

Ford Motor Company A/S

Annual Report for 2020

**Borupvang 1
2750 Ballerup**

CVR-nr. 62 53 23 19



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

Copenhagen, 3rd of June 2021

Jacob Ørskov Rasmussen
Chairman

Ford Motor Company A/S
INTERNATIONAL FINANCIAL REPORTING STANDARDS
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**Ford Motor Company A/S
DIRECTORS' REPORT**

The Directors present their annual report and audited financial statements for the year ended 31 December 2020 for Ford Motor Company A/S (the "Company") prepared under International Financial Reporting Standards as adopted by the European Union.

Directors

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

Frank Skjærbæk Pedersen Erling Kaas Bence Gabor* Róbert Fódi* Charlotte Lone Jensen

*Bence Gabor was a director until Dec 22nd, 2020. * Róbert Fódi has been a director since Dec 23rd, 2020.

Principal activities and review of the business

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

The Company's revenue for 2020 was MDKK 3.619 an increase of 19,12% versus the previous year. Profit before income tax for 2020 was MDKK 8,0 compared with a profit of MDKK 0,2 in 2019.

The company sold 13.550 passenger cars in 2020 which is an increase of 8,0% compared to 2019. This caused Ford's market share for passenger cars to increase from 5,5% in 2019 to 6,9 % in 2020. Ford closed the year as the 4th best-selling brand in respect of passenger cars in 2020.

The company sale of vans amounted to 7.775 units which was 2,0% higher than in 2019. This confirmed Ford's position further as the best-selling brand for vans with a 21,3 % market share.

The total market share held by Ford was thus 9,1% in 2020 compared to 7,8% in 2020. Sales were in line with 2020's expectations. Ford was the second most sold brand in 2020.

Future developments

The Danish car market is expected to increase 8% settling at a total of approximately 256.300 sold units in 2021. The market will be impacted by CO2 regulations and potentially governmental changes. The danish car market passenger vehicles will be the same level of 213.000 units and Commercial Vehicles will increase 22% at approximately 43.300 units.

The company expects that in 2021 the sale will increase with a total of 8%.

Ford Denmark expects to keep its market share to approximately 9% in 2021 (9,1% in 2020) and the profit before tax for 2021 to be on a similar level as 2020.

Financial Highlights

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

Key figures	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Income Statement:					
Revenue	3.619.231	3.038.244	2.935.595	2.781.242	2.718.312
Operating (loss)/ profit	7.441	1.929	3.460	13.189	8.021
Net Profit/(Loss) from financial items	(935)	(3.154)	(2.845)	(3.537)	(3.000)
Net Profit/(Loss) for the year after tax	10.222	(4.133)	890	10.468	5.385
Statement of Financial Position					
Total Assets	1.372.917	884.678	702.475	481.413	483.076
Equity	121.127	110.612	199.144	119.290	108.773
Investment in property, plant and equipment	1.942	-	-	6.383	6.622
Number of employees at the end of the financial year	48	47	49	49	48
Proposed Dividend					

The Board of Directors proposes to declare a zero dividend out of 2020 profit for the year (2019: nil).

Political donations

There were no contributions to political parties (2019: nil).

Financial risks

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

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

Post balance sheet events

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

Statement of Corporate Social Responsibility

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

The report is available on the Group's website: www.sustainability.ford.com

Diversity

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

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

During 2021 Ford Motor Company A/S has included a new member of the Board of Directors that belong to the under-represented gender. Therefore, the expectations of previous years have been achieved.

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

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

Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of Ford Motor Company A/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the Annual Report gives a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2020.

