



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 911 756 714
Organisasjonsform: Aksjeselskap
Foretaksnavn: FORD MOTOR NORGE AS
Forretningsadresse: Lienga 2
1414 TROLLÅSEN

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Per Gunnar Berg
Dato for fastsettelse av årsregnskapet: 30.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 02.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	2 285 719 000	1 988 301 000
Sum inntekter		2 285 719 000	1 988 301 000
Kostnader			
Cost of sales	6	1 933 339 000	1 569 974 000
Selling, administrative, and other expenses	6	350 159 000	406 265 000
Sum kostnader		2 283 498 000	1 976 239 000
Driftsresultat		2 221 000	12 062 000
Finansinntekter og finanskostnader			
Other interest (income)/expense and finance (income)/cost, net	7	-2 311 000	-3 659 000
Sum finansinntekter		-2 311 000	-3 659 000
Other Income / expense (net)	8	-1 626 000	-1 697 000
Sum finanskostnader		-1 626 000	-1 697 000
Netto finans		-685 000	-1 962 000
Ordinært resultat før skattekostnad		1 536 000	10 100 000
Income tax (benefit)/expense		323 000	2 370 000
Ordinært resultat etter skattekostnad		1 213 000	7 730 000
Årsresultat		1 213 000	7 730 000
Remeasurement of the liability for the post-employment benefit	16	-1 541 000	
Less: Tax/(Tax Benefit)		339 000	
Sum resultatkomponenter for IFRS-foretak		-1 202 000	
Totalresultat		11 000	



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	137 453 000	120 273 000
Sum immaterielle eiendeler		137 453 000	120 273 000
Varige driftsmidler			
Property, plant, and equipment	15,23	8 314 000	3 947 000
Sum varige driftsmidler		8 314 000	3 947 000
Sum anleggsmidler		145 767 000	124 220 000
Omløpsmidler			
Varer			
Inventories	12	129 841 000	14 317 000
Sum varer		129 841 000	14 317 000
Fordringer			
Trade and other receivables	11	954 441 000	841 219 000
Investment in operating leases	13	3 206 000	2 702 000
Other assets -	14	21 466 000	7 376 000
Sum fordringer		979 113 000	851 297 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents		23 987 000	28 289 000
Sum bankinnskudd, kontanter og lignende		23 987 000	28 289 000
Sum omløpsmidler		1 132 941 000	893 903 000
SUM EIENDELER		1 278 708 000	1 018 123 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2020	2019
Common stock	20	32 000 000	32 000 000
Beholdning av egne aksjer		552 000	483 000
Sum innskutt egenkapital		32 552 000	32 483 000
Opptjent egenkapital			
Retained earnings		33 186 000	33 175 000
Sum opptjent egenkapital		33 186 000	33 175 000
Sum egenkapital		65 738 000	65 658 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	16	34 982 000	35 456 000
Deferred revenue	18	17 514 000	24 362 000
Provisions	19	210 635 000	174 839 000
Sum avsetninger for forpliktelser		263 131 000	234 657 000
Annen langsiktig gjeld			
Debt	23	5 022 000	761 000
Sum annen langsiktig gjeld		5 022 000	761 000
Sum langsiktig gjeld		268 153 000	235 418 000
Kortsiktig gjeld			
Leverandørgjeld	17	312 048 000	287 680 000
Income taxes payable		17 022 000	29 298 000
Deferred revenue	18	210 430 000	62 118 000
Provisions	19	403 107 000	336 293 000
Debt -current	23	2 210 000	1 658 000
Sum kortsiktig gjeld		944 817 000	717 047 000
Sum gjeld		1 212 970 000	952 465 000
SUM EGENKAPITAL OG GJELD		1 278 708 000	1 018 123 000



To the General Meeting of Ford Motor Norge AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ford Motor Norge AS, which comprise the statement of financial position as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norge, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - Ford Motor Norge AS



Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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 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 laws, regulations, and auditing standards and practices generally accepted in Norge, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

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Independent Auditor's Report - Ford Motor Norge AS



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 June 2021
PricewaterhouseCoopers AS

Gorm F. Nymark
State Authorised Public Accountant

(This document is signed electronically)

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 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Nymark, Gorm Frode	BANKID	2021-08-31 14:15

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- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



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of the document.



Skattedirektoratet

Saksbehandler
Rune Tystad

Deres dato
14.04.2016

Vår dato
18.04.2016

Telefon
977 59 464

Deres referanse
Anne Line O'Donnell

Vår referanse
2011/1210431

FORD MOTOR NORGE AS
Postboks 514
1411 KOLBOTN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Ford Motor Norge AS, org.nr. 911 756 714

- Vi viser til deres brev av 14. april 2016 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Ford Motor Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Ford Motor Norge ASA tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Ford Motor Norge AS eies 100 % av Ford Motor Company A/S, København. Sistnevnte er datterselskap i Ford Motor Company konsernet, som er et amerikansk registrert selskap. Ford Motor Company er notert på NYSE og bruker engelsk i all informasjon som formidles til aksjonærene. Språket som benyttes i formell kommunikasjon innad i Ford Motor Company konsernet er i all hovedsak engelsk. Ford Motor Company produserer og selger biler, service og utstyr på det internasjonale markedet. Selskapet utfører markedsførings-, salgs- og distribusjonsfunksjoner på vegne av Ford Motor Company konsernet og kjøper i hovedsak varer fra Tyskland, Spania, Tyrkia og USA og videreselger disse på det norske markedet. Selskapet utarbeider i dag årsregnskap og årsberetning på engelsk siden eiere, styremedlemmer og eksterne interessenter ønsker informasjonen på engelsk. Videre konsolideres regnskapene fra det norske selskapet opp i konsernet og det er derfor nødvendig å utarbeide årsregnskapet på engelsk for å sikre konsistent informasjon mellom selskapsregnskapet og konsernregnskapet. Årsregnskap og årsberetning for selskapet blir hvert år også utarbeidet på norsk for å tilfredsstille kravet i regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

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Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er et datterselskap av et utenlandsk selskap og at eierkretsen således er begrenset. Videre er det vektlagt at konsernet er internasjonalt, at konsernets arbeidsspråk er engelsk og at all kommunikasjon til eierne foregår på engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



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FORD MOTOR NORGE AS

2020 Annual Report





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FORD MOTOR NORGE AS
INTERNATIONAL FINANCIAL REPORTING STANDARDS

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FORD MOTOR NORGE AS DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 December 2020 for Ford Motor Norge AS ("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:

Per Gunnar Berg

Geir Haugaard

*Bence Gabor

*Róbert Fódi

* Bence Gabor was a director until May 26th, 2021. * Róbert Fódi has been a director since May 26th, 2021.

