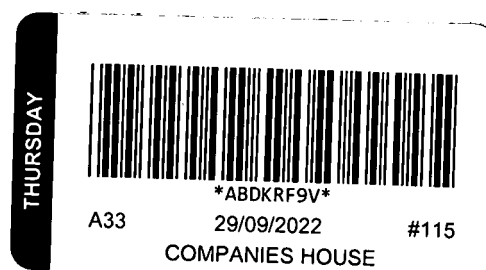


Registered no: 01975271

## Iveco Limited

### Report and Financial Statements

31 December 2021



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**Iveco Limited**

Registered No. 01975271

**Directors**

S M McCarthy  
E J Kerley (Resigned 10th June 2022)  
M Bruni  
A Del Vecchio (Resigned 10th June 2022)  
K S Kaehne (Resigned 9<sup>th</sup> September 2021)  
V Nicola (Appointed 6<sup>th</sup> October 2021)  
A Morgan (Appointed 10<sup>th</sup> June 2022)

**Secretary**

S M McCarthy

**Auditor**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**Bankers**

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

**Registered Office**

Cranes Farm Road  
Basildon  
Essex SS14 3AD

## Strategic Report

The principal activity of the Company is the sale of new and used commercial vehicles, together with spare parts and service contracts. This includes the sale of new Iveco vehicles with related future re-purchase commitments. The directors are not aware at the date of this report of any likely changes in the Company's activities in the forthcoming year.

### Review of the business

CNH Industrial NV has continued to invest in research and development, which has resulted in a number of updates to the Company's existing products. The directors regard such investment as necessary for the continued success in the medium to long term.

Total turnover in 2021 was £313.5m, an increase of 29.6% from £242.0m in 2020.

Vehicles sales increased by 37% from 6,104 units in 2020 to 8,370 units in 2021. The increase in units sold is mainly due to the recovery from the Covid-19 pandemic and less uncertainty with regards Brexit in 2021.

Light and heavy ranges benefitted from increased demand especially from construction and transport markets, with market share increasing all unit types.

Parts sales increased by 10% to £58.66m (2020 £53.37m) again mainly due to the recovery stated previously.

Operating profit increased from £2.8m in 2020 to £9.4m in 2021. Profit for the year ended at £5.7m after interest and tax.

### Principal risks and uncertainties

Iveco Limited operates in a highly competitive market in which a continuing risk to the Company is the loss of sales to its key competitors. The company manages this risk by providing a strong product range, value added services to its customers and maintaining strong relationships with its customers and with its distributor network.

The Company sells a number of its vehicles with repurchase options available to the customer at the end of a certain number of years. Therefore, the company bears a risk of used vehicle price fluctuation. The Company manages this risk by continually monitoring the market for used vehicles and adjusting its accounting for repurchase arrangements as necessary.

### Future developments

The company continues to focus on market penetration and share, stock management and updated products. However, in a context of general economic uncertainty in the UK, 2022 turnover is likely to be affected because although there is a strong forward orderbook, there are supply chain issues in fulfilling those orders. The group has also invested heavily in new products which should strengthen its market share in the medium term.

## Strategic Report (Continued)

### Section 172 statement – Directors duty to promote success of the company

This section acts as the Company's Section 172(1) statement in accordance with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018). This section also constitutes the Company's statement on engagement with, and having due regard to the interest of our key stakeholders.

#### Decision making at the Board

All matters which under the Company's governance arrangements are reserved for decision by Directors, are presented at Board meetings. Directors are briefed on any potential impacts and, together with the potential impact to our key stakeholders, make a final decision which they believe is in the best interests of the members as a whole.

In addition, the directors and all employees of Iveco Limited are required to comply with the CNH Industrial N.V. Group Code of Conduct.

As part of the CNH Industrial N.V. Group Code of Conduct, directors and employees of the business are required to operate in a socially responsible and ethical manner and that, amongst other things, they adopt fair employment practices, protect safety in the workplace, and support and foster environmental consciousness.

#### Key Stakeholders

Our key stakeholders are shareholders, employees, customers (including authorised Network Dealers) and the wider community and environment.

#### Employees

During 2021, the directors engaged with employees in many different ways. These included quarterly email updates on the financial performance of the Company, town hall meeting held by the UK senior management team and live streaming presentations from the Brand President on the Iveco Group performance.