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

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

Copenhagen, 3rd of June 2021

Executive Board

Frank Skjærbæk
Pedersen
CEO

Board of Directors

Frank Skjærbæk Pedersen
CEO

Erling Kaas
Chairman

Charlotte Lone Jensen

Róbert Fodi

Ford Motor Company A/S

INCOME STATEMENT
(in DKK thousands)

	Note	As at December 31,	
		2020	2019
Revenues			
Automotive	5	3.619.231	3.038.244
Total revenues		3.619.231	3.038.244
Cost of sales and other expenses			
Cost of sales		3.100.220	2.877.430
Selling, administrative, and other expenses		511.570	158.885
Total costs and expenses	6	3.611.790	3.036.315
Other income, net	8	1.457	1.501
Other interest expense and finance cost, net	7	(935)	(3.154)
Profit/(Loss) before income tax		7.963	276
Income tax (benefit)/expense	10	(2.259)	4.409
Net profit/(loss)		10.222	(4.133)

STATEMENT OF COMPREHENSIVE INCOME
(in DKK thousands)

	Note	As at December 31,	
		2020	2019
Net profit/(loss)		10.222	(4.133)
Other comprehensive income/(loss), net of tax			
Recognition of actuarial gains/(losses)			
Remeasurement of the asset / (liability) for the post-employment benefit	16	1.397	(1.938)
Interest income/(expense) impact on irrecoverable surplus		(1.127)	(73)
Movement in pension asset		-	2.620
Total other comprehensive income/(loss), net of tax	21	270	609
Comprehensive income/(loss)		10.492	(3.524)

The accompanying notes are part of the financial statements.

Ford Motor Company A/S
STATEMENT OF FINANCIAL POSITION
(in DKK thousands)

	Note	As at December 31,	
		2020	2019
ASSETS			
Cash and cash equivalents		20.340	55.084
Trade and other receivables, net	11	1.084.280	668.218
Income taxes receivable- current	10	1.143	-
Inventories	12	187.984	118.567
Other assets	13	37.391	5.554
Total current assets		1.331.138	847.423
Property, plant and equipment	14/23	7.081	1.944
Investment in subsidiaries	15	25.732	25.732
Pension Asset	16	4.858	5.588
Deferred income taxes	10	3.602	3.036
Other assets	13	506	955
Total non-current assets		41.779	37.255
Total assets		1.372.917	884.678
LIABILITIES			
Accounts payable	17	500.288	553.465
Deferred revenue	18	209.672	23.989
Provisions	19	431.875	168.535
Income taxes payable	10	-	1.459
Debt - current	23	661	1.515
Total current liabilities		1.142.496	748.963
Provisions	19	105.008	25.033
Debt – non-current	23	4.286	70
Total non-current liabilities		109.294	25.103
Total liabilities		1.251.790	774.066
EQUITY			
Common stock	20	108.000	108.000
Capital in excess of par value of stock		127	104
Accumulated other comprehensive income/(loss)	21	-	-
(Accumulated losses)/Retained Earnings		13.000	2.508
Total equity		121.127	110.612
Total liabilities and equity		1.372.917	884.678

The accompanying notes are part of the financial statements.

Ford Motor Company A/S
STATEMENT OF CASH FLOWS
(in DKK thousands)

	As at December 31,	
	2020	2019
Cash flows from operating activities		
Net profit/(loss)	10.222	(4.133)
Depreciation	1.681	3.155
Share-based payment expense/(income)	23	(8)
Pension/OPEB expense/(income)	270	609
Foreign currency adjustments	(339)	(580)
Decrease/(Increase) in inventory	(69.417)	(55.141)
Decrease/(Increase) in trade and other receivables and other assets	(340.197)	(39.471)
(Decrease)/Increase in provisions	343.315	(2.089)
(Decrease)/Increase in accounts payable and other liabilities	132.844	271.239
Other	(1.295)	982
Net cash provided by/(used in) operating activities	77.107	174.563
Cash flows from investing activities		
Capital spending	(1.942)	-
Group undertakings	(108.395)	(58.321)
Net cash provided by/(used in) investing activities	(110.337)	(58.321)
Cash flows from financing activities		
Lease payments	(1.514)	(2.945)
Cash dividends	-	(85.000)
Net cash provided by/(used in) financing activities	(1.514)	(87.945)
Net increase/(decrease) in cash and cash equivalents	(34.744)	28.297
Cash and cash equivalents at January 1	55.084	26.787
Net increase/(decrease) in cash and cash equivalents	(34.744)	28.297
Cash and cash equivalents at December 31	20.340	55.984

The accompanying notes are part of the financial statements.