Principal Activities and Review of the Business

The company is engaged in importing and distributing Ford motor vehicles and ancillary products in Norway.

Total market for passenger vehicles in 2020 was 141.412 units, a decrease of 969 units or 0,7% lower versus 2019. The total commercial vehicle industry was 39.432 units, a decrease of 8.010 units compared to the previous year.

In 2020 Ford became the 9th largest car brand in Norway with a total market share of 4,3%. This represents a market share decrease of 0,4% compared to 2019. Ford achieved a passenger car market share of 2,3%, a decrease of 0,3% compared to 2019. The Norwegian passenger car industry in 2020 was influenced by electric vehicles, representing 54,3% of the industry compared to 42,4% in 2019. In addition, Hybrids and Plug-in Hybrids represented 29,1% of the total market for passenger cars 2020.

Ford's share of commercial vehicles was 14,0%; this is 0,6% higher than in 2019, behind Volkswagen.

Ford's share of the truck and bus industry was 0,8% in 2020, this represents 49 units.

The company's total volume of 7.694 units was 7,2% lower than in 2019.

All data above is sourced from the official Norwegian car industry statistic – OFV.

Revenue

In 2020, total revenue was TNOK 2.285.719. This is an increase of TNOK 297.418 versus 2019, 15% higher.

Personnel

At year end Ford Motor Norge AS had 40 employees (2019: 39).

Working Environment

The company's working environment is satisfactory. Sick leave totaled 468 working days or 4,15% in 2020, a slight increase from 453 days in 2019. The increase in 2020 relates to employees on long-term sick leave. There are no reports of any serious accidents which have resulted in personal injury or material damage. The company has 29 male and 11 female employees and aims to be a workplace with full equality between men and women. The board of the company consists of three people.



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FORD MOTOR NORGE AS DIRECTORS' REPORT

Equal opportunities and inclusion

Where equal opportunities and inclusion are concerned, efforts are made to ensure that all employees receive the same opportunities for personal and professional development. New and existing personnel will be treated equally regardless of their gender, age, ethnic origin or possible disabilities. The group does not accept any form of discrimination – on the basis of gender, race, religion or orientation, for instance.

Future Developments

Ford Motor Norge AS is forecasting a total car & commercial industry (all segments) for 2021 to be above the level in 2020, and the company plans to achieve a market share above 2020. Industry is expected to see influence by Covid-19 and variances of local lockdowns. Ford has just launched several new electrified models - including Mild Hybrid, Plug In Hybrid, Hybrid and Full Electric - this will reposition Ford in the Norwegian market. Ford will also continue its focus on small class-leading low-emission EcoBoost petrol engines, and the class leading EcoBlue diesel engines, mainly in the CV segments. Ford will also look to strengthen its Commercial Vehicle offering and performance, launching various new entities and derivatives during the year and plan to continue its Pickup leadership with Ford Ranger.

Financial Highlights

The company's profit before tax in 2020 was MNOK 1.5 a decrease of MNOK 8.6 compared with 2019.

Total assets at 31 December 2020 were MNOK 1.279 partially offset by total liabilities of MNOK 1.213, net MNOK 66 (2019: MNOK 66). These include cash and cash equivalents of MNOK 24 (2019: MNOK 28).

The company's share capital at the end of 2020 was MNOK 32, unchanged from 2019. All shares are owned by Ford Motor Company A/S, Denmark.

Net cash flow from operating activities was MNOK 149, mainly driven by significant increase on inventory balance. Operating profit before tax came to MNOK 2 in 2020. The difference compared with net cash flow from operating activities relates to the changes in inventory, due to vehicles affected by a battery issue and other working capital items.

Proposed Dividend

The Board of Directors proposes to declare a MNOK nil dividend for 2020 (2019: MNOK nil).

Political Donations

There were no donations to political parties in 2020 (2019: nil).

Financial Risks

Market risks in Norway are low due to stable political and macroeconomic conditions. The governmental system is effective, and corruption is largely absent from political and business life. Norway has one of the world's highest GDP levels per head and relatively even income levels and economic growth is expected to continue to be positive despite low oil prices.

Goods imported are mainly purchased in Norwegian krone; we have immaterial exposure in Swedish kroner, Euro, British pound and U.S. dollar. The company's currency strategy is to avoid currency hedging as it is assumed that this is the most profitable strategy in the long run.

The company's credit risk is limited as it has implemented policies that require appropriate credit checks on potential customers before sales are made. Ford Norway also has a stable dealer network. There are no challenges when it comes to liquidity, and there have been few bad debt write-offs historically. Excess liquidity is placed with a finance center within the Ford Group and carries interest.



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FORD MOTOR NORGE AS DIRECTORS' REPORT

Post Balance Sheet Events

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

Environment and sustainability

The actions of Ford Motor Company are strictly guided by the global environment policies and the strategy against climate change. The strategy is based on future expectations such as to stabilize the atmospheric concentrations of greenhouse gases. The Company's target is to use 100 percent locally sourced renewable energy for all manufacturing plants globally by 2035 and to achieve carbon neutrality by 2050. To achieve these goals, the company works continuously to develop products with better fuel efficiency, alternative propulsion choices, improve energy efficiency of its production plants and develop smart solutions for mobility and transport. As a result of long-term efforts Ford plants and product development are issued with the global ISO 14001 environmental certificate. The company has also reported its sustainability actions since 1999.