The directors also communicate with employees through our internal Company magazine – LINK which is online and includes articles and up-to-date news about the Company, our brands and our successes.

We also ensure the development of our employees through regular online training courses including course relating to employees' health and wellbeing and key compliance issues.

#### Network Dealers

The Company operates a framework which encourages dialogue with our Network Dealers. Hearing Network Dealers opinions and considering this in key decision making is intrinsic to our long-term sustainability and success.

The Company has regular meetings and discussions with the Iveco Dealer Association, and related sub committees, to give and receive feedback in both sales and aftersales aspects of the business.

During 2021, the Company considered the potential impact of the UK exiting the European Union without a trade deal. As a result, the Company put in place various countermeasures to mitigate potential delays at the borders which would have caused disruption to the supply of vehicles and parts into the UK, and the possible imposition of tariffs at World Trade Organisation levels.

The Company provided timely and regular updates to its Network Dealers of the counter measures that were put in place and encouraged them to have similar discussions with their customers.

#### Community and Environment

The Board takes all reasonable steps to minimise any detrimental impact the Company's operations may have on the environment. The Company has continued its investment into alternative fuelled vehicles in the UK to help reduce emissions into the environment. In addition to continuing to invest in the development of alternative fuelled vehicles for the future. Iveco will launch the next generation electric Van the eDaily towards the end of 2022 with first deliveries in the UK within 2023.

Iveco Limited

Registered No. 01975271

## Strategic Report (Continued)

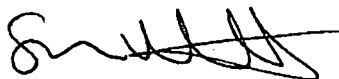
### Covid-19

The COVID-19 pandemic and the related actions of governments and other authorities to contain COVID-19 spread continue to affect Iveco Limited's business, results and cash flow.

During the year, the Company continued to prioritise the health and safety of employees, business continuity, and supporting its dealers, customers, suppliers and the communities in which it operates.

The Company remains cautious about future impacts on Iveco Limited's end-markets, business operations of restrictions on social interactions and business operations to limit the resurgence of the pandemic. Iveco Limited 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.

By order of the Board



S M McCarthy  
Director

21 September 2022

## Directors' Report

The directors present their report and financial statements for the year ended 31 December 2021.

### Results and dividends

The profit for the year after taxation amounted to £5.7m (2020 – profit of £0.15m).

The directors do not recommend a final dividend (2020 – £nil).

### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report above.

The directors recognise that the current economic conditions create uncertainty particularly over the level of demand for the company's products and services and the availability of finance through banking facilities for its customers. The company has considerable financial resources with strong net and current assets. However as the company's cash is subject to a cash pooling agreement, whereby it is held in a group treasury account, the company is reliant on the ultimate parent company for ensuring that it has access to sufficient funds to ensure it can continue as a going concern for the going concern period ending 21 September 2023.

Consequently, the directors believe that the company is well placed to manage its business risks successfully despite current economic conditions. Furthermore, the directors have received a letter of support from Iveco Group N.V. confirming that support will be available to Iveco Limited for the going concern period as defined above. The directors have assessed the ability of Iveco Group N.V. to provide this support by reviewing its latest published financial information as of 30 June 2022 and taking into consideration the forecast available liquidity and limited debt maturing within the going concern period.

Given the quantum of the forecast available liquidity and the limited debt maturing during the going concern period for Iveco Group N.V., the Board of Directors conclude that the Company is able to continue as a going concern for the going concern period, defined as the period ending 21 September 2023. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### Post balance sheet events

1. 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").

On 3 January 2022, Iveco Group N.V. common shares began trading on the regulated market Euronext Milan, under the ticker symbol 'IVG'. As a result of the Demerger, each holder of CNH Industrial N.V. common shares (and special voting shares as the case may be) received one Iveco Group N.V. share for every five CNH Industrial N.V. common shares (or special voting share as the case may be) held at close of business on the record date for allocation (4 January 2022). Since 3 January 2022, CNH Industrial N.V. and Iveco Group N.V. have been quoted separately on the regulated markets and operate as independent listed companies, each with its own management and Board of Directors.

As the Demerger is a "business combination involving entities or businesses under common control", it is outside the scope of application of IFRS 3 – Business Combinations and IFRIC 17- Distributions of Non-cash Assets to Owners. Accordingly, in the 2022 consolidated financial statements for CNH Industrial Post-Demerger and Iveco Group, the opening position for items in the statement of financial position will be equivalent to the carrying amounts reported in the consolidated financial statements of CNH Industrial Pre-Demerger.

