



Iveco Danmark A/S

Roholmsvej 19, DK-2620 Albertslund
CVR no. 56 57 78 15

Annual report for 2022

Adopted at the annual general
meeting on 4 May 2023



Hans Peter Sørensen
chairman

A handwritten signature in blue ink is written over a horizontal line. The signature is highly stylized and cursive, appearing to read "Hans Peter Sørensen".

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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 Iveco Danmark A/S for the financial year 1 January - 31 December 2022.

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 2022 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2022.

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, 2 May 2023

Executive board



John Per Håkan Jönsson
chief executive officer

Supervisory board



Hans Peter Sørensen
chairman



Anna Kathrine Hougaard Winther



John Per Håkan Jönsson



Bjørn Gehlert

Independent auditor's report

To the shareholder of Iveco Danmark A/S

Opinion

We have audited the financial statements of Iveco Danmark A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement 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 2022 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2022 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

Independent auditor's report

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.

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.

Independent auditor's report

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.

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.

Frederiksberg, 2 May 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Peter Jensen
State Authorised Public Accountant
MNE no. mne33246



Allan Nørgaard
State Authorised Public Accountant
MNE no. mne35501

Company details

The company	Iveco Danmark A/S Roholmsvej 19 DK-2620 Albertslund CVR no.: 56 57 78 15 Reporting period: 1 January - 31 December 2022 Incorporated: 30 January 1976 Domicile: Albertslund
Supervisory board	Hans Peter Sørensen, chairman John Per Håkan Jönsson Bjørn Gehlert Anna Kathrine Hougaard Winther
Executive board	John Per Håkan Jönsson
Ownership control	Iveco Group N.V.
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg
Lawyers	Lund Elmer Sandager Kalvebod Brygge 39-41 DK-1560 Copenhagen
Bankers	Danske Bank Holmens Kanal 2 DK-1092 Copenhagen
Consolidated financial statements	The company is reflected in the group annual report of the parent company Iveco Group N.V.

Company details

The group report of Iveco Group N.V. can be obtained at the following address:

Via Puglia 35
10156 Turin
Italy

Financial highlights

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

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	528,142	531,978	466,367	484,610	527,185
Gross profit	108,413	104,799	125,245	112,696	136,413
Profit/loss before net financials	17,784	15,783	14,941	13,084	14,140
Net financials	-5,772	-6,265	-3,331	-3,258	-7,308
Profit/loss for the year	9,163	-530	9,640	14,059	7,351
Balance sheet total	345,501	407,198	322,552	411,230	565,384
Investment in property, plant and equipment	7,807	40,863	47,147	1,095	104,020
Equity	125,170	116,007	116,537	106,897	92,838
Number of employees	94	96	95	95	90
Financial ratios					
Gross margin	20.5%	19.7%	26.9%	23.3%	25.9%
Solvency ratio	36.2%	28.5%	36.1%	26.0%	16.4%
Return on equity	7.6%	-0.5%	8.6%	14.1%	8.2%

The financial ratios are calculated in accordance with accounting policies.

Management's review

Business review

The primary activity for the company is import, sales and services of vans, trucks and related spare parts on the Danish market. Distribution and marketing is handled via the Danish dealer network and one owned branch in Odense.

The company has posted a result for 2022 of MDKK 9.2 (vs. MDKK -0.5 in 2021). The main reason for the higher result was an increase on Tax on Profit, due to corrections of previous year's tax calculation. As a result of this, equity in the company increased from MDKK 116.0 (2021) to MDKK 125.2 (2022). The company result in 2022 was in line with the management expectations.

In 2022, no major effects from the Covid-19 pandemic were seen, only minor aftermaths. The company has put great focus on protecting our employees during the pandemic by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of employees in this period.

No major effects of the COVID-19 pandemic impacted Iveco Group's business and results in 2022. Instead, the global supply chain challenges that arose during the previous years, where the input costs were increasing, and deliveries were postponed due to component shortage continued in 2022. This made it necessary to further increase sales prices on the company's products towards customers.

Outlook

The global supply chain still shows increasing input costs and logistics pressures, with ongoing disruptions to the procurement environment forcing repeated reviews of production schedules. Global supply chain represented the main challenge for the operations in the year, with multiple bottlenecks resulting in increased raw material prices, intermittent subcomponent availability, notably for semiconductors, and increased transportation costs.

The same is expected in 2023 as in 2022, between MDKK 9-10 profit after tax.