Ford Motor Company A/S

STATEMENT OF CHANGES IN EQUITY
(in DKK thousands)

	Common Stock	Cap. In Excess of Par Value of Stock	Accum. Other Comprehensive Income/(Loss)	(Accumulated losses)/ Retained Earnings	Total
Balance at January 1, 2019	108.000	112	-	91.032	199.144
Comprehensive income/(loss)	-	-	-	-	-
Net profit/(loss)	-	-	-	(4.133)	(4.133)
Other comprehensive income/(loss)	-	-	609	-	609
Reclassifications	-	-	(609)	609	-
Comprehensive income/(loss)	-	-	-	(3.524)	(3.524)
Transactions with shareholders	-	-	-	-	-
Dividends	-	-	-	(85.000)	(85.000)
Share-based compensation	-	(8)	-	-	(8)
Total transactions with shareholders	-	(8)	-	(85.000)	(85.008)
Balance at December 31, 2019	108.000	104	-	2.508	110.612
Balance at January 1, 2020	108.000	104	-	2.508	110.612
Comprehensive income/(loss)	-	-	-	-	-
Net profit/(loss)	-	-	-	10.222	10.222
Other comprehensive income/(loss)	-	-	270	-	270
Reclassifications	-	-	(270)	270	-
Comprehensive income/(loss)	-	-	-	10.492	10.492
Transactions with shareholders	-	-	-	-	-
Dividends	-	-	-	-	-
Share-based compensation	-	23	-	-	23
Total transactions with shareholders	-	23	-	-	23
Balance at December 31, 2020	108.000	127	-	13.000	121.127

The accompanying notes are part of the financial statements.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

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Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. BACKGROUND AND BASIS OF PREPARATION

Background

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

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

Basis of Preparation

Statement of Compliance

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

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

Presentation

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

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

Recognition and Measurement

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

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

Sales and Marketing Incentives

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

Ford Motor Company A/S NOTES TO THE FINANCIAL STATEMENTS

Foreign Currency Revaluation

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

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

Trade Receivables

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

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

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

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

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

Income Taxes

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

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

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Deferred Taxes

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

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

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

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

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

Presentation of Sales and Sales-Related Taxes

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

Cash and Cash Equivalents

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

Inventories

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

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

Lease Accounting

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

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

Property, Plant, and Equipment

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

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

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

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

Investments in subsidiaries

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

Employee Benefits

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

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

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

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

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

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

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

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

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

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

Ford Motor Company A/S

NOTES TO THE FINANCIAL STATEMENTS

Provisions

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

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

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

Warranties

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

Dealer and Customer Claims

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

Share-Based Payments

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

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

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

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

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

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

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

Warranty and Product Recalls

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

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

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

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Pensions

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

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

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

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

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

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

Income Taxes

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

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

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

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Adoption of New Accounting Standards

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

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

Accounting Standards Issued But Not Yet Adopted

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

Insurance Contracts (effective January 1, 2023). The new standard is meant to address the differences in accounting treatment across jurisdictions and insurance products, which made it difficult for investors and analysts to understand and compare insurers' results. Most of the change relates to long duration contracts.

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

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

NOTE 5. REVENUES

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

	As at December 31,	
	2020	2019
Sales of new vehicles, parts, and accessories (a)	3.608.573	3.028.651
Other (b)	10.658	9.593
Total revenues	3.619.231	3.038.244

(a) Risk wise (all sold to dealers) and business wise (spare parts supporting the vehicle sales) it is kind of the same.

(b) Other includes extended service plan revenue of MDKK 10,6 for the year ended December 31, 2020 (2019: MDKK 9,6)

The 13% of the total revenue has been sold to Forso Nordic Ab (see note 26). From March 2020 onwards our financing company has been changed to Santander Consumer Bank A/S. There are four dealer groups that had the majority of sales to in 2020 (three dealers during 2019): Andersen Biler A/S, Autohuset Vestergaard A/S Personvogne, Via Biler A/S and Bjarne Nielsen A/S.

Ford Motor Company A/S NOTES TO THE FINANCIAL STATEMENTS

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

During 2020 some sales have been compromised by the vehicles affected by the battery issue, which have not been delivered to the final consumer until the problem has been solved. All the vehicles are repaired at the date of the emission of this Annual Report. These vehicles have been included in the field service actions provisions. The expected costs associated with our base warranties and field service actions continue to be recognized as expense when the products are sold (see Note 19). We recognize revenue for vehicle service contracts that extend mechanical and maintenance coverages beyond our base warranties over the life of the contract. We do not have any material significant payment terms as payment is received at or shortly after the point of sale.