## Directors' Report (continued)

### Post balance sheet events (continued)

2. The geopolitical situation and the Russia-Ukraine conflict escalated since the end of February 2022, after the balance sheet date. Iveco Group has operations in both Russia and Ukraine, which have been suspended during the first quarter of 2022. While Russia and Ukraine do not constitute a material portion of the Group business, a significant escalation or expansion of economic disruption could have a material adverse effect on Iveco Group results of operations. As of the date of this Report, the Group estimates a negative impact of approximately €50 million, net of tax effect, on its income statement, primarily due to the impairment of certain assets. However, due to the volatile and uncertain geopolitical situation, the Group cannot exclude that a reassessment of such estimate could be required in the next quarters. The Group is closely monitoring the impact of the Russia-Ukraine conflict on its employees and all aspects of its business, the Group's results of operations, financial condition and cash flows. Iveco Group immediately focused on the safety and well-being of its employees, in order to support them and their families and understand how helping its dealers, suppliers, and other stakeholders in the areas of the conflict.

Other than those disclosed in note 23, the directors of the Company are not aware of any significant events that would affect the results and net assets of the Company after the reporting date.

### Streamlining Energy and Carbon Reporting

The 2018 regulations were put in place to increase awareness of energy costs within organisations and to provide data to inform the adoption of energy efficiency measures and to help reduce the impact on climate change. Iveco Limited is committed to working towards achieving these targets and the company strives continuous improvement.

SECR reporting figures are shown below. Carbon emissions are reported as tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).

<b>Summary:</b>	<b>2021</b>		<b>2020</b>	
Total carbon tCO <sub>2</sub> e	434		406	
Total energy kWh	454,168		528,270	
Intensity ratio				
tCO <sub>2</sub> e per work week	8		8	
	2021	2021	2020	2020
By type and scope:	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e
Scope 2 - Gas	317,975	58	317,975	59
Scope 1 - LNG	-	-	113,520	12
Scope 2 - Electricity	96,775	367	96,775	335
Scope 3 - Petrol	3,870	1	-	-
Scope 3 - Diesel	35,548	8	-	-
Total	454,168	434	528,270	406

## **Directors' Report (continued)**

### **Streamlining Energy and Carbon Reporting (continued)**

The above figures have been prepared by using internal data and estimates of the natural gas and electricity annual consumption. Multiplying the surface of the building occupied by the relative average kWh/m<sup>2</sup> coefficients valid for the European community.

The Company is committed to continuous improvement of the environmental performance at its site and their processes, beyond the requirements of legislation, adopting the best technologies available and acting responsibly to preserve natural resources and to fight climate change.

#### **Directors**

The directors who served the company during the year and up to the date of this report, unless otherwise stated, were as follows:

S M McCarthy	
E J Kerley	(Resigned 10 <sup>th</sup> June 2022)
M Bruni	
A Del Vecchio	(Resigned 10 <sup>th</sup> June 2022)
K S Kaehne	(Resigned 9 <sup>th</sup> September 2021)
V Nicola	(Appointed 6 <sup>th</sup> October 2021)
A Morgan	(Appointed 10 <sup>th</sup> June 2022)

#### **Employee involvement**

The Company is committed to the development of employee consultation and thereby to their greater involvement in the Company's operations. Consultation is achieved through informal but regular briefing sessions.

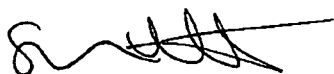
#### **Disclosure of information to the auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

#### **Auditor**

In accordance with S485 of the Companies Act 2006 a resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

By order of the Board



S M McCarthy  
Director  
21 September 2022



## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditor's report**

to the members of Iveco Limited

## **Opinion**

We have audited the financial statements of Iveco Limited for the year ended 31 December 2021 which comprise the Statement of profit or loss, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period ending xx August 2023 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

## **Independent auditor's report**

**to the members of Iveco Limited (Continued)**

### **Other information (Continued)**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Independent auditor's report

to the members of Iveco Limited (Continued)