The company remains cautious about future impacts on Iveco Group's end-markets and business operations of restrictions on social interactions and business operations to limit the resurgence of the pandemic. Iveco Group is closely monitoring the impact of the COVID-19 pandemic on all aspects of its business, its employees and the company's results of operations, financial condition, and cash flows.

Further, the ongoing war between Russia and Ukraine causes impact the Iveco Group's ability to do business with certain vendors or suppliers. The Group depends on suppliers for raw materials, parts, and components. Significant disruptions to the supply chain resulting from shortages of raw materials, components and whole goods can adversely affect the Group's ability to meet customer demand.

Management's review

Due to the currently unforeseeable global consequences of supply chain challenges and the conflict between Russia and Ukraine, these estimates and assumptions are subject to increased uncertainty. Actual results could differ materially from the estimates and assumptions used in preparation of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the Consolidated Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Management's review

Financial review

The Light Market: 3.5 - 7 Tons

IVECO's core market 2022 finished with a decrease of 12.9 % in volume compared to 2021. IVECO finished the year with a MS of 13.8 % which was 0.4 % higher than in 2021.

The Medium Market: 7.01 - 15.99 Tons

The medium market decreased in 2022 by 18.6 % compared to 2021. IVECO finished the year with a MS of 13.8% which was 2.9% higher than in 2021.

The Heavy Market: + 16 Tons

The heavy market increased by 14.4 % in 2022 compared to 2021. IVECO achieved a MS 2.3 % which was a decrease compared to 2021 of 1.0 %.

2022 is as expected.

Aftersales Market

Spare part sales and Services in Denmark increased by 2,5 % compared to 2021. The main reasons for the increase was price increases driven by production cost development and component shortage.

Uncertainty

There is uncertainty associated with buy-back obligations on trucks. The uncertainty refers to the guaranteed repurchase price and the assessment of the market value of the trucks at the time of repurchase. Expected buy-back values are continuously assessed throughout the lifetime of the contracts. The company's repair and service contracts run for several years, where the risk factor is related to loss on these contracts. An ongoing assessment of the expected costs level is done compared to the actual cost development of the contracts.

Business Structure

Until December 31, 2021, CNH Industrial N.V. owned and controlled the Off-Highway business (the Agriculture business, the Construction business, and the related Financial Services business) and On-Highway business (the Commercial and Specialty Vehicles business, the Powertrain business, and the related Financial Services business, together the "Iveco Group business" or "Iveco Group").

Effective January 1, 2022, the Iveco Group business was separated from CNH Industrial N.V. in accordance with Section 2:334a (3) of the Dutch Civil Code (Burgerlijk Wetboek) by way of a legal statutory demerger (juridische afsplitsing) to Iveco Group N.V. (the "Demerger").

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Management's review

Knowledge resources

The company is solely engaged in sales and service. Intellectual capital resources within research and development are placed within the parent company, but available for the subsidiaries of IVECO, and will as such influence the development of the company within this area.

Special risks apart from generally occurring risks in the industry

Operational risk

The activity of the company is strongly related to the general economic development, especially the development within the transport sector. The industry is highly competitive and the market mature.

Financial risk

The company performs its activities in local currency and has only limited exchange rate exposure. Credit risk is also limited due to the retention of title on sales of vehicles. The main credit risk is related to the aftermarket sales.

Statutory corporate social responsibility report

The statutory reporting is reported in this section of the annual report for Iveco Danmark A/S.

For additional information about the Group's policies on social corporate responsibility, please visit the parent company's corporate sustainability report. The complete sustainability report will be available on the homepage of Iveco Group (Iveco Group - Sustainability Reports).

Business model

The primary activity for the company is import, sales and services of vans, trucks and related spare parts on the Danish market. Distribution and marketing is handled via the Danish dealer network and one owned branch in Odense.

Management's review

Environmental issues

Due to the nature of the company as mainly a sales and distribution company, the environmental risks are limited to energy and water consumption and potential environmental issues related to the operation of the workshop in Odense. To mitigate the risks the company is dedicated to address any issues that are identified in this area. The company has a continuous surveillance of potential pollution for the workshop activities and is using the needed tools to handle waste products in a safe manner. For 2022 all waste has been handled and sorted at the source enabling us to have more than 90% of the waste in a safe manner. In the future, the company will continue to monitor potential pollution from workshop activities, while handling waste products in a safe manner.