Ford's low Co2 emission model range is one of the widest in Europe. Ford is active in developing multiple propulsion choices and investing in total 11 billion dollars in EV development by 2022 and nearly double that investment towards 2025. In the future Ford will offer electrified options for each nameplate, both for passenger and commercial vehicles, transferring eventually to an all-electric future. Ford has a takeback and recycling operations for Ford vehicles in 19 EU-countries. In another 10 European countries Ford is participating in collective recycling. We guarantee all Ford vehicles sold in Europe are at least 85% recyclable and 95% reusable. In Norway, Ford Motor Norge AS participate in all established Automotive Importer Associations recycling programs (vehicles, tires, batteries, high energy batteries & electro components) as required by the regulations.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the directors' report and the financial statements in accordance with Norwegian law.

Norwegian law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and as adopted by the European Union.

Going Concern Basis

These financial statements have been prepared on a going concern basis on the basis that the business will continue to operate for the foreseeable future.

Research and Development

There have been no research and development expenses during the year (2019: nil).

Independent Auditors

The auditors, PricewaterhouseCoopers AS have expressed a willingness to remain as independent auditors of the company.



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**FORD MOTOR NORGE AS
DIRECTORS' REPORT**

Board of Directors

Per Gunnar Berg

Chairman of the Board/Managing Director

Per Gunnar Berg

Jun-30-2021

Geir Haugaard

Board Member

Geir Haugaard

Jun-30-2021

Róbert Fódi

Board Member

Robert Fodi

Jun-30-2021



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FORD MOTOR NORGE AS INCOME STATEMENT (in TNOK)

	Note	For the years ended December 31,	
		2020	2019
Revenues			
Automotive	5	2.285.719	1.988.301
Total revenues		2.285.719	1.988.301
Cost of sales and other expenses			
Cost of sales		1.933.339	1.569.974
Selling, administrative, and other expenses		350.159	406.265
Total costs and expenses	6	2.283.498	1.976.239
Other interest (income)/expense and finance (income)/cost, net	7	(2.311)	(3.659)
Other Income	8	1.626	1.697
Profit/(loss) before income tax		1.537	10.100
Income tax (benefit)/expense	10	323	2.370
Net (loss)/profit		1.214	7.730

STATEMENT OF COMPREHENSIVE INCOME (in TNOK)

	Note	For the years ended December 31,	
		2020	2019
Net (loss)/profit		1.214	7.730
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified to profit or loss			
Remeasurement of the liability for the post-employment benefit	16	(1.541)	-
Less: Tax/(Tax Benefit)		339	-
Total other comprehensive income/(loss), net of tax	21	(1.202)	-
Total Comprehensive income/(loss)		12	7.730

The accompanying notes are part of the financial statements.



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FORD MOTOR NORGE AS STATEMENT OF FINANCIAL POSITION (in TNOK)

	Note	December 31, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents		23.987	28.289
Trade and other receivables	11	954.441	841.219
Inventories	12	129.841	14.317
Investment in operating leases	13	3.206	2.702
Other assets	14	21.466	7.376
Total current assets		1.132.941	893.903
Property, plant, and equipment	15, 23	8.314	3.947
Deferred income taxes	10	137.453	120.273
Total non-current assets		145.767	124.220
Total assets		1.278.708	1.018.123
LIABILITIES			
Accounts payable	17	312.048	287.680
Income taxes payable		17.022	29.298
Deferred revenue	18	210.430	62.118
Provisions	19	403.107	336.293
Debt	23	2.210	1.658
Total current liabilities		944.817	717.047
Deferred revenue	18	17.514	24.362
Provisions	19	210.635	174.839
Pension and other post-employment obligations	16	34.982	35.456
Debt	23	5.022	761
Total non-current liabilities		268.153	235.418
Total liabilities		1.212.970	952.465
EQUITY			
Common stock	20	32.000	32.000
Capital in excess of par value of stock		552	483
Retained earnings		33.186	33.175
Total equity		65.738	65.658
Total liabilities and equity		1.278.708	1.018.123

The accompanying notes are part of the financial statements.

Oslo, June 30th, 2021

Board of Directors

Per Gunnar Berg

Per Gunnar Berg

Chairman of the Board/Managing Director

Geir Haugaard

Geir Haugaard

Board Member

Robert Fodi

Robert Fodi

Board Member



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FORD MOTOR NORGE AS STATEMENT OF CASH FLOWS (in TNOK)

	For the years ended December 31,	
	2020	2019
Cash flows from operating activities		
Net (loss)/profit	1.214	7.730
Depreciation	2.132	2.092
Share-based payment expense	69	64
Pension expense	(1.676)	(2.576)
(Increase)/Decrease in inventory	(115.524)	(601)
(Increase)/Decrease in operating lease assets	(504)	(257)
(Increase)/Decrease in trade and other receivables and other assets	24.560	(97.988)
Increase/(Decrease) in provisions	102.610	140.192
(Decrease)/Increase in accounts payable and other liabilities	153.556	75.175
Net change in deferred taxes	(17.180)	(26.828)
Net cash provided by/(used in) operating activities	149.257	97.003
Cash flows from investing activities		
Capital spending	-	(92)
Group undertakings	(151.873)	(120.967)
Net cash used in investing activities	(151.873)	(121.059)
Cash flows from financing activities		
Finance lease liabilities (new debt)	(1.686)	(1.630)
Net cash provided by/(used in) financing activities	(1.686)	(1.630)
Net increase/(decrease) in cash and cash equivalents	(4.302)	(25.686)
Cash and cash equivalents at January 1	28.289	53.975
Net increase/(decrease) in cash and cash equivalents	(4.302)	(25.686)
Cash and cash equivalents at December 31	23.987	28.289



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FORD MOTOR NORGE AS STATEMENT OF CHANGES IN EQUITY (in TNOK)