## 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 (UK) 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.

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework"), Companies Act 2006, and the relevant direct and indirect tax compliance regulation in the jurisdiction in which the company operates. In addition, the company has to comply with the laws and regulations relating to employees, health and safety, data protection and anti-bribery and corruption.
- We understood how Iveco Limited is complying with those frameworks by making inquiries of management to understand how the company maintains and communicates its policies and procedures in these areas, and corroborated this by reading supporting documentation.
  - all minutes of board meetings held during the year; and
  - any relevant correspondence with local tax authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the entity level controls and policies that the company applies. In doing so we focused on the risk that revenue could be manipulated through the recognition of inappropriate manual journal entries posted to the revenue accounts at or near period end. We have addressed this risk by ensuring that management had appropriate controls in place to address this risk and that we designed and executed additional audit procedures to address this risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, inquiries of lawyers and management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Independent auditor's report**

to the members of Iveco Limited (Continued)

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Ernst & Young LLP**

Jacqueline Ann Geary (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

22 September 2022

## Statement of profit or loss

for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
<b>Turnover</b>	3	313,467	241,985
Cost of sales		<u>(288,645)</u>	<u>(229,233)</u>
<b>Gross profit</b>		<b>24,822</b>	<b>12,752</b>
Rental income		290	290
Operating expenses	4	<u>(15,710)</u>	<u>(10,265)</u>
<b>Operating profit</b>	5	<b>9,402</b>	<b>2,777</b>
Interest receivable and similar income	8	354	506
Interest payable and similar charges	9	<u>(3,563)</u>	<u>(3,758)</u>
<b>Profit / (Loss) before taxation</b>		<b>6,193</b>	<b>(475)</b>
Taxation	10	<u>(536)</u>	<u>623</u>
<b>Profit for the financial year</b>		<b><u>5,657</u></b>	<b><u>148</u></b>

All amounts relate to continuing activities.

### Statement of comprehensive income for the year ended 31 December 2021

Profit for the financial year		5,657	148
Items that cannot be reclassified to profit or loss			
Actuarial gains / (losses) on defined benefit pension schemes	19	12,877	(2,431)
Tax on items relating to components of other comprehensive income	10	<u>(1,423)</u>	<u>1,013</u>
<b>Total comprehensive income / (Loss)</b>		<b><u>17,111</u></b>	<b><u>(1,270)</u></b>

## Iveco Limited

### Statement of Financial Position

at 31 December 2021

	Notes	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	11	14,968	25,135
Investment property	12	2,900	2,900
		<b>17,868</b>	<b>28,035</b>
<b>Current assets</b>			
Stocks	13	18,235	22,207
Trade and other debtors			
- recoverable within one year	14	201,306	192,521
- recoverable after more than one year	14	280	280
Cash and cash equivalent	15	13,628	9,800
Deferred tax asset	10	6,929	8,642
		<b>240,378</b>	<b>233,450</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(153,509)</b>	<b>(147,611)</b>
<b>Net current assets</b>		<b>86,869</b>	<b>85,839</b>
<b>Total assets less current liabilities</b>		<b>104,737</b>	<b>113,874</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(9,967)</b>	<b>(16,118)</b>
Provisions for liabilities	18	(15,673)	(19,168)
Defined benefit pension plan deficit	19	(23,054)	(39,656)
<b>Net assets</b>		<b>56,043</b>	<b>38,932</b>
<b>Capital and reserves</b>			
Called up share capital	20	117,000	117,000
Share premium account		9,219	9,219
Additional paid in capital		25,000	25,000
Other reserves		(9,615)	(9,615)
Accumulated losses		(85,561)	(102,672)
<b>Shareholder's funds</b>		<b>56,043</b>	<b>38,932</b>

The accounts of Iveco Limited, registration number 01975271, were approved by the board of directors and signed on its behalf on 21 September 2022 by:



S M McCarthy  
Director

## Statement of changes in equity

For the year ended 31 December 2021

	Share capital £000	Share premium £000	Additional paid in capital £000	Other reserves £000	Accumulated losses £000	Total equity £000
At 1 January 2020	117,000	9,219	25,000	(9,615)	(101,402)	40,202
Profit for the financial year	-	-	-	-	148	148
Other comprehensive loss	-	-	-	-	(2,431)	(2,431)
Deferred tax on other comprehensive loss	-	-	-	-	1,013	1,013
Total comprehensive loss for the year	-	-	-	-	(1,270)	(1,270)
At 31 December 2020	117,000	9,219	25,000	(9,615)	(102,672)	38,932
Profit for the financial year	-	-	-	-	5,657	5,657
Other comprehensive income	-	-	-	-	12,877	12,877
Deferred tax on other comprehensive income	-	-	-	-	(1,423)	(1,423)
Total comprehensive income for the year	-	-	-	-	17,111	17,111
At 31 December 2021	117,000	9,219	25,000	(9,615)	(85,561)	56,043

- (i) Other reserves relate to goodwill written off in prior periods.
- (ii) Additional paid in Capital relates to a historical capital amount passed to the company by its parent.