Climate issues

The company is committed to act to combat the climate changes. Locally the risks and efforts are limited but leveraging on the strong product portfolio of natural powered (NP) vehicles (LNG & CNG) the sales strategy is defined to take advantage of this to the highest possible extent. In 2022 the company has actively engaged both in selling NP products and in supporting promotion of these types of products. The market is still young and infrastructure limited, but to avoid the risk of losing market share due to increasing demand from customers for more environmentally friendly products, the company put big effort in staying ahead on this. For 2022 the NP products are 1.1% of the sales. The low share is partly caused by unfavorable development in natural gas prices, but aggressive targets are set for the sales in the coming years. In addition, new products with electric drive lines were launched in 2022 (E-Daily and Nikola) and will reach the markets in 2023 and the coming years. Finally, the company has been investing in energy saving lightning (LED) in offices and workshop spaces also in 2022 and will continue to do so. The effect on this has in 2022 been a continued reduction in energy consumption. In the future, the company will continue our work with climate issues, to reduce our carbon emissions.

Management's review

Anti-corruption and bribery policies

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 Iveco Group. 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 2022 in relation to anticorruption and the related policies. The training was 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 the future, the company will continue to train our employees, while continuing to perform an internal audit to evaluate the processes.

Human rights

The company supports the protection of fundamental human rights in all its operations, 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 2022 as in previous years, all employees are invited to participate in mandatory training to stay familiar with the company's human rights policy. For 2022 all employees have completed the training. It is expected that this training will continue in the future.

Management's review

Description of other corporate social responsibility policies

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. A core staff component will remain essential to ensure continuity of key functions for which technical and specialized knowledge are required. 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. Iveco Danmark A/S will continue to help young people with their education by keeping apprentices. It is the aim to have 2-4 apprentices at any given time.

Iveco 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 2022 there were no work-related injuries which is as in the year before.

Policies for the underrepresented gender

Iveco Danmark 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.

The workforce of the company consists of 65,6 % men and 31,4 % women. At management level (including all positions that have employees in reference) 33,3% are women. It is the company's ambition that the share of employees of the underrepresented gender at management level as a minimum equals the share of the underrepresented gender in the total staff.

In 2022, the company has made sure that both genders are represented in the final stages of the recruitment process, when possible. Iveco Danmark will continue with concrete policies, initiatives, and action plans over the coming years to increase the number of female employees and managers to equal the represented genders.

The current board of directors consists of 3 men and 1 woman. In March 2022, 1 woman was added to the board of directors. The company target for this composition to have 1 female board member has thereby been reached by the end of March 2022.

COVID-19

In 2022, only minor aftermaths of the Covid-19 pandemic were noticed. The physical and mental well-being of our employees continue to be core of our efforts in everyday work life. The company has put great focus on protecting our employees during the pandemic period by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of employees during the pandemic.

Management's review

Statement of policy for data ethics

Iveco Group's policy on data ethics must ensure that we comply with applicable legislation, follow developments, and are perceived as a respected, competent, and decent company. For Iveco Group, it is important that customers and employees have trust in our processing and storage of their data. Iveco Group's policy for data ethics contains our ethical considerations in connection with the use of new technologies, the development of new data processing techniques, and increased data volumes. We have a responsibility for ethically correct-, responsible-, and transparent data processing. Therefore, we make sure to continuously improve our data processing – also in cooperation with relevant authorities and other actors in the field. All data processing is based on that data is the customers' and employees' own, and that it is processed within the applicable legal framework. The daily work with data ethics takes place in all Iveco Group's business areas. The work with data ethics is operationalized through internal policies and business processes.

For further information about our policies on data ethics, please refer to the statutory statement on data ethics, cf. §99d of the Annual Accounts Act.

Link to statement of policy for data ethics

<https://www.ivecogroup.com/legal/privacy-notice.html?lang=da-dk&brand=iveco>

Income statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Revenue	1	528,142	531,978
Other operating income	2	53,650	47,956
Raw materials and consumables		-426,054	-429,021
Other external costs		-47,325	-46,114
Gross profit		108,413	104,799
Staff expenses	3	-73,732	-73,321
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-16,897	-15,695
Profit/loss before net financials		17,784	15,783
Financial income	4	1,299	95
Financial costs	5	-7,071	-6,360
Profit/loss before tax		12,012	9,518
Tax on profit/loss for the year	6	-2,849	-10,048
Profit/loss for the year		9,163	-530
Distribution of profit	7		