	Common Stock	Capital In Excess of Par Value of Stock	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Total
Balance at January 1, 2019	32.000	419	-	25.446	57.864
Comprehensive income/(expense)					
Net profit	-	-	-	7.730	7.730
Other comprehensive income/(expense), net of tax	-	-	-	-	-
Reclassifications	-	-	-	-	-
Total Comprehensive income	-	-	-	7.730	7.730
Transactions with shareholders					
Dividends	-	-	-	-	-
Share-based compensation	-	64	-	-	64
Total transactions with shareholders	-	64	-	-	64
Balance at December 31, 2019	32.000	483	-	33.176	65.658
Balance at January 1, 2020	32.000	483	-	33.176	65.658
Comprehensive income/(expense)					
Net profit	-	-	-	1.214	1.214
Other comprehensive income/(expense), net of tax	-	-	-	(1.202)	(1.202)
Reclassifications	-	-	-	-	-
Total Comprehensive income	-	-	-	12	12
Transactions with shareholders					
Dividends	-	-	-	-	-
Share-based compensation	-	69	-	-	69
Total transactions with shareholders	-	69	-	-	69
Balance at December 31, 2020	32.000	552	-	33.188	65.738

The accompanying notes are part of the financial statements.



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FORD MOTOR NORGE AS
NOTES TO THE FINANCIAL STATEMENTS

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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. BACKGROUND AND BASIS OF PREPARATION

Background

Ford Motor Norge AS was founded in 1960. The company operates as a wholesaler of passenger and commercial vehicles as well as spare parts and accessories. As a National Sales Company, Ford Motor Norge AS buys vehicles from Ford manufacturing companies and works under a transfer pricing agreement being an effective risk management mechanism.

The company's registered office is Lienga 2 - 1414 Trollåsen, Norway.

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. We present the financial statements on a standalone basis and going concern basis.

Presentation

The financial statements are presented in Norwegian Krone which is also the functional currency of the entity. All financial information has been rounded to the nearest thousands, 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 are recognized 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.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Revaluation

We re-measure monetary assets and liabilities denominated in a currency that is different from Ford Motor Norge AS's functional currency. The effect of this remeasurement process is reported in *Cost of sales, Selling, administrative, and other expenses* and *Other income/(expense), net*.

Trade Receivables

Trade and other 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 (amortized cost) and are typically outstanding for less than 30 days. Each reporting period, we evaluate the collectability of the receivables and record an allowance for expected credit losses representing our estimate of the expected losses that result from all possible default events over the expected life of a receivable. Expected credit 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 expected credit losses is measured using a provision matrix method (simplified approach) based on the number of days a receivable is past due. A receivable is written-off when it is deemed uncollectible and all collection efforts have been exhausted. Additions to the allowance for expected credit losses are made by recording charges to expected credit losses 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 recognized in profit or loss except to the extent that it relates to a business combination, items recognized directly in equity, or items recognized 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.

Deferred Taxes

Deferred tax is recognized 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 way 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.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognized 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 utilized. 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 realized.

Presentation of Sales and Sales-Related Taxes

We collect and remit taxes assessed by the Norwegian government 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 recognized at nominal value.

Inventories

Inventories are measured at the lower of cost and net realizable 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 realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Property, Plant, and Equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation and impairments. We capitalize 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 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.

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.

Investment in Operating Leases and Lease Commitments

We determine the classification of leases as operating or finance at the inception of the lease. A lease that transfers substantially all risks and rewards of ownership of the asset to the lessee is classified as a finance lease. All other leases are classified as operating leases.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in operating leases on our statement of financial position consists primarily of lease contracts for vehicles with management. We initially record the value of the operating lease at the amount we pay to purchase the vehicle or equipment, less any rebates we provide the vehicle owner plus, any direct costs to originate the lease. We evaluate the carrying value of vehicles under active operating lease for potential impairment at the end of each reporting period.

Leases are recognized as a right-of-use asset and a corresponding liability at the date in which the leased asset is available for use. The right-of-use assets and lease liabilities are reported in *Property, plant and equipment* and *Other Financial Liabilities*, respectively, on our balance sheet.

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 labor 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 Norge AS shall recognize 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 Norge AS 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.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A *provision* is recognized 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 recognized as interest expense in *Other interest income/(expense) and finance income/(cost), net*.

Warranties and Product Recalls

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 recognized as compensation cost over the vesting period. Changes in the number of awards that employees are expected to earn are recognized 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.

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 recognized in the period in which the estimates are revised and in any future periods affected.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS (Continued)

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 enough 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.

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 labor 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.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS (Continued)

- *Salary growth.* Our salary growth assumption reflects our long-term actual experience, outlook and assumed inflation.
- *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 recognized 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 Norwegian 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.



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FORD MOTOR NORGE AS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. NEW STANDARDS AND INTERPRETATIONS

Adoption of New Accounting Standards

We adopted the following amendments during 2020, which did not have a material impact on our financial statements or financial statement disclosures:

<u>Amendments</u>	<u>Effective Date</u>
Definition of a Business (Amendments to IFRS 3)	January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
COVID 19 – Rent Related Concessions (Amendment to IFRS 16)	January 1, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9 and IFRS 7)	January 1, 2020

Accounting Standards Issued But Not Yet Adopted

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). The new standard is meant to address the differences in accounting treatment across jurisdictions and insurance products, which made it difficult for investors and analysts to understand and compare insurers' results. The majority of the change relates to long duration contracts.