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

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

Extended Service Contracts. We sell separately-priced service contracts that extend mechanical and maintenance coverages beyond our base warranty agreements to vehicle owners. The separately priced service contracts range from 12 to 24 months. We receive payment at the inception of the contract and recognize revenue over the term of the agreement in proportion to the costs expected to be incurred in satisfying the obligations under the contract. We don't have any unearned revenue associated with outstanding contracts that was reported in Other Liabilities and deferred revenue and neither was any revenue recognized as revenue during the year ended December 31, 2020. At December 31, 2020, the unearned amount was MDKK 5,6. We expect to recognize approximately MDKK 4,5 of the unearned amount in 2021, MDKK 1,0 in 2022, and nothing thereafter. We record a premium deficiency reserve to the extent we estimate the future costs associated with these contracts exceed the unrecognized revenue. Amounts paid to dealers to obtain these contracts are deferred and recorded as Other assets. These costs are amortized to expense consistent with how the related revenue is recognized. We had a balance of MDKK 5,2 in deferred costs as of December 31, 2020, and recognized MDKK 7,1 of amortization during the year ended December 31, 2020.

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

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

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

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

	As at December 31,	
	2020	2019
Purchase of new vehicles, parts and accessories	3.090.899	2.873.536
Depreciation	1.682	2.105
Warranty	397.562	44.772
Advertising	39.983	47.265
Wages and salaries (note 27)	27.293	26.285
Fixed Marketing	22.184	9.670
Other	32.187	32.682
Total cost of sales and selling, administrative, and other	3.611.790	3.036.315

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

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

	As at December 31,	
	2020	2019
Interest expense	(935)	(3.154)
Total other interest (expense)/income, net	(935)	(3.154)

NOTE 8. OTHER INCOME/(EXPENSE), NET

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

	As at December 31,	
	2020	2019
Commission	1.457	1.501
Total	1.457	1.501

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

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

	As at December 31,	
	2020	2019
Cost of sales	339	580
Net foreign currency exchange (losses)/gains	339	580

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. INCOME TAX BENEFIT/(EXPENSE)

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

	As at December 31,	
	2020	2019
Current		
Current tax on (loss)/profits for the year	566	(1.481)
Change in estimates related to prior years	-	14
Total current	566	(1.467)
Deferred		
Origination and reversal of temporary differences	(1.829)	4.658
Changes in tax losses carried forward	(996)	(4.067)
Write down	4.518	(3.533)
Total deferred	1.693	(2.942)
Income tax benefit/(expense)	2.259	(4.409)

The amount of reported income taxes in the statement of comprehensive income reconciled with income taxes calculated using Ford Motor Company A/S' applicable tax rate at December 31 was as follows (in TDKK). Ford Motor Company A/S' applicable tax rate is 22.0%. The income tax prepaid during 2020 was TDKK 746 (2019: TDKK 0). The final income tax paid during 2020 was TDKK 1.290 (TDKK 1.248 during 2019).

	As at December 31,	
	2020	2019
(Loss)/Income before income taxes	7.963	276
Tax calculated at domestic tax rates applicable to profits (2020 - 22.0% and 2019 – 22.0%)	(1.752)	(61)
Tax effects of:		
Expenses/(Income) not (taxable)/deductible for tax purposes	(507)	(829)
Change in tax rates	-	-
Change in estimate related to prior years	-	14
Write down	4.518	(3.533)
Income tax benefit/(expense)	2.259	(4.409)
Effective tax rate	28%	22%

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

	As at December 31,	
	2020	2019
Deferred tax assets	3.729	3.036
Deferred tax liabilities	(127)	-
Net deferred tax assets	3.602	3.036