## Notes to the Financial Statements

At 31 December 2021

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Iveco Limited for the year ended 31 December 2021 were authorised for issue by the board of directors on 20 September 2022 and the Statement of Financial position was signed on the board's behalf by Simon M McCarthy on 21 September 2022. Iveco Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standards 101 Reduced Disclosures Framework (FRS 101) under the historical cost convention and in accordance with applicable accounting standards.

The company's financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

### 2. Accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention, except for the investment property being held at fair value and in accordance with applicable accounting standards and in compliance with the Companies Act 2006.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 7 Statement of Cash Flows.
- (b) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.
- (c) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (d) The requirements of IFRS 7 Financial Instruments: Disclosures;
- (e) The requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement; and
- (f) The requirement of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective.

#### *Going concern*

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report above.

The directors recognise that the current economic conditions create uncertainty particularly over the level of demand for the company's products and services and the availability of finance through banking facilities for its customers. The company has considerable financial resources with strong net and current assets. However as the company's cash is subject to a cash pooling agreement, whereby it is held in a group treasury account, the company is reliant on the ultimate parent company for ensuring that it has access to sufficient funds to ensure it can continue as a going concern for the going concern period ending 21 September 2023.

Consequently, the directors believe that the company is well placed to manage its business risks successfully despite current economic conditions. Furthermore, the directors have received a letter of support from Iveco Group N.V. confirming that support will be available to Iveco Limited for the going concern period as defined above.

## Notes to the Financial Statements (Continued)

At 31 December 2020

### 2. Accounting policies (continued)

#### *Going concern (continued)*

The directors have assessed the ability of Iveco Group N.V. to provide this support by reviewing its latest published financial information as of 30 June 2022 and taking into consideration the forecast available liquidity and limited debt maturing within the going concern period.

Given the quantum of the forecast available liquidity and the limited debt maturing during the going concern period for Iveco Group N.V., the Board of Directors conclude that the Company is able to continue as a going concern for the going concern period, defined as the period ending 21 September 2023. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### *Lease accounting*

The following paragraphs presents Iveco Limited's accounting policy for leases for which it is a lessee or lessor.

##### *Lessee accounting*

A lease is a contract that conveys the right to control the use of an identified asset (the leased asset) for a period of time in exchange for consideration. The lease term determined by the Company comprises the non-cancellable period of lease contract together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. For real estate leases, this assessment is based on an analysis by management of all relevant facts and circumstances including the leased asset's purpose, the economic and practical potential for replacing and any plans that the Company has in place for the future use of the asset. The Company combines lease and non-lease components.

For leases with terms not exceeding twelve months (short-term leases) and for leases of low-value assets, Iveco Limited recognises the lease payments associated with those leases on a straight-line basis over the lease term as operating expense in the statement of profit or loss.

For all other leases, at the commencement date (i.e., the date the underlying asset is available for use), Iveco Limited recognises a right-of-use asset, classified within Property, plant and equipment, and a lease liability, classified within creditors.

At the commencement date, the right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. At the same date, the lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate is determined considering macro-economic factors such as the specific interest rate curve based on the relevant currency and term, as well as specific factors contributing to Iveco Limited's credit spread. The Company primarily uses the incremental borrowing rate as the discount rate for its lease liabilities.

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated on a straight-line basis. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, Iveco Limited depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. After the commencement date, the lease liability is increased to reflect the accretion of interest, recognised within interest payable and similar charges in the statement of profit or loss, reduced for the lease payments made, and remeasured to reflect any reassessment or lease modifications.

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 2. Accounting policies (continued)

#### *Lease accounting (continued)*

##### *Lessor accounting*

Lease contracts where Iveco Limited acts as a lessor, can be classified as either an operating lease or finance lease. Leases where a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are classified as finance leases.