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:

<u>Amendments</u>	<u>Effective Date</u>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 4,7,9,16 and IAS39)	January 1, 2021
Property, Plant and Equipment Proceeds before Intended Use (Amendment to IAS 16)	January 1, 2022
Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)	January 1, 2023

NOTE 5. REVENUES

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

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Sales of new vehicles, parts, and accessories	2.248.184	1.947.168
Sales of vehicles previously leased under operating leases	9.202	13.347
Other (a)	28.334	27.786
Total revenues	2.285.719	1.988.301

(a) Other includes extended service plan revenue of NOK 22m for the year ended December 31, 2020 (2019: NOK 21m)

There are three dealer groups that the company had sales to in 2020, who each represent in excess of 10% of the Company's total revenue: RhøneSelmer, Sulland and Kverneland.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. REVENUES (Continued)

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 3). 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 vehicle sales when the wholesaled vehicles arrive Norwegian harbor. All wholesaled vehicles are financed by Santander Consumer Bank. The dealers settle directly to Santander when they sell the vehicles to the retail customer. Payment terms on part sales to dealers, distributors, and retailers range from 25 to 55 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 our used vehicles to one of our dealers. Proceeds from the sale of these vehicles are recognized in revenues upon transfer of control of the vehicle to the customer and the related vehicle carrying value is recognized in Cost of sales.

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 120 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. At December 31st, 2019, MNOK 44.4 of unearned revenue associated with outstanding contracts was reported in other liabilities and deferred revenue, MNOK 17.6 of this was recognized as revenue during 2020.

At December 31, 2020, the unearned amount was MNOK 30.2. We expect to recognize approximately MNOK 5.2 of the unearned amount in 2021, MNOK 12.6 in 2022, and MNOK 12.5 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 MNOK 0 in deferred costs as of December 31, 2020.

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).



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

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 TNOK):

	For the years ended December 31,	
	2020	2019
Purchase of new vehicles, parts and accessories	1.904.825	1.555.271
Depreciation	2.132	2.092
Warranty	259.988	292.787
Advertising	61.979	59.537
Other	54.574	66.551
Total cost of sales and selling, administrative, and other expenses	2.283.498	1.976.239

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 TNOK):

	For the years ended December 31,	
	2020	2019
Interest income	194	282
Interest expense	(2.505)	(3.941)
Total other interest (expense)/income, net	(2.311)	(3.659)

NOTE 8. OTHER INCOME/(EXPENSE), NET

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

	For the years ended December 31,	
	2020	2019
Commission	1.626	1.697
Total	1.626	1.697

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

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

	For the years ended December 31,	
	2020	2019
Selling, administrative and other expenses	(9.772)	(5.312)
Net foreign currency exchange (losses) /gains	(9.772)	(5.312)



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. INCOME TAX BENEFIT/(EXPENSE)

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

	For the years ended December 31,	
	2020	2019
Current		
Current tax on profits for the year	(17.164)	(29.198)
Change in estimates related to prior years	15	(148)
Total current	(17.149)	(29.346)
Deferred		
Origination and reversal of temporary differences	17.165	26.976
Changes in tax losses carried forward	(339)	-
Changes in the remeasurement effects recognized in OCI	-	-
Impact of change in tax rate	-	-
Total deferred	16.826	26.976
Income tax benefit/(expense)	(323)	(2.370)

The amount of reported income taxes in the statement of comprehensive income reconciled with income taxes calculated using Ford Motor Norge AS's applicable tax rate at December 31 was as follows (in TNOK). No income tax was paid during the years ended December 31, 2020 and 2019:

	For the years ended December 31,	
	2020	2019
Income before income taxes	1.537	(10.100)
Tax calculated at domestic tax rates applicable to profits (2020 – 22% and 2019 – 23%).	(338)	(2.323)
Tax effects of:		
Expenses/(Income) not (taxable)/deductible for tax purposes	15	(47)
Income tax benefit/(expense)	(323)	(2.370)
Effective tax rate	21%	23%

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

	For the years ended December 31,	
	2020	2019
Deferred tax assets	137.453	120.273
Deferred tax liabilities	-	-
Net deferred tax assets	137.453	120.273



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. INCOME TAX BENEFIT/(EXPENSE) (Continued)

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

	For the years ended December 31,	
	2020	2019
Deferred tax assets		
Net operating loss carry-forwards	-	-
Deferred tax assets		
Fixed Asset	(130)	(183)
Inventory	2.197	-
Warranty	93.961	69.151
Pensions	7.696	7.800
Provisions	33.735	43.526
Other	(6)	(21)
Total deferred tax assets	137.453	120.273
Less: valuation allowance	-	-
Total deferred tax assets	137.453	120.273
Deferred tax liabilities		
Other	-	-
Total deferred tax liabilities	-	-
Net deferred tax assets	137.453	120.273

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 TNOK):

	For the years ended December 31,	
	2020	2019
Deferred tax assets		
Current portion	-	-
Non-current portion	137.453	120.273
Total deferred tax asset	137.453	120.273
Net deferred tax assets	137.453	120.273

NOTE 11. TRADE AND OTHER RECEIVABLES

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

	December 31,	December 31,
	2020	2019
Trade receivables	252.648	53.910
Amounts owed by group undertakings & Joint ventures	701.793	787.309
Total	954.441	841.219



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. TRADE AND OTHER RECEIVABLES (Continued)

Amounts owed by group undertakings are unsecured; elements bear interest at a variable rate which is capitalized monthly and are repayable on demand. All trade and other receivables fall due within one year and the fair value is approximate to the carrying value. Amounts overdue do not have a material impact on these financial statements.

NOTE 12. INVENTORIES

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

	December 31, 2020	December 31, 2019
Finished Products	109.828	5.119
Company Service Vehicles	20.013	9.198
Total	129.841	14.317

The increase in inventory during 2020 is mainly due to the vehicles affected by a battery issue.

The impairment of inventories for the year ended December 31, 2020 is 9.985 TNOK (0 in 2019).

NOTE 13. INVESTMENT IN OPERATING LEASES

Net investment in operating leases consists primarily of lease contracts for vehicles with management with terms of 6-12 months or less. Payment extensions may be requested by management and are generally limited to a maximum of six months over the term of the lease. A lease can be terminated at any time by satisfying the obligations under the lease agreement. Early termination programs may be occasionally offered to eligible lessees. At the end of the lease, management returns the vehicle or may have the option to buy the leased vehicle. In the case of a contract default and repossession, management typically remains liable for any deficiency between net auction proceeds and the defaulted contract obligations, including any repossession-related expenses.