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

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

	As at December 31,	
	2020	2019
Deferred tax assets		
Tax losses carried forward	3.139	4.135
Dealer and customer claims	8.756	9.287
Reserve for doubtful debts	7	-
Compensation accruals	1.773	2.979
Remeasurement Effects Recognized in OCI	(1.126)	-
Deferred tax assets	12.549	16.401
Less: Write down	(8.820)	(13.338)
Total deferred tax assets	3.729	3.063
Deferred tax liabilities		
Depreciation and amortization (excluding leasing transactions)	(127)	(28)
Total deferred tax liabilities	(127)	(28)
Net deferred tax assets	3.602	3.036

At December 31, 2020, Ford Motor Company A/S had pre-tax operating loss carry-forwards for income tax purposes in the amount of TDKK 14.270. Tax benefits of operating loss carry-forwards are evaluated on an ongoing basis, including a review of historical and projected future operating results, the eligible carry forward period, and other circumstances.

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

	As at December 31,	
	2020	2019
Deferred tax assets		
Current portion	2.000	2.000
Non-current portion	1.729	1.064
Total deferred tax asset	3.729	3.064
Deferred tax liabilities		
Current portion	(127)	(28)
Non-current portion	-	-
Total deferred tax liabilities	(127)	(28)
Net deferred tax assets	3.602	3.036

NOTE 11. TRADE AND OTHER RECEIVABLES, NET

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

	As at December 31,	
	2020	2019
Trade receivables	115.495	25.174
Amounts owed by group undertakings	968.245	642.504
Other	540	539
Total	1.084.280	668.217
Current	1.084.280	668.217
Non-current	-	-
Total	1.084.280	668.217

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Excess liquidity is placed with a finance center within the Ford Group and carries interest. In the Financial Statements this item is classified as part of receivables from group undertakings of MDKK 723 (2019: MDKK 635). The deposit in the finance center ranks subordinate in relation to the debt of the finance center to Ford Motor Company, to debt to certain other companies in the Ford Motor Company group and to debt to certain external lenders.

NOTE 12. INVENTORIES

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

	As at December 31,	
	2020	2019
Parts/Accessories Inventory	272	-
Finished products	181.867	110.489
Company Service vehicles	5.845	8.078
Total	187.984	118.567

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

The impairment of inventories for the year ended December 31, 2020 is TDKK 5.409. There was no impairment of inventories for the year ended December 31, 2019.

NOTE 13. OTHER ASSETS

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

	As at December 31,	
	2020	2019
Prepayments	37.897	6.509
Total	37.897	6.509
Current	37.391	5.554
Non-current	506	955
Total	37.897	6.509

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

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. PROPERTY, PLANT, AND EQUIPMENT

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

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

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

	As at December 31, 2020		
	Leasehold improvements	Machinery, Equipment and Other	Total
Cost			
Beginning balance	-	5.407	5.407
Reclassifications	-	-	-
Additions	-	1.942	1.942
Disposals	-	-	-
Ending balance	-	7.349	7.349
Accumulated depreciation and impairment			
Beginning balance	-	(5.048)	(5.048)
Reclassifications	-	-	-
Depreciation	-	(167)	(167)
Disposals	-	-	-
Ending balance	-	(5.215)	(5.215)
Total	-	2.134	2.134
	As at December 31, 2019		
	Leasehold improvements	Machinery, Equipment and Other	Total
Cost			
Beginning balance	-	5.407	5.407
Reclassifications	-	-	-
Additions	-	-	-
Disposals	-	-	-
Ending balance	-	5.407	5.407
Accumulated depreciation and impairment			
Beginning balance	-	(4.838)	(4.838)
Reclassifications	-	-	-
Depreciation	-	(210)	(210)
Disposals	-	-	-
Ending balance	-	(5.048)	(5.048)
Total	-	359	359

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. INTERESTS IN SUBSIDIARIES

Ownership Percentage and Investment Balances

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

	Ownership percentage	Investment Balance	
		2020	2019
Ford Motor Norge A/S (Jurisdiction: Norway)	100%	25.732	25.732
		25.732	25.732

The investment in Ford Motor Norge A/S is held at historical cost, no impairment has been recorded against the investment value. According to the latest filed accounts dated 31st December 2019, the net profit was TNOK 7.730 and equity was TNOK 65.658.

