

CNH Industrial Danmark A/S

Roholmsvej 19, DK-2620 Albertslund
CVR no. 56 09 88 28

Annual report for 2023

Adopted at the annual general meeting on 8 July 2024

Peter Sørensen
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of CNH Industrial Danmark A/S for the financial year 1 January - 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Albertslund, 8 July 2024

Executive board

Andrea Ferri
Chief Executive Officer

Supervisory board

Peter Sørensen
chairman

Lars Hyldegaard Møller

Andrea Ferri

Independent auditor's report

To the shareholder of CNH Industrial Danmark A/S

Opinion

We have audited the financial statements of CNH Industrial Danmark A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

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

Statement on management's review

Management is responsible for management's review.

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

Independent auditor's report

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 8 July 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Flemming Larsen
State Authorised Public Accountant
mne27790

Company details

CNH Industrial Danmark A/S
Roholmsvej 19
DK-2620 Albertslund

CVR-no. 56 09 88 28

Financial year: 1 January - 31 December 2023

Domicile: Albertslund

Supervisory Board

Peter Sørensen, chairman
Lars Hyldegaard Møller
Andrea Ferri

Executive Board

Andrea Ferri

Group entities

CNH Industrial N.V.

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen

Lawyers

Lund Elmer Sandager Advokatpartnerselskab
Kalvebodbrygge 39-41
DK-1560 Copenhagen

Bankers

Danske Bank
Holmens Kanal
DK-1060 Copenhagen

Company details

Consolidated financial statements

The Company is included in the consolidated financial statements of the parent company CNH Industrial N.V.

The consolidated financial statements of CNH Industrial N.V. may be obtained at the following address:

Cranes Farm Road
Basildon, Essex
SS14 3AD
Great Britain

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	1,797,700	1,823,824	1,680,458	1,637,835	1,456,884
Gross profit	197,124	190,781	171,057	152,355	140,538
Profit/loss before net financials	103,638	105,357	92,149	72,118	56,966
Net financials	-34,977	-28,220	-25,418	-23,656	-20,456
Profit/loss for the year	53,494	60,112	51,966	37,781	28,427
Balance sheet total	783,700	658,316	866,332	725,590	595,920
Investment in property, plant and equipment	0	0	0	489	254
Equity	55,743	85,542	268,832	206,517	170,770
Number of employees	60	58	57	62	65
Financial ratios					
Gross margin	11.0%	10.5%	10.2%	9.3%	9.6%
Solvency ratio	7.1%	13.0%	31.0%	28.5%	28.7%
Return on equity	75.7%	33.9%	21.9%	20.0%	17.9%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Financial review

The profit development in the financial year has been negative compared to previous years. The result for agricultural machines is in line with 2022 but result for construction machines are below last year. Management has maintained the level of investment in optimizing our service and support of dealers and customers.

Profit for the year amounts to tDKK 53,494 after tax, against profit tDKK 60,112 in 2022. The result is below the positive expectations from last year

Significant events occurring after the end of the financial year

No material events have occurred after the balance sheet date, that affect the assessment of the annual report.

Expected development of the company, including specific prerequisites and uncertainties

The company expect a negative development in profit for 2024 and estimate a profit after tax of around tDKK 48,000, this can be affected by the uncertainties mentioned below.

Geopolitical instability, including the conflict between Russia and Ukraine, and other global events have significantly increased economic and demand uncertainty. Some of the results of these events include supply chain challenges, inflation, high interest rates, foreign currency exchange volatility, and volatility in global capital markets.

Previous year dry period and poor harvest have filled the dealer stocks for agriculture machines, this can impact 2024 negative, as well as development in grain prices and expectations for the upcoming harvest.

These adverse economic events have and may continue to adversely affect the Company's operations.

The war in Ukraine is not directly affecting the business of CNH Danmark A/S as they do not have any sales to or purchase from this marked.

Management's review

Statutory corporate governance report

Via a dealer network in Denmark and Sweden, CNH Industrial Danmark A/S sells and services a product program comprising New Holland and Case IH tractors, harvesters, hay and forage machines, New Holland and Case construction equipment as well as Kongskilde implements and related spare parts program.

CNH Industrial Danmark A/S follows a local CSR policy in relation to human rights, environmental issues, climate issues, social & employee conditions, anticorruption and gender distribution management which are outlined below.