Revenue from rental payments received on operating leases is recognized on a straight-line basis over the term of the lease. The accrual of revenue on operating leases is discontinued at the time an account is determined to be uncollectible.

Depreciation expense on vehicles subject to operating leases is recognized on a straight-line basis in an amount necessary to reduce the leased vehicle value to its estimated residual value at the end of the lease term. Our policy is to promptly sell returned off-lease vehicles. We evaluate our depreciation for leased vehicles on a regular basis taking into consideration various assumptions, such as expected residual values at lease termination and the estimated number of vehicles that will be returned to us. Adjustments to depreciation expense reflecting revised estimates of expected residual values at the end of the lease terms are recorded prospectively on a straight-line basis. Upon disposition of the vehicle, the difference between net book value and actual proceeds is recorded as an adjustment to Depreciation on vehicles subject to operating leases.

Accumulated depreciation reduces the value of the vehicles from their initial production value to their expected residual value at the end of the lease, with the associated depreciation expense recognized on a straight-line basis over the term of the lease. At the time of purchase, we establish the expected residual value for the vehicle based on recent auction values, return volumes for our leased vehicles, industry-wide used vehicle prices, marketing incentive plans, and vehicle quality data. We monitor residual values each month and review the accuracy of our accumulated depreciation on a quarterly basis.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. INVESTMENT IN OPERATING LEASES (Continued)

Investment in operating leases on our statement of financial position was as follows (in TNOK):

	December 31, 2020	December 31, 2019
Investment in operating leases	3.206	2.702
Total	3.206	2.702
Current portion	3.206	2.702
Non-current portion	-	-
Total	3.206	2.702

Company Service Vehicles which have an income stream, have been transferred to Investment in Operating Leases from Fixed Assets to better reflect the use of the assets.

NOTE 14. OTHER ASSETS

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

	December 31, 2020	December 31, 2019
Prepayments	21.466	7.376
	21.466	7.376

All other assets fall due within one year and the fair value is approximate to the carrying value.

NOTE 15. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment includes machinery and equipment, vehicles and other assets 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 to 14.5 years. The estimated useful lives generally are 14.5 years for machinery and equipment.



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FORD MOTOR NORGE AS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. PROPERTY, PLANT, AND EQUIPMENT (Continued)

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

	For the year ended December 31, 2020		
	Leasehold improvements	Machinery, Equipment and Other	Total
Cost			
Beginning balance	-	9.025	9.025
Reclassifications	-	-	-
Additions	-	-	-
Disposals	-	-	-
Ending balance	-	9.025	9.025
Accumulated depreciation and impairment			
Beginning balance	-	(7.496)	(7.496)
Reclassifications	-	-	-
Depreciation	-	(446)	(446)
Disposals	-	-	-
Ending balance	-	(7.943)	(7.943)
Total	-	1.082	1.082

	For the year ended December 31, 2019		
	Leasehold improvements	Machinery, Equipment and Other	Total
Cost			
Beginning balance	70	8.864	8.934
Reclassifications (a)	(70)	70	-
Additions	-	92	92
Disposals	-	-	-
Ending balance	-	9.025	9.025
Accumulated depreciation and impairment			
Beginning balance	(70)	(6.964)	(7.034)
Reclassifications	70	(70)	-
Depreciation	-	(462)	(462)
Disposals	-	-	-
Ending balance	-	(7.496)	(7.496)
Total	-	1.529	1.529

There are no assets under finance lease arrangements included in Property, plant, and equipment.



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FORD MOTOR NORGE AS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. EMPLOYEE BENEFITS

We provide retirement benefits including the following:

Defined Benefit Pension Plans. We have defined benefit pension plans covering some of our employees. Our defined benefit plans are closed to new participants. In general, our defined benefit pension plans are funded (i.e., have restricted assets from which benefits are paid). Our unfunded defined benefit pension plans are treated on a "pay as you go" basis with benefit payments from general company cash.

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 TNOK 865 and TNOK 1.436 for the years ended December 31, 2020 and 2019.

The company's pension schemes comply with Norwegian law of mandatory occupational pension.

Assumptions

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

	Pension Benefits			
	Pension Plans (Funded)		Pension Plans (Unfunded)	
	2020	2019	2020	2019
Weighted average assumptions used to measure our benefit obligations and plan assets at December 31				
Discount rate	1,50%	2,60%	1,50%	2,60%
Average rate of increase in compensation	2,00%	2,50%	2,00%	2,50%
Assumptions used to determine net benefit cost for the year ended December 31				
Discount rate	2,00%	2,60%	2,00%	2,60%
Average rate of increase in compensation	2,50%	2,50%	2,50%	2,50%

Benefit Plans - Expense and Status

	Pension Benefits			
	Pension Plans (Funded)		Pension Plans (Unfunded)	
	2020	2019	2020	2019
Income/(Expense)				
Current service cost	1.523	1.304	-	-
Interest expense/(income)	31	63	654	892
Net expense/(income)	1.554	1.366	654	892
Remeasurements				
(Gain)/loss from changes in discount rates	5.506	-	1.561	-
(Gain)/loss from changes in financial assumptions	(7.756)	-	-	-
Experience DBO (gains)/losses	4.805	-	432	-
Experience Assets (gains)/losses	(3.261)	(619)	-	-
Investment management cost	615	619	-	-
Other actuarial (gains)/ losses	(361)	-	-	-
Total remeasurements	(452)	-	1.993	-
Total	1.102	1.366	2.647	892



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FORD MOTOR NORGE AS
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NOTE 16. EMPLOYEE BENEFITS (Continued)