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Assets			
Software		374	470
Intangible assets	8	374	470
Land and buildings		16,184	16,798
Plant and machinery		62,932	74,091
Other fixtures and fittings, tools and equipment		1,069	1,340
Leasehold improve-ments		761	790
Tangible assets	9	80,946	93,019
Deposits	10	839	740
Fixed asset investments		839	740
Total non-current assets		82,159	94,229
Vehicles and vans		17,715	20,603
Spare parts		3,507	3,123
Stocks	11	21,222	23,726
Trade receivables		834	3,905
Receivables from group companies		230,007	260,079
Other receivables		194	186
Deferred tax asset	12	8,132	8,402
Corporation tax		1,233	12,691
Prepayments	13	892	3,535
Receivables		241,292	288,798
Cash at bank and in hand		828	445
Total current assets		263,342	312,969
Total assets		345,501	407,198

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Equity and liabilities			
Share capital		501	501
Retained earnings		124,669	115,506
Equity	14	125,170	116,007
Other provisions	15	52,009	51,861
Total provisions		52,009	51,861
Other payables		26,812	24,923
Deferred income		28,313	41,409
Total non-current liabilities	16	55,125	66,332
Short-term part of long-term debt		2	2,059
Trade payables		24,964	19,095
Payables to group companies		50,272	113,523
Other payables		20,328	20,808
Deferred income		17,631	17,513
Total current liabilities		113,197	172,998
Total liabilities		168,322	239,330
Total equity and liabilities		345,501	407,198
Uncertainty in the recognition and measurement	17		
Subsequent events	18		
Contingencies, etc.	19		
Mortgages and collateral	20		
Related parties and ownership structure	21		
Fee to auditors appointed at the general meeting	22		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2022	501	115,506	116,007
Net profit/loss for the year	0	9,163	9,163
Equity at 31 December 2022	501	124,669	125,170

Cash flow statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Net profit/loss for the year		9,163	-530
Adjustments	23	25,489	31,948
Change in working capital	24	-21,734	18,996
Cash flows from operating activities before financial income and expenses		12,918	50,414
Interest income and similar income		1,299	95
Income from investments		-7,071	-6,358
Cash flows from ordinary activities		7,146	44,151
Change in short term assets and liabilities		6,916	-23,705
Corporation tax paid		-8,878	7,053
Cash flows from operating activities		5,184	27,499
Purchase of intangible assets		0	-470
Purchase of property, plant and equipment		-7,807	-40,871
Deposit		-99	-26
Sale of property, plant and equipment		3,080	13,935
Sale of fixed asset investments etc		25	60
Cash flows from investing activities		-4,801	-27,372
Change in cash and cash equivalents		383	127
Cash and cash equivalents		445	318
Cash and cash equivalents		828	445
Analysis of cash and cash equivalents:			
Cash at bank and in hand		828	445
Cash and cash equivalents		828	445

Notes

	2022	2021
	TDKK	TDKK
1 Revenue		
New vehicles	394,800	355,141
Used vehicles	19,512	65,270
Spare parts	84,856	82,765
Workshops	4,550	5,109
Service contracts	24,389	23,632
Other services	35	61
Total revenue	<u>528,142</u>	<u>531,978</u>

The company only has activity in one geographical market, Denmark, as mentioned in the section "Business review" in the management's review.

	2022	2021
	TDKK	TDKK
2 Other operating income		
Reinvoiced Group costs	45,075	38,404
Other	8,575	9,552
	<u>53,650</u>	<u>47,956</u>

Notes

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
3 Staff expenses		
Wages and salaries	66,782	65,827
Pensions	5,282	5,206
Other staff costs	<u>1,668</u>	<u>2,288</u>
	<u>73,732</u>	<u>73,321</u>
Including remuneration to the executive board:		
Executive and supervisory Board	<u>1,796</u>	<u>2,266</u>
	<u>1,796</u>	<u>2,266</u>
Average number of employees	<u>94</u>	<u>96</u>
	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
4 Financial income		
Financial income, group companies	1,164	45
Other financial income	88	-17
Exchange adjustments	<u>47</u>	<u>67</u>
	<u>1,299</u>	<u>95</u>
5 Financial costs		
Financial costs, group companies	6,978	4,167
Other financial costs	72	2,077
Exchange adjustments costs	<u>21</u>	<u>116</u>
	<u>7,071</u>	<u>6,360</u>

