down	3.675	6.730
Income tax benefit/(expense)	(2.063)	3.870
Effective tax rate	(10)%	31%

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

The deferred tax amounts shown on the balance sheet at December 31 were as follows (in TDKK):

	As at December 31,	
	2022	2021
Deferred tax assets	6.500	7.334
Deferred tax liabilities	(335)	(66)
Net deferred tax assets	6.165	7.268

Deferred taxes by major category at December 31 were as follows (in TDKK):

	As at December 31,	
	2022	2021
Deferred tax assets		
Tax losses carried forward	577	2.080
Dealer and customer claims	4.700	6.029
Reserve for doubtful debts	—	—
Compensation accruals	2.883	2.067
Remeasurement Effects Recognized in OCI	(1.660)	(752)
Deferred tax assets	6.500	9.424
Less: Write down	—	(2.090)
Total deferred tax assets	6.500	7.334
Deferred tax liabilities		
Depreciation and amortization (excluding leasing transactions)	(335)	(66)
Total deferred tax liabilities	(335)	(66)
Net deferred tax assets	6.165	7.268

At December 31, 2022, Ford Motor Company A/S had pre-tax operating loss carry-forwards for income tax purposes in the amount of TDKK 2.621. Tax benefits of operating loss carry-forwards are evaluated on an ongoing basis, including a review of historical and projected future operating results, the eligible carry forward period, and other circumstances.

The current and non-current portions of deferred income taxes expected to be recovered or settled within and after one year at December 31 were as follows (in TDKK):

	As at December 31,	
	2022	2021
Deferred tax assets		
Current portion	2.000	2.000
Non-current portion	4.500	5.334
Total deferred tax asset	6.500	7.334
Deferred tax liabilities		
Current portion	(335)	(66)
Non-current portion	—	—
Total deferred tax liabilities	(335)	(66)
Net deferred tax assets	6.165	7.268

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. TRADE AND OTHER RECEIVABLES, NET

Trade and other receivables, net on our statement of financial position were as follows (in TDKK):

	As at December 31,	
	2022	2021
Trade receivables	89.903	198.183
Amounts owed by group undertakings	743.548	823.164
Other	—	—
Total	833.451	1.021.347
Current	833.451	1.021.347
Non-current	—	—
Total	833.451	1.021.347

Amounts owed by group undertakings are unsecured; elements bear interest at a variable rate which is capitalised monthly and are repayable on demand.

The fair value of all trade and other receivables is approximate to the carrying value. Amounts overdue do not have a material impact on these financial statements. There is no history of uncollectivity.

Receivables are denominated in the functional currency (DKK) with no currency impact.

Excess liquidity is placed with a finance center within the Ford Group and carries interest. In the Financial Statements this item is classified as part of receivables from group undertakings of MDKK 743 (2021: MDKK 823). The deposit in the finance center ranks subordinate in relation to the debt of the finance center to Ford Motor Company, to debt to certain other companies in the Ford Motor Company group and to debt to certain external lenders.

NOTE 12. INVENTORIES

Inventories on our statement of financial position were as follows (in TDKK):

	As at December 31,	
	2022	2021
Parts/Accessories Inventory	84	232
Finished products	112.091	175.167
Company Service vehicles	15.513	11.756
Total	127.688	187.155

The impairment of inventories for the year ended December 31, 2022 is TDKK 0. (TDKK 40 for the year ended December 31, 2021).

NOTE 13. OTHER ASSETS

Other assets on our statement of financial position were as follows (in TDKK):

	As at December 31,	
	2022	2021
Prepayments	10.872	7.951
Total	10.872	7.951
Current	10.321	7.445
Non-current	551	506
Total	10.872	7.951

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment includes machinery and equipment that we use in our normal operations. Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of the property, plant, and equipment, taking into consideration our best estimate of its residual value.

Useful lives range from 6 year to 14,5 years. The estimated useful lives generally are 14,5 years for machinery and equipment.