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

	Pension Benefits			
	Pension Plans (Funded)		Pension Plans (Unfunded)	
	2020	2019	2020	2019
Change in benefit obligation				
Benefit obligation at January 1	57.998	58.802	33.906	35.628
Current service cost	1.491	1.273	-	-
Interest expense	1.133	1.490	654	892
Past service cost	-	-	-	-
Settlement and loss (gain) on settlement	-	-	-	-
Benefits paid	(3.138)	(3.567)	(2.394)	(2.614)
(Gain)/loss from changes in discount rates	5.506	-	1.561	-
(Gain)/loss from changes in financial assumptions	(7.756)	-	-	-
Experience (gains)/losses	4.805	-	432	-
Foreign currency translation and other	(271)	-	-	-
Benefit obligation at December 31	<u>59.768</u>	<u>57.998</u>	<u>34.159</u>	<u>33.906</u>
Change in plan assets				
Fair value of plan assets at January 1	56.448	56.398	-	-
Interest income	1.069	1.396	-	-
Settlement	-	-	-	-
Company contributions	2.191	2.221	-	-
Benefits paid	(3.138)	(3.567)	-	-
Payroll tax of employer contribution, assets	(271)	-	-	-
Investment management cost	(615)	-	-	-
Experience Assets (gains)/losses	3.261	-	-	-
Fair value of plan assets at December 31	<u>58.945</u>	<u>56.448</u>	<u>-</u>	<u>-</u>
Total	<u>(823)</u>	<u>(1.550)</u>	<u>(34.159)</u>	<u>(33.906)</u>
Amounts recognized on the statement of financial position				
Prepaid assets	-	-	-	-
Accrued liabilities	823	1.550	34.159	33.906
Total	<u>823</u>	<u>1.550</u>	<u>34.159</u>	<u>33.906</u>

Pension Plan Contributions

In 2020, we contributed TNOK 2.191 (2019: TNOK 2.221) to our funded pension plans (most of which were mandatory contributions) and made TNOK 2.394 (2019: TNOK 2.614) of benefit payments to participants in unfunded plans. During 2021, we expect to contribute TNOK 2.282 from cash and cash equivalents to our funded pension plans (most of which are mandatory contributions) and to make TNOK 2.394 of benefit payments to participants in unfunded plans, for a total of TNOK 4.676.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. EMPLOYEE BENEFITS (continued)

Estimated Future Pension Benefit Payments

	Gross Benefit Payments	
	Pension Plans (Funded)	Pension Plans (Unfunded)
2021	3.093	2.394
2022	3.375	2.394
2023	3.464	2.394
2024	3.464	2.394
2025	3.464	2.394
2026-2030	17.815	11.970

There are no current expectations to receive a refund from the defined benefit scheme.

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 post-retirement 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.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. ACCOUNTS PAYABLE

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

	December 31, 2020	December 31, 2019
Trade payables	99.570	85.874
Amounts owed to group undertakings	203.885	202.325
Other	8.593	(519)
Total	312.048	287.680

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 and other liabilities on our statement of financial position were as follows (in TNOK):

	December 31, 2020	December 31, 2019
Deferred revenue	212.420	57.281
Social security and other taxes	2.554	2.417
Other	12.970	26.782
Total	227.944	86.480
Current portion	210.430	62.118
Non-current portion	17.514	24.362
Total	227.944	86.480

Deferred revenue relates to revenue received in relation to Extended Service Plans and to the sales compromised by the vehicles affected by the battery issue, which were not delivered to the final consumer until the problem has been solved. All the vehicles are repaired at the date of the emission of this Annual Report.

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 and other liabilities* is approximate to the carrying value.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 19. PROVISIONS

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

	For the years ended December 31,	
	2020	2019
Warranties	427.094	314.324
Dealer and customer claims	185.208	195.705
Other	1.440	1.103
Total	613.742	511.132
Current portion	403.107	336.293
Non-current portion	210.635	174.839
Total	613.742	511.132

Warranty and Product Recalls

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 TNOK):

	For the years ended December 31,	
	2020	2019
Beginning balance	314.324	164.846
Provisions made	307.598	57.653
Changes related to pre-existing provisions	(36.413)	255.446
Payments made	(158.415)	(154.977)
Accretion of discounting	-	(8.644)
Ending balance	427.094	314.324
Current portion	216.459	140.150
Non-current portion	210.635	174.174
Total	427.094	314.324



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 19. PROVISIONS (Continued)

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 TNOK):

	For the years ended December 31,	
	2020	2019
Beginning balance	195.705	205.846
Provisions made	14.029	275.682
Changes related to pre-existing provisions	(17.498)	-
Payments made	(7.028)	(289.693)
Other movements	-	3.871
Ending balance	<u>185.208</u>	<u>195.706</u>
Current portion	185.208	195.706
Non-current portion	-	-
Total	<u>185.208</u>	<u>195.706</u>

NOTE 20. CAPITAL STOCK

The number of *Common Stock* shares outstanding for the year ending December 31 was as follows (in thousands):

	For the years ended December 31,	
	2020	2019
Beginning balance	64.000	64.000
Shares issued	-	-
Shares reacquired	-	-
Ending balance	<u>64.000</u>	<u>64.000</u>

Par value per share is NOK 500 and all shares are fully paid.



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FORD MOTOR NORGE AS
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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 Norge AS were as follows (in TNOK):

	For the years ended December 31,	
	2020	2019
Pension and other post-retirement benefits		
Beginning balance	-	-
Gains/(Losses) arising during the period	(1.541)	-
Less: Tax/(Tax benefit)	339	-
Other comprehensive income/(loss), net of tax	(1.202)	-
Reclassification to retained earnings, net of tax	1.202	-
Total AOCI ending balance at December 31	-	-

NOTE 22. SHARE-BASED PAYMENTS

Ford Motor Norge AS'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 Norge AS in relation to Share-Based payments was TNOK 69 and TNOK 64 for the years ended December 31, 2020 and 2019, respectively.

NOTE 23. LEASE COMMITMENTS

We lease land, office space and equipment under agreements with contractual periods ranging from less than one year to 5 years, there is an option 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 maximize operational flexibility in terms of managing the assets used in the Company's operations.

For the majority of our leases commencing after January 1, 2019, we do not separate the non-lease components (e.g., maintenance and operating services) from the lease components to which they relate. Instead, non-lease components are included in the measurement of the lease liabilities.