NOTE 16. EMPLOYEE BENEFITS

We provide retirement benefits including the following:

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

Defined Contribution and Savings Plans. We have also established defined contribution and savings plans for our employees. Contributions to these plans, if any, are made from general Company cash and are expensed as incurred. The expense for our defined contribution and savings plans was MDKK 1,9 in 2020 (MDKK 1,8 in 2019)

Assumptions

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

Assumptions used to determine net benefit cost for the year ended December 31,	Pension Plans (Funded)	
	Pension Plans (Unfunded)	
	2020	2019
Discount rate %	-	0.50%
Average rate of increase in compensation %	2% until pensioning/0% after pensioning	2% until pensioning/0% after pensioning
Mortality Rates	Danish FSA's FT2019	Danish FSA's FT2018
Life expectancy for a 65 year old male/female	21,6 / 23,9 years	21,5 / 23,7 years

A variance of +/- x delta in a significant assumption would still leave the plan overfunded.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Benefit Plans - Expense and Status

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

	Pension Plans (Funded)	
	2020	2019
Income/(Expense)		
Current service cost	3.847	1.938
Interest expense/(income)	(24)	-
Net expense	3.823	1.938
Remeasurements		
Return on plan assets (greater)/less than discount rate	(6.607)	(33.721)
(Gain)/loss from changes in financial assumptions	10.971	31.762
Experience (gains)/losses	(6.464)	(435)
Other actuarial (gains)/losses	703	-
Total remeasurements	(1.397)	(2.394)
Total	2.426	(456)

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

	Pension Plans (Funded)	
	2020	2019
Change in benefit obligation		
Benefit obligation at January 1	177.022	148.067
Current service cost	3.847	1.938
Interest expense	886	2.922
Plan participant contributions	267	336
Benefits paid	(22.159)	(7.568)
(Gain)/loss from change in financial assumptions	10.971	31.762
Experience (gains)/losses	(6.464)	(435)
Benefit obligation at December 31	164.370	177.022
Change in plan assets		
Fair value of plan assets at January 1	182.610	151.035
Interest income	-	-
Return on plan assets greater/(less) than discount rate	6.607	33.721
Company contributions	1.903	5.086
Plan participant contributions	267	336
Benefits paid	(22.159)	(7.568)
Fair value of plan assets at December 31	169.228	182.610
Total	4.858	5.588
Change in asset ceiling/minimum funding requirement		
Asset ceiling/minimum funding requirement at January 1	-	-
Change in asset ceiling, excluding amounts included in interest cost/(income)	(886)	(2.922)
Interest expense/(income)	886	2.922
Asset ceiling/minimum funding requirement at December 31	-	-
Total at December 31	4.858	5.588

In 2020, we contributed MDKK 1,9 to our fully funded pension plan (most of which were mandatory contributions). During 2021, we expect to contribute about MKK 1,6 from cash and cashequivalents.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Estimated Future Benefit Payments

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

	Pension Plans (Funded)
2021	6.892
2022	6.620
2023	6.462
2024	6.489
2025	6.586
2026-2030	30.710

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

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

Risks

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

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

Pension Plan Asset Information

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

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

Sensitivity Analysis

There are no material sensitivities to disclose.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. ACCOUNTS PAYABLE

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

	As at December 31,	
	2020	2019
Trade Payables	43.231	73.629
Amounts owed to group undertakings	359.766	434.903
Social security and other taxes	97.291	44.933
Total	500.288	553.465

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

NOTE 18. DEFERRED REVENUE

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

	As at December 31,	
	2020	2019
Deferred Revenue	198.546	7.322
Social security and other taxes	-	-
Other	11.126	16.667
Total	209.672	23.989
Non-current portion	-	-
Total	209.672	23.989

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

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

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

NOTE 19. PROVISIONS

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

	As at December 31,	
	2020	2019
Warranties	415.311	75.767
Dealer and customer claims	120.003	116.326
Other	1.569	1.475
Total	536.883	193.568
Current portion	431.875	168.535
Non-current portion	105.008	25.033
Total	536.883	193.568

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

Warranties

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

The increase in warranties is due to the sales compromised by the vehicles affected by the battery issue, which were not delivered to the final consumer until the problem has been solved. All the vehicles are repaired at the date of the emission of this Annual Report.