Changes in Property, plant, and equipment balances on our statement of financial position were as follows (in TDKK):

	December 31, 2022	
	Machinery, Equipment and Other	Total
Cost		
Beginning balance	7.617	7.617
Reclassifications	—	—
Additions	—	—
Disposals	(4.705)	(4.705)
WIP	3	3
Ending balance	2.915	2.915
Accumulated depreciation and impairment		
Beginning balance	(5.479)	(5.479)
Reclassifications	—	—
Depreciation	(228)	(228)
Disposals	4.705	4.705
Ending balance	(1.003)	(1.003)
Total	1.912	1.912

	December 31, 2021	
	Machinery, Equipment and Other	Total
Cost		
Beginning balance	7.349	7.349
Reclassifications	—	—
Additions	268	268
Disposals	—	—
Ending balance	7.617	7.617
Accumulated depreciation and impairment		
Beginning balance	(5.215)	(5.215)
Reclassifications	—	—
Depreciation	(264)	(264)
Disposals	—	—
Ending balance	(5.479)	(5.479)
Total	2.138	2.138

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. INTERESTS IN SUBSIDIARIES

Ownership Percentage and Investment Balances

Investment in subsidiaries on our statement of financial position was as follows at the year ended December 31, (in TDKK, except percentages):

	Ownership percentage	Investment Balance	
		2022	2021
Ford Motor Norge A/S (Jurisdiction: Norway)	100%	25.732	25.732
		25.732	25.732

The investment in Ford Motor Norge A/S is held at historical cost, no impairment has been recorded against the investment value. According to the latest filed accounts dated 31 December 2021, the net profit was TNOK 17.215 and equity was TNOK 81.297.

NOTE 16. EMPLOYEE BENEFITS

We provide retirement benefits including the following:

Defined Benefit Pension Plans. We have defined benefit pension plans covering salaried employees. Our defined benefit plans are closed to new participants. Our defined benefit pension plans are funded (i.e., have restricted assets from which benefits are paid).

Defined Contribution and Savings Plans. We have also established defined contribution and savings plans for our employees. Contributions to these plans, if any, are made from general Company cash and are expensed as incurred. The expense for our defined contribution and savings plans was MDKK 2,3 in 2022 (MDKK 1,9 in 2021)

Assumptions

The assumptions used to determine expense and benefit obligations were as follows (in TDKK):

Assumptions used to determine net benefit cost for the year ended December 31	Pension Plans (Funded)	
	2022	2021
Discount rate %	3,50%	0,50%
Average rate of increase in compensation %	2% until pensioning/0% after pensioning	2% until pensioning/0% after pensioning
Mortality Rates	Danish FSA's FT2020	Danish FSA's FT2019
Life expectancy for a 65 year old male/female	21.6 / 23.9 years	21.6 / 23.9 years

Benefit Plans - Expense and Status

The net expense/(income) and remeasurement cost for our defined benefit pension plan for the years ended December 31, were as follows (in TDKK):

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

	Pension Plans (Funded)	
	2022	2021
Income/(Expense)		
Current service cost	1.394	2.006
Interest expense/(income)	(14)	—
Net expense	1.380	2.006
Remeasurements		
Return on plan assets (greater)/less than discount rate	36.376	14.041
(Gain)/loss from changes in financial assumptions	(41.483)	(12.330)
Experience (gains)/losses	—	—
Other actuarial (gains)/losses	980	(6)
Total remeasurements	(4.127)	1.705
Total	(2.747)	3.711

The year- end status of the plan was as follows (in TDKK):

	Pension Plans (Funded)	
	2022	2021
Change in benefit obligation		
Benefit obligation at January 1	147.764	164.370
Current service cost	1.394	2.006
Interest expense	731	—
Plan participant contributions	227	254
Benefits paid	(6.529)	(6.537)
(Gain)/loss from change in financial assumptions	(41.483)	(12.330)
Experience (gains)/losses	—	—
Benefit obligation at December 31	102.104	147.763
Change in plan assets		
Fair value of plan assets at January 1	151.325	169.228
Interest income	—	—
Return on plan assets greater/(less) than discount rate	(36.376)	(14.041)
Company contributions	2.467	2.420
Plan participant contributions	227	254
Benefits paid	(6.529)	(6.537)
Fair value of plan assets at December 31	111.114	151.324
Total	9.010	3.561
Change in asset ceiling/minimum funding requirement		
Asset ceiling/minimum funding requirement at January 1	—	—
Change in asset ceiling, excluding amounts included in interest cost/(income)	(731)	—
Interest expense/(income)	731	—
Asset ceiling/minimum funding requirement at December 31	—	—
Total at December 31	9.010	3.561

In 2022, we contributed MDKK 2,5 to our fully funded pension plan (most of which were mandatory contributions). During 2023, we expect to contribute about MKK 1,6 from cash and cash equivalents.