As a fully owned subsidiary of CNH Industrial N.V. CNH Industrial Danmark A/S is also committed to follow CNH Industrial's corporate CSR policy which as a supplementary information is available on the homepage of CNH Industrial

https://www.cnh.com/-/media/CNHi/cnhicorporate/Sustainability/docs/CNH_Sustainability_2023_3004.pdf

CNH Industrial Danmark A/S has the following local CSR policy.

Statutory corporate social responsibility report

Description of the company's corporate social responsibility policies

Policies on the environment

Description of the company's corporate social responsibility standards, guidelines and principles:

Due to the nature of the company as a sales and distribution company operation from rented office premises, the environmental risks are limited.

In 2023 the company implemented waste sorting at the location. All trash cans were removed from the departments, and sorting trash cans was put up. As a climate initiative the company handed out water bottles to all employees to reduce the use of paper cups and to minimize the number of cups to be cleaned.

Climate issues

The company is committed to act to combat the climate changes. Locally the risks and efforts are limited.

The company is continuing to invest in energy saving lightning (LED) in all locations and has improved the heating system during 2023 to become more effective.

Management's review

Policies on social conditions and labour practices

Description of the company's corporate social responsibility standards, guidelines and principles:

The company's performance relies on a stable, competent, and healthy workforce, and therefore is committed to address the potential risk of accidents, physically as well as mental illness among the employees and the risk of insufficient access to the necessary knowledge and personal skills.

The company will continue the focus on creating a more agile workforce structure to meet changing business needs and ensure a sustainable enhancement of the organizational performance. A core staff component will remain essential to ensure continuity of key functions for which technical and specialized knowledge are required. CNH Industrial Danmark A/S will continue to help young people with their education by keeping apprentices. It is the aim to have 2-3 apprentices at any given time.

CNH Industrial Danmark A/S would like to emphasize the health of the employees, to the benefit of the company and the employees themselves. This is done through a constant focus on a safe work environment, and by offering free health insurance, stop smoking classes and providing a variety of healthy choices in the canteen. In 2023 there were one reported work-related injury.

Management's review

Policies on human rights

Description of the company's corporate social responsibility standards, guidelines and principles:

The Company supports the protection of fundamental human rights in all its operation and seeks to promote respect for these principles by others where it has an influence, particularly contractors, suppliers, and all other entities and individuals with whom it has a business relationship. In fact, the Company will not establish or continue a relationship with any entity or individual that refuses to respect the principles of its Code of Conduct. The main risk for the company is loss of reputation, which is not only a local risk, but can spread towards other markets and brands of the company. The Company's commitment is stated in its Code of Conduct, and its principles are consistent with the spirit and intent of the United Nations' Universal Declaration of Human Rights, the OECD Guidelines for Multinational Companies, and the relevant Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO). Assessment is performed within the HR functions of the company, and in 2023 as in previous years, all employees were invited to participate in mandatory training to stay familiar with the company's human rights policy.

In 2023 all 60 employees have completed the training and the training will continue in the coming years for all new employees as well as for all the remaining employees.

Whistleblower policy

A steadfast commitment to responsible and fair governance guides has led CNH Industrial Danmark A/S to implement in the Code of Conduct a whistleblower policy.

For the codes to be effective, anyone involved with CNH has the responsibility to report suspected violations when they see them. There are multiple channels available to report potential Code violations, including a Compliance Helpline which provides the ability to submit a question or report anonymously. Reports will be acted upon swiftly and appropriately, while fully protecting confidentiality and safeguarding against retaliation.

In 2023 there were no reported cases in CNH Industrial Danmark A/S.

Management's review

Anti-corruption and bribery policies

Description of the company's corporate social responsibility standards, guidelines and principles:

The Company advocates the Code of Conduct and the Supplier Code of Conduct as best practice standards in business ethics among the partners, suppliers, consultants, agents, dealers, and other third parties with whom it has long-term relationships. Company contracts include specific clauses relating to the recognition of, and adherence to, the fundamental principles of the Code of Conduct and related policies, as well as compliance with applicable laws, particularly those related to bribery and corruption, money laundering, antitrust/competition law, and other corporate criminal liabilities. In addition, compliance with the Supplier Code of Conduct is a requirement for continuing business relations with CNH Industrial.