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

	As at December 31,	
	2020	2019
Beginning balance	75.767	86.592
Provisions made	462.625	65.958
Changes related to pre-existing provisions	(58.755)	(13.397)
Payments made	(64.326)	(63.415)
Other movements	-	29
Ending balance	415.311	75.767
Current portion	310.303	50.734
Non-current portion	105.008	25.033
Total	415.311	75.767

Dealer and Customer Claims

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

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

	As at December 31,	
	2020	2019
Beginning balance	116.326	108.315
Provisions made	20.691	44.200
Changes related to pre-existing provisions	(4.339)	-
Payments made	(12.675)	(36.189)
Other movements	-	-
Ending balance	120.003	116.326
Current portion	120.003	116.326
Non-current portion	-	-
Total	120.003	116.326

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. CAPITAL STOCK

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

	2020	2019
Beginning balance	900.000	900.000
Shares issued	-	-
Shares reacquired	-	-
Ending balance	900.000	900.000

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

NOTE 21. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

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

	As at December 31,	
	2020	2019
Pension and other postretirement benefits		
Beginning balance	-	-
Gains/(Losses) arising during the period	1.397	609
Less: Tax/(Tax benefit)	(1.127)	-
Other comprehensive income/(loss), net of tax	270	609
Reclassification to retained earnings, net of tax	(270)	(609)
Total AOCI ending balance at December 31	-	-

NOTE 22. SHARE-BASED PAYMENTS

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

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

The expense recorded in Ford Motor Company A/S in relation to Share Based payments was DKK 22.607 and DKK (15.804) for the years ended December 31, 2020 and 2019, respectively.

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

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

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

For the majority of our leases commencing after January 1, 2020, we do not separate the non-lease components (e.g., maintenance and operating services) from the lease components to which they relate. Instead, non-lease components are included in the measurement of the lease liabilities.

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

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

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

	2020		
	Land and Buildings	Machinery, Equipment and Other	Total
Cost	9.183	223	9.406
Accumulated depreciation	(4.307)	(152)	(4.459)
Accumulated impairment	-	-	-
Net carrying amount (a)	4.876	71	4.947

	2019		
	Land and Buildings	Machinery, Equipment and Other	Total
Cost	4.307	223	4.530
Accumulated depreciation	(2.865)	(80)	(2.945)
Accumulated impairment	-	-	-
Net carrying amount (a)	1.442	143	1.585

(a) During 2020, the office rent has been terminated and a new office lease has been formalized, the cost of the right of use is 4.876TDKK

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

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

	As at December 31,	
	2020	2019
Within 1 year	661	1.519
After 1 year and within 2 years	962	70
After 2 years and within 3 years	975	-
After 3 years and within 4 years	1.026	-
After 4 years and within 5 years	1.078	-
After 5 years	280	-
Total	4.982	1.589
Less: Present value discount	(35)	(4)
Total lease liabilities	4.947	1.585

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

	2020	2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows	-	-
Financing cash flows	(1.514)	(2.945)
Total cash paid	(1.514)	(2.945)

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

	2020	2019
Depreciation		
Land and buildings	(1.442)	(2.865)
Machinery, equipment, and other	(72)	(80)
Total depreciation	(1.514)	(2.945)
Other Expenses		
Interest expense	36	-
Variable lease expense	-	-
Sublease income	-	-
Total lease expense	36	-

NOTE 24. FINANCIAL RISK MANAGEMENT

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

- Market risk
- Liquidity risk

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

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

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 25. CONTROLLING PARTIES

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

NOTE 26. RELATED PARTIES TRANSACTIONS

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

Transactions with our group undertakings of our ultimate parent company

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

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

	As at December 31,	
	2020	2019
Sales included in <i>Revenue</i> (a)	478.186	2.977.261
Purchases included in <i>Cost of sales</i>	3.103.485	2.873.536
<i>(a) The variation between 2019 and 2020 is due to the sale of Forso Nordic Ab, see note 5</i>		

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

	As at December 31,	
	2020	2019
Trade and other receivables	968.245	642.504
Trade and other payables	(359.766)	(434.903)

Transactions with key management personnel

	As at December 31,	
	2020	2019
Salaries and other short-term benefits	2.088	2.603
Retirement, and other post-employment and other long-term benefits - defined benefit scheme	110	30
Retirement, and other post-employment and other long-term benefits - other	-	-
Share-based compensation	23	(15)
Other compensation	-	-
Total compensation	2.221	2.618

During the year 0 Directors (2019: 0 Directors) exercised share options in the ultimate parent company and 1 Director (2019: 1 Director) was eligible to receive shares in the ultimate parent company under a long-term incentive program.