Estimated Future Benefit Payments

Estimated future gross benefit payments were as follows (in TDKK):

	Pension Plans (Funded)
2023	6.462
2024	6.489
2025	6.586
2026	6.142
2027	6.142
2028-2032	30.710

Ford Motor Company A/S
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There are no current expectations to receive a refund from the defined benefit scheme.

The defined benefit pension scheme's obligations and assets are covered by the Danica Pension Plan.

Risks

Substantial pension liabilities impairing liquidity or financial condition. If our cash flows and capital resources were insufficient to fund our pension obligations, we could be forced to suspend dividend payments or seek additional capital.

Worse-than-assumed economic and demographic experience for postretirement benefit plans (e.g., discount rates). The measurement of our obligations, costs, and liabilities associated with benefits pursuant to our postretirement benefit plans requires that we estimate the present value of projected future payments to all participants. We use many assumptions in calculating these estimates, including assumptions related to discount rates and demographic experience (e.g., mortality and retirement rates). To the extent actual results are less favorable than our assumptions, there could be a substantial adverse impact on our financial condition and results of operations.

Pension Plan Asset Information

Investment Objective and Strategies. All assets are externally managed, and most assets are actively managed. Managers are not permitted to invest outside of the asset class (e.g., fixed income, public equity, alternatives) or strategy for which they have been appointed. We use investment guidelines and recurring audits as tools to ensure investment managers invest solely within the investment strategy they have been provided.

Fair Value of Plan Assets. Pension assets are recorded at fair value, and include primarily fixed income and equity securities, derivatives, and alternative investments, which include hedge funds, private equity, and real estate.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable on our statement of financial position were as follows (in TDKK):

	As at December 31,	
	2022	2021
Trade Payables	40.400	48.033
Amounts owed to group undertakings	361.923	689.894
Social security and other taxes	32.224	86.867
Total	434.547	824.794

The fair value of accounts payable is approximate to the carrying value and measured at amortized cost.

NOTE 18. DEFERRED REVENUE AND OTHER LIABILITIES

Deferred revenue on our statement of financial position were as follows (in TDKK):

	As at December 31,	
	2022	2021
Deferred Revenue	47.561	48.309
Social security and other taxes	—	—
Other	6.539	7.465
Total	54.100	55.774
Current portion	50.908	54.608
Non-current portion	3.192	1.166
Total	54.100	55.774

Ford Motor Company A/S
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Revenue is deferred and recognized to income on a straight-line basis over the contract period except in those circumstances where sufficient historical evidence indicates that the costs of performing the services under the contract are incurred on another than a straight-line basis. In those circumstances, revenue is recognized over the contract period in proportion to the costs expected to be incurred in performing services under the contract.

The fair value of deferred revenue is approximate to the carrying value and measured at amortized cost.

NOTE 19. PROVISIONS

Provisions on our statement of financial position were as follows (in TDKK):

	As at December 31,	
	2022	2021
Warranties	177.576	135.473
Dealer and customer claims	206.656	140.303
Other	245	1.481
Total	384.477	277.257
Current portion	303.616	206.344
Non-current portion	80.861	70.913
Total	384.477	277.257

Warranties

We accrue obligations for warranty costs and field service actions (i.e., safety recalls, emission recalls, and other product campaigns) at the time of sale. We establish estimates for warranty and field service action obligations using a patterned estimation model using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We re-evaluate the adequacy of our accruals on a regular basis and any revisions to our estimated obligation for warranties and field service actions are reported as Changes in accrual related to pre-existing warranties in the table below.

The changes in provisions for warranties were as follows (in TDKK):

	As at December 31,	
	2022	2021
Beginning balance	135.473	415.311
Provisions made	131.753	169.891
Changes related to pre-existing provisions	(4.673)	(142.157)
Payments made	(84.977)	(307.572)
Other movements	—	—
Ending balance	177.576	135.473
Current portion	96.715	64.560
Non-current portion	80.861	70.913
Total	177.576	135.473

Dealer and Customer Claims

We accrue for dealer and customer claims related to incentive programs that are approved as of the reporting date and are expected to be effective at the beginning of the subsequent period.

The changes in provisions for dealer and customer claims were as follows (in TDKK):

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	As at December 31,	
	2022	2021
Beginning balance	140.303	120.003
Provisions made	100.696	81.724
Changes related to pre-existing provisions	(8.034)	(5.251)
Payments made	(24.435)	(56.657)
Other movements	(1.874)	484
Ending balance	206.656	140.303
Current portion	206.656	140.303
Non-current portion	—	—
Total	206.656	140.303

NOTE 20. CAPITAL STOCK

The number of Common stock shares authorized at December 31 was as follows:

	2022	2021
Beginning balance	900.000	900.000
Shares issued	—	—
Shares reacquired	—	—
Ending balance	900.000	900.000

Par value per share is DKK 120 and all shares are fully paid.