Notes

	2022 TDKK	2021 TDKK			
6 Tax on profit/loss for the year					
Current tax for the year	1,420	-13,206			
Deferred tax for the year	472	15,023			
Adjustment of tax concerning previous years	1,159	8,231			
Adjustment of deferred tax concerning previous years	-202	0			
	<u>2,849</u>	<u>10,048</u>			
7 Distribution of profit					
Retained earnings	<u>9,163</u>	<u>-530</u>			
	<u>9,163</u>	<u>-530</u>			
8 Intangible assets					
		Software			
Cost at 1 January 2022		<u>478</u>			
Cost at 31 December 2022		<u>478</u>			
Impairment losses and amortisation at 1 January 2022		8			
Amortisation for the year		<u>96</u>			
Impairment losses and amortisation at 31 December 2022		<u>104</u>			
Carrying amount at 31 December 2022		<u>374</u>			
9 Tangible assets					
	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Cost at 1 January 2022	23,811	93,130	4,230	961	122,132
Additions for the year	0	7,638	169	0	7,807
Disposals for the year	0	-9,016	0	0	-9,016
Cost at 31 December 2022	<u>23,811</u>	<u>91,752</u>	<u>4,399</u>	<u>961</u>	<u>120,923</u>

Notes

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Impairment losses and depreciation at 1 January 2022	7,013	19,039	2,890	171	29,113
Impairment losses for the year	0	335	0	0	335
Depreciation for the year	614	15,382	440	29	16,465
Reversal of impairment and depreciation of sold assets	0	-5,936	0	0	-5,936
Impairment losses and depreciation at 31 December 2022	<u>7,627</u>	<u>28,820</u>	<u>3,330</u>	<u>200</u>	<u>39,977</u>
Carrying amount at 31 December 2022	<u>16,184</u>	<u>62,932</u>	<u>1,069</u>	<u>761</u>	<u>80,946</u>
Tangible fixed assets include financial leasing assets with total carrying amount	0	62,932	0	0	62,932

10 Fixed asset investments

	Deposits
Cost at 1 January 2022	740
Additions for the year	<u>99</u>
Cost at 31 December 2022	<u>839</u>
Carrying amount at 31 December 2022	<u>839</u>

Notes

	2022	2021
	TDKK	TDKK
11 Stocks		
Vehicles and vans	17,715	20,603
Spare parts	3,507	3,123
	<u>21,222</u>	<u>23,726</u>

Stock value comprises write-down of TDKK 1,908 (2021: TDKK 2,575).

	2022	2021
	TDKK	TDKK
12 Provision for deferred tax		
Provision for deferred tax at 1 January 2022	-8,402	-23,425
Adjustment prior years	-202	0
Adjustment in the year	472	15,023
Provision for deferred tax at 31 December 2022	<u>-8,132</u>	<u>-8,402</u>

Tax asset is expected to be utilized within 5 years.

13 Prepayments

Prepayments recognised under Assets comprise prepaid costs related to campaigns regarding subsequent financial reporting years.

14 Equity

The share capital consists of the following:

1 share of DKK 500,000

1 share of DKK 1,000

All shares rank equally.

The company's share capital has remained TDKK 501 over the past 5 years.

Notes

	2022	2021
	TDKK	TDKK
15 Other provisions		
Balance at beginning of year at 1 January 2022	51,861	54,534
Provision in year	18,842	21,217
Applied in the year	-18,694	-23,890
Balance at 31 December 2022	52,009	51,861

Other provisions comprise provisions for warranty commitments, TDKK 26,957 (2021: TDKK 26,606), repair and maintenance provisions TDKK 24,567 (2021: TDKK 24,891) and other provisions TDKK 485 (2021: 364).

Provisions are expected to be utilized within 5 years.

16 Long term debt

	Debt at 1 January 2022	Debt at 31 December 2022	Instalment next year	Debt outstanding after 5 years
Other payables	26,982	26,812	0	0
Deferred income	41,409	28,313	0	0
	68,391	55,125	0	0

17 Uncertainty in the recognition and measurement

There is uncertainty associated with buy-back obligations on trucks. The uncertainty refers to the guaranteed repurchase price and the assessment of the market value of the trucks at the time of repurchase. Expected buy-back values are continuously assessed throughout the lifetime of the contracts. The company's repair and service contracts run for a number of years, where the risk factor is related to loss on these contracts. An ongoing assessment of the expected costs level is done compared to the actual cost development of the contracts.