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

Ford Motor Company A/S
NOTES TO THE FINANCIAL STATEMENTS

NOTE 27. EMPLOYEE COSTS AND AUDITOR FEES

Employment costs

	As at December 31,	
	2020	2019
Wages and salaries	27.293	26.861
Social security costs	109	91
Pension costs	5.847	3.258
Other	706	1.341
Total	33.955	31.551

Total number of employees for the year ended December 31, 2020 and 2019 were 48 and 47 respectively.

Auditor's fees

Auditors' remuneration for the statutory audit of the company's annual financial statements (which included technical assistance with financial statements) was DKK 315.000 (2019: DKK 315.000). Remuneration for provision of other services was split as follows: tax advisory (which included technical assistance with the tax return) was DKK 20.000 (2019: DKK 120.000) and fee for assurance engagements was DKK 100.000 (2019: DKK 81.250).

NOTE 28. GEOGRAPHIC INFORMATION

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

	2020	2019
Domestic	3.566.590	2.977.261
Iceland	52.641	60.983
Total company	3.619.231	3.038.244

NOTE 29. BUSINESS COMBINATIONS

No transactions were undertaken in 2020 that would qualify as Business Combinations.

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

No transactions were undertaken in 2020 that would qualify as a discontinued operation, held-for-sale operation or other disposition.

NOTE 31. EVENTS SUBSEQUENT TO THE REPORTING DATE

No subsequent events were considered at year-end.

NOTE 32. PROPOSED DIVIDEND

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

	As at December 31,	
	2020	2019
Proposed dividend	-	-

Independent Auditor's Report

To the Shareholders of Ford Motor Company A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Ford Motor Company A/S for the financial year 1 January - 31 December 2020, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

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

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

Ford Motor Company A/S
REPORT OF THE INDEPENDENT AUDITORS

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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

Copenhagen, 3 June 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Boje Andreassen
State Authorised Public Accountant
mne2338

Gösta Gauffin
State Authorised Public Accountant
mne45821

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Frank Skjærbæk Pedersen

Adm. direktør

On behalf of: Ford Motor Company A/S

Serial number: PID:9208-2002-2-888657653454

IP: 136.8.xxx.xxx

2021-06-08 12:11:27Z

NEM ID 

Frank Skjærbæk Pedersen

Bestyrelsesmedlem

On behalf of: Ford Motor Company A/S

Serial number: PID:9208-2002-2-888657653454

IP: 136.8.xxx.xxx

2021-06-08 12:11:27Z

NEM ID 

Róbert Fodi

Bestyrelsesmedlem

On behalf of: Ford Motor Company A/S

Serial number: rfodi@ford.com

IP: 136.8.xxx.xxx

2021-06-08 12:37:10Z



Erling Olaf Kaas

Bestyrelsesformand

On behalf of: Ford Motor Company A/S

Serial number: PID:9208-2002-2-009916319327

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NEM ID 

Charlotte Lone Jensen

Bestyrelsesmedlem

On behalf of: Ford Motor Company A/S

Serial number: PID:9208-2002-2-033346632608

IP: 136.8.xxx.xxx

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NEM ID 

Jan Boje Andreassen

Statsautoriseret revisor

On behalf of: PricewaterhouseCoopers Statsautoriseret...

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IP: 83.136.xxx.xxx

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NEM ID 

Gösta Gauffin

Statsautoriseret revisor

On behalf of: PricewaterhouseCoopers Statsautoriseret...

Serial number: CVR:33771231-RID:93448161

IP: 83.136.xxx.xxx

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NEM ID 

Jacob Ørskov Rasmussen

Dirigent

On behalf of: Ford Motor Company A/S

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