NOTE 21. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in the accumulated balances for each component of Accumulated other comprehensive income/(loss) attributable to Ford Motor Company A/S were as follows (in TDKK):

Pension and other postretirement benefits	As at December 31,	
	2022	2021
Beginning balance	—	—
Gains/(Losses) arising during the period	4.127	(1.705)
Less: Tax/(Tax benefit)	(908)	375
Other comprehensive income/(loss), net of tax	3.219	(1.330)
Reclassification to retained earnings, net of tax	(3.219)	1.330
Total AOCI ending balance at December 31	—	—

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 22. SHARE-BASED PAYMENTS

Ford Motor Company A/S's ultimate parent company issues restricted stock units ("RSUs") to our employees, which consist of time-based and performance-based awards. RSUs provide the recipients with the right to shares of Common Stock following a specified performance period and/or vesting period. Time-based awards generally have a vesting feature whereby one-third of each grant of RSUs vests after the first anniversary of the grant date, one-third after the second anniversary, and one-third after the third anniversary. Performance-based RSUs vest at the end of the specified performance period, generally three years, assuming required metrics are met. Performance-based RSUs have two components: one based on Ford's internal financial performance metrics, and the other based on Ford's total shareholder return relative to total shareholder returns of an industrial and automotive peer group. We issue new shares of Common Stock upon vesting of RSUs. All awards issued under the incentive plan are equity settled.

The fair value of both the time-based and the portion of the performance-based RSUs pertaining to internal performance metrics is determined using the closing price of our Common Stock. The fair value of time-based RSUs is expensed over the shorter of the vesting period, using the graded vesting method, or the time period an employee becomes eligible to retain the award at retirement. The fair value of performance-based RSUs is expensed when it is probable and estimable as measured against the performance metrics over the shorter of the performance or required service periods. Expense is recorded in Selling, administrative, and other expenses.

The expense recorded in Ford Motor Company A/S in relation to Share Based payments was DKK 55.590 and DKK 39.307 for the years ended December 31, 2022 and 2021, respectively.

NOTE 23. RIGHT-OF-USE ASSETS AND LEASE COMMITMENTS

We lease land, office space and equipment under agreements with contractual periods ranging from less than one year to 3 years. Many of our leases contain one or more options to extend. We include options that we are reasonably certain to exercise in our evaluation of the lease term after considering all relevant economic and financial factors. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

Non-lease components are included in the measurement of the lease liabilities.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. All leases contain a variable element in form of a 0,78% index increase per year. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

We calculate the initial lease liability as the present value of fixed payments not yet paid and variable payments that are based on a market rate or an index (e.g. CPI), measured at commencement. The majority of our leases are discounted using our incremental borrowing rate because the rate implicit in the lease is not readily determinable. All other variable payments are expensed as incurred.

Lease right -of-use assets at December 31 were as follows (in TDKK):

	2022		
	Land and Buildings	Machinery, Equipment and Other	Total
Cost	5.164	259	5.423
Accumulated depreciation	(2.113)	(116)	(2.229)
Accumulated impairment	—	—	—
Net carrying amount	3.051	143	3.194

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NOTES TO THE FINANCIAL STATEMENTS

	2021		
	Land and Buildings	Machinery, Equipment and Other	Total
Cost	5.164	218	5.382
Accumulated depreciation	(1.174)	(77)	(1.251)
Accumulated impairment	—	—	—
Net carrying amount	3.990	141	4.131

Minimum non-cancellable lease commitments were as follows (in TDKK):

	As at December 31,	
	2022	2021
Within 1 year	1.143	1.132
After 1 year and within 2 years	1.140	1.131
After 2 years and within 3 years	1.163	1.140
After 3 years and within 4 years	297	1.163
After 4 years and within 5 years	—	297
After 5 years	—	—
Total	3.743	4.863
Less: Present value discount	(160)	(275)
Total lease liabilities	3.583	4.588

Supplemental cash flow information related to leases for the year ended December 31 was as follows (in TDKK):

	2022	2021
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows	—	—
Financing cash flows	(1.155)	(978)
Total cash paid	(1.155)	(978)