To avoid the risk of damaging the company's reputation and/or the financial performance both within sales and procurement, all relevant employees were trained in 2023 in relation to anticorruption and the related policies. The training is mandatory and assessed via a final test. Internal audit is performed to evaluate the processes, and all employees have anonymously access to the company's Compliance Helpline. In 2024 focus will be the same and relevant training will be conducted for all relevant people.

Policies on the underrepresented gender

Targets and policies for the under-represented gender according to cf. §99b

The main content of the policy of the underrepresented gender

CNH Industrial Danmark A/S believes that diversity among employees, including equal gender representation, is contributing positively to the work environment of the company and enhances our performance and competitiveness.

Primary actions for fulfillment of target figure

The objective of this policy is to increase the share of women to ensure that the company achieves gender equality in management as described in §99b of the Danish Financial Statements Act and §139c of the Danish Companies Act.

	2023	2024	2025	2026	2027
Board of directors:					
Members	3				
Female representation	0%				
Female representation target	25%				
Year for fulfillment of target figure	2027				
Top management and managers reporting directly to top management:					
Members	9				
Female representation	11%				
Female representation target	40%				
Year for fulfillment of target figure	2029				

Management's review

Status of achievement of target figure

It is the company's ambition that the share of employees of the under-represented gender at management level as a minimum equals the share of the underrepresented gender in the total staff. When possible, the company makes sure that both genders are represented in the final stages of the recruitment process. In 2023 no suitable candidates were found to increase the number of female managers.

CNH Industrial Danmark A/S will issue concrete policies, initiatives and action plans over the coming years to increase the number of female managers, insofar as it is possible, and the company has set a concrete target to have 40% female managers before the end of 2029.

The current board of directors consists of 3 men. During 2018 the board had 1 female member, but due to her resignation, and no suitable candidate to replace her, the board now again consists of 3 men. The company has set as a target to change this composition, insofar as it is possible to find suitable candidates. This has not been possible in 2023.

The target for the company is to have 1 female board member by end of 2027.

Statement of policy for data ethics

Description of the entity's work with and policy for data ethical questions

CNH Industrial Danmark A/S does not consider it relevant to draw up a policy for data ethics. In this connection, the Company attaches importance to the fact that the Company only to a limited extent collects and processes data and does not use new technologies as part of the Company's main activity and does not itself or through external suppliers carry out specific data analyses, evaluations or segmentations.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2023</u> TDKK	<u>2022</u> TDKK
Revenue	2	1,797,700	1,823,824
Cost of sales		<u>-1,600,576</u>	<u>-1,633,043</u>
Gross profit		197,124	190,781
Distribution costs	3	-80,857	-72,511
Administrative expenses	3	<u>-12,629</u>	<u>-12,913</u>
Profit/loss before net financials		103,638	105,357
Financial income	4	23,737	17,788
Financial costs	5	<u>-58,714</u>	<u>-46,008</u>
Profit/loss before tax		68,661	77,137
Tax on profit/loss for the year	6	<u>-15,167</u>	<u>-17,025</u>
Profit/loss for the year		<u>53,494</u>	<u>60,112</u>
Distribution of profit	7		

Balance sheet 31 December

	<u>Note</u>	<u>2023</u> TDKK	<u>2022</u> TDKK
Assets			
IP rights		0	0
Intangible assets	8	<u>0</u>	<u>0</u>
Other fixtures and fittings, tools and equipment	9	1,000	1,239
Tangible assets		<u>1,000</u>	<u>1,239</u>
Total non-current assets		<u>1,000</u>	<u>1,239</u>
Finished goods and goods for resale		68,209	19,203
Stocks	10	<u>68,209</u>	<u>19,203</u>
Receivables from group companies		695,097	622,088
Other receivables		4,236	13,367
Prepayments	11	762	1,484
Receivables		<u>700,095</u>	<u>636,939</u>
Cash at bank and in hand		<u>14,396</u>	<u>935</u>
Total current assets		<u>782,700</u>	<u>657,077</u>
Total assets		<u><u>783,700</u></u>	<u><u>658,316</u></u>