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FORD MOTOR NORGE AS
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NOTE 23. LEASE COMMITMENTS (Continued)

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. The office rent lease contains a variable element in form of a 2% 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 TNOK):

	2020		
	Land and Buildings	Machinery, Equipment, and Other	Total
Cost	9.956	592	10.548
Accumulated depreciation	(2.958)	(358)	(3.316)
Accumulated impairment	-	-	-
Net carrying amount (a)	6.998	234	7.232

(a) In 2020, the office lease which terminates in April 2021, has been extended until April 2025, with a cost of 6.500 NOK. Additionally, the Personal Computers and Printers leases have been extended for three and five additional years respectively.

Minimum non-cancellable operating lease commitments at December 31, for the years 2020 and 2019 were as follows (in TNOK):

	2020	2019
Within 1 year	2.210	1.657
After 1 year and within 2 years	1.529	710
After 2 years and within 3 years	1.529	29
After 3 years and within 4 years	1.500	29
After 4 years and within 5 years	500	-
After 5 years	-	-
Total	7.268	2.425
Less: Present value discount	(36)	(7)
Total lease liabilities	7.232	2.418

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

	2020	2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows	-	-
Financing cash flows	1.686	1.630
Total cash paid	1.686	1.630



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 23. LEASE COMMITMENTS (Continued)

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

	2020	2019
Depreciation		
Land and buildings	1.512	1.446
Machinery, equipment, and other	174	184
Total depreciation	1.686	1.630
Other Expenses		
Interest expense	24	100
Total lease expense	24	100

NOTE 24. FINANCIAL RISK MANAGEMENT

Ford Motor Norge AS 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, the ultimate parent company of Ford Motor Norge AS, 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 analyze 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.

Changes in interest rates or exchange rates do not have a material impact to the financial position of Ford Motor Norge AS.

NOTE 25. CONTROLLING PARTIES

The company's immediate parent company is Ford Motor Company A/S located in Denmark. 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. Copy of the ultimate parent company's financial statements may be obtained from: Ford Motor Company, One American Road.



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 26. RELATED PARTIES TRANSACTIONS

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

Transactions with our group undertakings and joint ventures 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 group undertakings and joint ventures of the ultimate parent company.

The income statement effects of transactions with entities under the control of the ultimate parent company and joint ventures of the ultimate parent company were as follows (in TNOK):

	For the years ended December 31,			
	2020		2019	
	Entities under the control of ultimate parent company	Joint Ventures with the ultimate parent company	Entities under the control of ultimate parent company	Joint Ventures with the ultimate parent company
Sales included in <i>Revenue</i>	4.087	-	4.681	-
Purchases included in <i>Cost of sales</i>	1.904.825	-	1.462.394	-

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

	31 December 2020		31 December 2019	
	Entities under the control of ultimate parent company	Joint Ventures with the ultimate parent company	Entities under the control of ultimate parent company	Joint Ventures with the ultimate parent company
Trade and other receivables	701.793	-	787.309	-
Trade and other payables	203.885	-	202.325	-

Transactions with key management personnel

Key management personnel are the Board of Directors. Compensation costs for key management personnel were as follows (in TNOK):

	For the years ended December 31,	
	2020	2019
Salaries and other short-term benefits	2.639	2.579
Retirement, and other post-employment and other long-term benefits	513	410
Share-based compensation	69	62
Other compensation	-	-
Total compensation	3.221	3.051



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FORD MOTOR NORGE AS NOTES TO THE FINANCIAL STATEMENTS

NOTE 26. RELATED PARTIES TRANSACTIONS (Continued)

During the year nil Directors (2019: nil Directors) exercised share options in the ultimate parent company and 1 Director (2019: 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 2020. All transactions were on an arm's length basis.

NOTE 27. SEGMENT INFORMATION

Our operating activity consists of the Automotive sector. Segment selection is based on the organizational structure we use to evaluate performance and make decisions on resource allocation, as well as availability and materiality of separate financial results consistent with that structure.

Automotive segment results are presented on a "where-sold," absolute-cost basis, which reflects the profit/(loss) on the sale within the segment in which the ultimate sale is made to our external customers. The presentation generally includes the effect of legal entity transfer prices within the Automotive sector for vehicles, components, and product engineering.

Key operating data for our business segment for the years ended or at December 31 were as follows (in TNOK):

	For the years ended December 31,	
	2020	2019
Revenue	2.285.719	1.988.301
(Loss)/Profit before income tax	1.537	10.100
Other disclosures:		
Depreciation	2.132	2.092
Other interest income/(expense) and finance income/(cost), net	(2.311)	(3.659)
Cash outflow for capital spending	-	92
Total assets	1.278.708	1.018.123

Employment costs

	For the years ended December 31,	
	2020	2019
Wages and salaries	26.049	25.813
Social security costs	4.068	4.270
Pension costs	2.790	3.702
Other	10.612	12.381
Total	43.519	46.166

Total number of employees for the year ended December 31, 2020 and 2019 were 40 and 39 respectively.

Auditors fees

Auditors' remuneration for the statutory audit of the company's annual financial statements was TNOK 269 (2019: TNOK 269). Remuneration for provision of tax advisory was TNOK 0 (2019: TNOK 108).



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**FORD MOTOR NORGE AS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 28. GEOGRAPHIC INFORMATION

Total company revenues and non-current assets all increased in Norway.

NOTE 29. BUSINESS COMBINATIONS

No transactions were undertaken in 2020 (neither in 2019) that would qualify as Business Combinations.

NOTE 30. DISCONTINUED OPERATIONS, HELD-FOR-SALE OPERATIONS, AND OTHER DISPOSITIONS

No transactions were undertaken in 2020 (neither in 2019) that would qualify as a discontinued operation, held-for-sale operation or other disposition.

NOTE 31. EVENTS SUBSEQUENT TO THE REPORTING DATE

No subsequent events were considered at year-end.