The components of lease expense for the year ended December 31 were as follows (in TDKK):

	2022	2021
Depreciation		
Land and buildings	(939)	(939)
Machinery, equipment, and other	(30)	(32)
Total depreciation	(969)	(971)
Other Expenses		
Interest expense	118	146
Variable lease expense	—	—
Sublease income	—	—
Total lease expense	118	146

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 24. FINANCIAL RISK MANAGEMENT

Ford Motor Company A/S is exposed to a variety of risks in the normal course of its business. Its financial condition depends on the extent to which it effectively identifies, assesses, monitors, and manages these risks. The principal types of risk to which the company is exposed include:

- Market risk
- Liquidity risk
- Credit risk

Ford Motor Company A/S is embedded in the Ford Motor Company group. Ford Motor Company, the ultimate parent company of Ford Motor Company A/S, manages each of these types of risk on a global consolidated basis in the context of its contribution to its overall risk. It makes business decisions on a risk-adjusted basis and prices its services consistent with these risks. Ford's global risk management policies are established to identify and analyse the risk exposures, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly at a global consolidated level to reflect changes in market conditions and Ford's activities.

The company's financial liabilities mainly consist of amounts owed to group undertakings.

There is no contractual maturity for the amounts owed to group undertakings, but the amounts are expected to be paid within 3 - 12 months.

NOTE 25. CONTROLLING PARTIES

The company's immediate parent company is Ford Nederland BV located in the Netherlands. The ultimate parent company and controlling party is Ford Motor Company, a company incorporated in the State of Delaware in the USA, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the ultimate parent company's financial statements may be obtained from: Ford Motor Company, One American Road, Dearborn, Michigan 48126 USA.

NOTE 26. RELATED PARTIES TRANSACTIONS

Our related parties include group undertakings of the ultimate parent company and key management personnel.

Transactions with our group undertakings of our ultimate parent company

In the ordinary course of business, we buy from/sell various products and services including vehicles, parts, and components to/from entities under the control of our ultimate parent company of the ultimate parent company.

The income statement effects of transactions with entities under the control of our ultimate parent company was as follows (in TDKK):

	As at December 31,	
	2022	2021
Sales included in Revenue (a)	—	—
Purchases included in Cost of sales	2.953.511	3.732.543

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

The effect of transactions with entities under the control of the ultimate parent company on the statement of financial position was as follows (in TDKK):

	As at December 31,	
	2022	2021
Trade and other receivables	743.548	823.164
Trade and other payables	(361.923)	(689.894)

Transactions with key management personnel

	As at December 31,	
	2022	2021
Salaries and other short-term benefits	3.384	2.228
Retirement, and other post-employment and other long-term benefits - defined benefit scheme	229	131
Retirement, and other post-employment and other long-term benefits - other	—	—
Share-based compensation	56	39
Other compensation	—	—
Total compensation	3.669	2.398

During the year 0 Directors (2021: 0 Directors) exercised share options in the ultimate parent company and 1 Director (2021: 1 Director) was eligible to receive shares in the ultimate parent company under a long-term incentive program.

There were no other transactions with key management personnel during 2022. All transactions were on an arm's length basis.

NOTE 27. EMPLOYEE COSTS AND AUDITOR FEES

Employment costs

	As at December 31,	
	2022	2021
Wages and salaries	30.290	28.603
Social security costs	112	108
Pension costs	3.740	4.063
Other	1.117	1.377
Total	35.259	34.151

Total number of employees for the year ended December 31, 2022 and 2021 were 49 and 47 respectively.

Auditor's fees

Auditors' remuneration for the statutory audit of the company's annual financial statements was DKK 387.826 (2021: DKK 345.000). Remuneration for other services was DKK 25.000 (2021: DKK 25.000).

NOTE 28. BUSINESS COMBINATIONS

No transactions were undertaken in 2022 that would qualify as Business Combinations.

NOTE 29. EVENTS SUBSEQUENT TO THE REPORTING DATE

No subsequent events were considered at year-end.

NOTE 30. PROPOSED DIVIDEND

The Board of Directors proposes to declare a dividend as follows (in TDKK):

	As at December 31,	
	2022	2021
Proposed dividend	—	—

Independent Auditor's Report

To the Shareholders of Ford Motor Company A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Ford Motor Company A/S for the financial year 1 January - 31 December 2022, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Company ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 25 May 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Lunden
State Authorised Public Accountant
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Gösta Gauffin
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