Balance sheet 31 December

	Note	2023 TDKK	2022 TDKK
Equity and liabilities			
Share capital		12,000	12,000
Other reserves		-9,782	8,511
Retained earnings		23,525	31
Proposed dividend for the year		30,000	65,000
Equity	12	55,743	85,542
Provision for deferred tax	13	54	52
Other provisions	14	342,593	198,344
Total provisions		342,647	198,396
Trade payables		40,034	23,552
Payables to group companies		242,036	266,834
Corporation tax		3,004	11,871
Other payables	15	99,902	71,285
Deferred income	16	334	836
Total current liabilities		385,310	374,378
Total liabilities		385,310	374,378
Total equity and liabilities		783,700	658,316
Uncertainty regarding recognition and measurement	1		
Significant events occurring after the end of the financial year	17		
Rent and lease liabilities	18		
Financial instruments	19		
Related parties and ownership structure	20		
Fee to auditors appointed at the general meeting	21		

Statement of changes in equity

	Share capital	Other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2023	12,000	8,511	31	65,000	85,542
Ordinary dividend paid	0	0	0	-65,000	-65,000
Fair value adjustment of hedging instruments	0	-18,293	0	0	-18,293
Net profit/loss for the year	0	0	23,494	30,000	53,494
Equity at 31 December 2023	12,000	-9,782	23,525	30,000	55,743

Notes

1 Uncertainty regarding recognition and measurement

The preparation CNH Industrial Danmark A/S' financial statements require Management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgements based on several factors in the given circumstances.

Other provisions

Management's estimate of the provisions for warranty, provisions for sales initiatives etc, is based on the knowledge and data available, at 31.12.2023. Such provisions area inherently associated with uncertainty, whereby the actual warranty provisions and provisions for sales initiatives may vary from the estimates.

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
2 Revenue		
Resale to agriculture, Denmark	1,094,342	1,053,288
Resale to industry, Denmark	165,024	195,407
Resale to agriculture, Sweden	531,042	549,248
Resale to industry, Sweden	<u>7,292</u>	<u>25,881</u>
Total revenue	<u><u>1,797,700</u></u>	<u><u>1,823,824</u></u>

Notes

3 Staff costs

Wages and salaries	55,770	50,642
Pensions	4,362	3,021
Other social security costs	112	98
	<u>60,244</u>	<u>53,761</u>

Staff costs are recognised in the following line items

Distribution costs	53,787	47,817
Administrative expenses	6,457	5,944
	<u>60,244</u>	<u>53,761</u>

Including remuneration to Executive Board and Supervisory Board	<u>2,217</u>	<u>3,012</u>
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Number of fulltime employees on average	<u>60</u>	<u>58</u>
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Notes

	2023	2022
	TDKK	TDKK
4 Financial income		
Interest received, group companies	16,315	3,310
Exchange gains	7,422	14,478
	<u>23,737</u>	<u>17,788</u>
5 Financial costs		
Financial expenses, group companies	51,460	31,467
Other financial costs	147	223
Exchange loss	7,107	14,318
	<u>58,714</u>	<u>46,008</u>
6 Tax on profit/loss for the year		
Current tax for the year	14,746	17,009
Adjustment of deferred tax	421	16
	<u>15,167</u>	<u>17,025</u>
7 Distribution of profit		
Proposed dividend for the year	30,000	65,000
Extraordinary dividend for the year	0	250,000
Retained earnings	23,494	-254,888
	<u>53,494</u>	<u>60,112</u>

Notes

8 Intangible assets

	IP rights
Cost at 1 January 2023	5,690
Cost at 31 December 2023	5,690
Impairment losses and amortisation at 1 January 2023	5,690
Impairment losses and amortisation at 31 December 2023	5,690
Carrying amount at 31 December 2023	0

9 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2023	12,984
Cost at 31 December 2023	12,984
Impairment losses and depreciation at 1 January 2023	11,745
Depreciation for the year	239
Impairment losses and depreciation at 31 December 2023	11,984
Carrying amount at 31 December 2023	1,000

10 Stocks

	2023 TDKK	2022 TDKK
Finished goods and goods for resale	68,209	19,203
	68,209	19,203

Notes

11 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years and includes rent and lease liabilities, interest expenses and other prepayments.

12 Equity

The share capital consists of:

	Nominal va- lue
12,000 shares of TDKK 1	12,000
	<u>12,000</u>

There have been no changes in the share capital during the last 5 years.

None of the shares are special privileged.

	2023 TDKK	2022 TDKK
13 Provision for deferred tax		
Provision for deferred tax at 1 January 2023	-52	-36
Adjustment for the year	-2	-16
Provision for deferred tax at 31 December 2023	<u>-54</u>	<u>-52</u>

14 Other provisions

Balance at 1 January 2023	198,344	195,734
Provision in year	390,659	273,135
Applied in the year	-246,410	-270,525
Balance at 31 December 2023	<u>342,593</u>	<u>198,344</u>

Other provisions consists of warranty commitments and sales initiatives to support dealer sales. Provision are expected to be utilized within 5 years.