18 Subsequent events

The conflict between Russia and Ukraine could create an uncertainty for the business in 2023. No other events have occurred after the balance sheet date which could significantly affect the company's financial position.

Notes

19 Contingencies, etc.

Other contingent liabilities

As management company, the company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

The company is evaluating the risk associated with pending claim cases. The company has booked a reserve to reflect this risk.

Other Contingent obligations

Other rent and lease liabilities include a rent and lease obligation totalling MDKK 9.6 (2021: MDKK 9.3) of which MDKK 5.5 is due in 2023 and with remaining contract terms of 1-4 years.

20 Mortgages and collateral

The company has provided security for third parties including group companies of MDKK 0.5 (2021: MDKK 0.5).

21 Related parties and ownership structure

Controlling interest

Iveco Group N.V.
Via Puglia 35
10156 Turin
Italy

Notes

21 Related parties and ownership structure (continued)

Transactions

Iveco Danmark A/S had the following transactions with related parties in TDKK:

Sale of goods and services to parent company 2,975 (2021: 1,946)

Purchase of goods and services from parent company 325,350 (2021: 303,559)

Sale of goods and services to group companies 41,124 (2021: 58,643)

Purchase of goods and services from group companies 43,398 (2021: 44,899)

Cost of management fee to parent company 3,756 (2021: 4,023)

Interest to group companies 1,164 (2021: 45)

Interest from group companies 6,978 (2021: 4,167)

Receivables from parent company 1,734 (2021: 316)

Payables to parent company 42,941 (2021: 105,295)

Receivables from group companies 228,273 (2021: 259,763)

Payables to group companies 7,331 (2021: 8,228)

Besides the above listed transactions, no other transactions were carried through with shareholders or other group companies in the year.

	2022 TDKK	2021 TDKK
22 Fee to auditors appointed at the general meeting		
EY Godkendt Revisionspartnerselskab:		
Audit fee	247	224
	<u>247</u>	<u>224</u>

Notes

	2022	2021
	TDKK	TDKK
23 Cash flow statement - adjustments		
Financial income	-1,299	-95
Financial costs	7,071	6,360
Depreciation, amortisation and impairment losses	16,896	15,695
Tax on profit/loss for the year	2,849	10,048
Other adjustments of non-cash operating income/expenses	-28	-60
	<u>25,489</u>	<u>31,948</u>
24 Cash flow statement - change in working capital		
Change in inventories	2,504	41,631
Change in receivables	33,144	-115,335
Change in trade payables, etc.	-57,382	92,700
	<u>-21,734</u>	<u>18,996</u>

Accounting policies

The annual report of Iveco Danmark A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in TDKK.

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.

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

Income statement

Segment information

Segment information as provided on business segments and geographical markets. The segment information is based on the company's internal financial management.

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.

Accounting policies

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.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and 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.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Accounting policies

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a minimum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible and tangible assets

Items of software, property, plant 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.

Vehicles sold with a buy-back obligation are considered operating leases and are recognised in the balance sheet as property, plant and equipment, in accordance with IAS 17.

For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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

	Useful life
Software	3-5 years
Buildings	33-40 years
Plant and machinery	2-6 years
Other fixtures and fittings, tools and equipment	4-8 years
Leasehold improvements	5-8 years

Accounting policies

Land is not depreciated.

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

Gains or losses are made up as the difference between the selling price less selling costs and the carrying amount of the date of the disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

Leases

In accordance with IAS 17, 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

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

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 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.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Accounting policies

Receivables

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

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 evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on 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 under 'Assets' comprise prepaid costs regarding subsequent financial reporting years.

Cash and cash equivalents

Cash comprises cash.

Provisions

Provisions comprise expected expenses relating to warranty, repair and maintenance, etc. Provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

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

Warranty commitments include expected costs of repairs within the guarantee period and are recognised based on previous experience with work performed under guarantees.

Repair and maintenance include anticipated costs of service repair and maintenance and similar provisions.

Accounting policies

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.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are 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.

Other payables in 'long-term liabilities' include buy-back obligations. Vehicles sold with buy-back obligations are considered operating leases and the operating leases and the related obligation is recognised in accordance with IAS 17 in the balance sheet under liabilities other than provisions at amortised cost.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

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'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Accounting policies

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Cash flow statement

The cash flow statement shows the company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities

Cash flows from operating activities are stated as the company's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

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	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$