Notes

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
15 Other payables		
VAT and other indirect taxes	64,309	54,246
Wages/salaries, salary taxes, social security contributions, etc.	11,514	7,364
Compensated absence	3,479	3,582
Other accrued expenses	8,059	6,095
Derivative financial instruments liabilities	12,541	0
	<u>99,902</u>	<u>71,287</u>

16 Deferred income

Deferred income include accrual of warranty income.

17 Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date, which would influence the evaluation of this annual report

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
18 Rent and lease liabilities		
Operating lease liabilities	4,711	4,961
	<u>4,711</u>	<u>4,961</u>

Notes

19 Financial instruments

The company uses currency forward contracts for hedging purposes, in order to reduce currency risks for the sale in SEK for the next 12 months. At the year end there was open contracts for TSEK -960,400 (2022: TSEK -909,000). The net fair value of these contracts were TDKK -12,540, at the year end (2022: TDKK 10,913).

20 Related parties and ownership structure

Controlling Interest

CNH Industrial N.V
Cranes Farm Road
Basildon, Essex
SS14 3AD
Great Britain

Transactions

There has been no transactions with the parent company.
Remunerations to executives are included in note 2.

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
Purchase of goods from group companies	1.508.219	1.403.359
Purchase of services from group companies	20.644	12.419
Interest received from group companies	16.298	3.310
Interest paid to group companies	50.997	31.467
Sale of goods to group companies	8.196	8.022
Sale of services to group companies	12.212	5.396
Receivables from group companies	695.097	622.088
Payables to group companies	242.036	266.834

Notes

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
21 Fee to auditors appointed at the general meeting		
Deloitte:		
Audit fee	149	172
Other assurance reports	<u>49</u>	<u>72</u>
	<u>198</u>	<u>244</u>

Accounting policies

The annual report of CNH Industrial Danmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large class C entities.

The annual report for 2023 is presented in TDKK.

Changes in accounting policies

The provision for certain bonus programs, sales initiatives have previously been presented in the balance sheet as part of accounts payables. Management has determined that it is more correct to present these provision in the balance sheet item “other provisions”. The comparative figures are adjusted accordingly. The change does not impact the income statement, equity or total balance sheet in 2023, nor the comparative figures.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

Accounting policies

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Calculation of goodwill

The company uses the acquisition method when new business activities are purchased, after which the newly acquired business' identified assets and liabilities are measured at fair value at the time of acquisition.

Positive difference (goodwill) between cost and fair value of acquired identifiable assets and liabilities, incl. provisions for restructuring are recognized under intangible fixed assets and are depreciated systematically in the income statement after an individual assessment of the economic life. Goodwill from acquired business activities can be regulated until the end of the year after the acquisition.

Subsidiaries

Income statement

Segment information

Information is provided on business segments and geographical markets. The segment information is provided in consideration of the company's accounting policies, risks and management control.

Revenue

Income from the sale of goods for resale and finished goods is recognised in accordance with IAS 18 in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue, adjusted for ordinary inventory write-downs.

Distribution costs

Distribution costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, including expenses related to sales staff etc.

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company. including expenses relating to administrative staff, management, office premises/expenses as well as amortisation/depreciation of assets used for administrative purposes.

Accounting policies

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

IP rights

Other intangible assets include software licenses.

IP rights are measured at cost less accumulated amortisation and impairment losses.

Software licenses are amortised on a straight-line basis over the estimated useful life. The amortisation period is five years.

Tangible assets

Items of fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Useful life

Accounting policies

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the company are classified as operational leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies.

Impairment of fixed assets

The carrying amount of fixed assets is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost in accordance with IAS 39.

Accounting policies

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective indication of individual impairment are reviewed for impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments

Prepayments recognised comprises costs incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions comprise expected expenses relating to guarantee commitments. Provisions are recognised when as a result of a past event the company's has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Guarantee commitments comprise expected cost of repairs within the guarantee period and are recognised based on previous experience with work performed under guarantees.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in the fair value reserve under 'Equity'. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the company, as the company's cash flows are reflected in the consolidated cash flow statement.

Accounting policies

Financial Highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$