Where Iveco Limited is the lessor in a finance lease, the future minimum lease payments from lessees are classified as receivables from financing activities. Lease payments are recognised as repayment of the principal, and financial income remunerating the initial investment and the services provided.

Where Iveco Limited is the lessor in an operating lease, income from operating leases is recognised over the term of the lease on a straight-line basis. Leased assets include vehicles leased to retail customers by the Company's leasing companies. They are stated at cost and depreciated at annual rates of between 20% and 33%.

When leased assets are no longer leased and become held for sale, the Company reclassifies their carrying amount to inventories.

##### *Turnover*

Company turnover comprises the value of sales (excluding value added tax and all sales related discounts) of goods in the normal course of business.

Turnover is recognised when substantially all of the risks and rewards of ownership have been transferred to the customer and the company has substantially completed its delivery obligations to the customer.

The following criteria must be met before revenue is recognised:

- Vehicle sales revenue is recognised at the point of release from UK Customs as this is considered to be the point at which the risks and rewards of ownership have passed to the customer.
- Sales of spare parts revenue is recognised at the point of delivery.
- Service revenue is recognised once the repair is fully completed and the amount due has been agreed by the customer.
- Rental income arising from operating leases and investment property is accounted for on a straight-line basis over the lease term.
- Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate which exactly discounts estimated future cash receipts through the expected life of the financial instruments to its net carrying amount.

The company enters into short term contracts to sell and repurchase vehicles at a guaranteed repurchase price. Income on such contracts is recognised evenly over the contract term.

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Motor vehicles	– 3-5 years
Assets sold subject to buy back agreements	– over length of re-purchase agreement
Right of use asset	– earlier of useful life or length of lease term

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 2. Accounting policies (continued)

#### *Tangible fixed assets (continued)*

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Residual values, useful lives and methods of depreciation are reviewed at each financial year and adjusted prospectively if appropriate.

An item of tangible fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year that the asset is derecognised.

#### *Investment properties*

Investment properties are measured initially at deemed cost, on transition to FRS101. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Depreciation is not provided in respect of freehold investment properties.

#### *Stocks*

The company measurement of stocks is at the lower of cost or net realisable value in accordance with IAS 2 principles. The cost of stocks includes all costs of purchase, costs of conversion and all other costs incurred in bringing the stocks to their present location and condition. The costs of purchase include the purchase price, import duties and other taxes (so far as not recoverable from the taxing authorities), transport and handling costs and other costs directly attributable to the acquisition of the inventory. Reductions are made for trade discounts, rebates and other similar items.

#### *Taxation*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment. Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in profit or loss.

#### *Foreign currencies*

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. Transactions in foreign currencies have been converted to sterling using the rates of exchange ruling at the dates of the transactions. All foreign exchange differences are taken to profit or loss in the period in which they arise. The company's functional currency is pounds sterling.

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 2. Accounting policies (continued)

#### *Warranty liability*

Provision is made for the estimated liability on all products under warranty. No provision is made for non-contractual payments.

#### *Judgements and key assumptions*

The Company accrues for contingent liabilities such as obligations for warranties in relation to the quality and reliability of the product and obligations of buying back goods from the same customers to which the goods were previously sold. The Buyback obligation arises at the point of the sales for a contractually defined price and at a future date of execution.

The provision accrued for warranty obligations is estimated on the basis of the historical warranty spent for the claims paid and in relation to the vehicles sold.

#### *Repurchase arrangements*

The Company enters into transactions with customers whereby a vehicle chassis is sold with an option for the customer to sell back to the Company, at a later date, the original chassis together with a body that has been added to the vehicle by the customer. Where there is no significant uncertainty that the customer will exercise its option to sell the vehicle back to the Company, the Company's policy is to account for the sale as though it were an operating lease as follows:

- Transfer to fixed assets the sale of the vehicle.
- Recognise the depreciation of the unit in fixed assets as cost of sales.
- Amortise income from the arrangement as though it were a lease income.

#### *Pensions*

The Company provides pension arrangements to a number of full-time employees through a group defined benefit scheme. For defined contribution schemes the amount charged to profit or loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Iveco Limited is a minority participant in the Fiat Group Pension Scheme, a multi-employer pension scheme operating in the UK. Under the scheme, there had been (to date) no segregation of assets between the different employers nor has there been any notional allocation of assets. At each formal triennial valuation of the scheme, the deficit is allocated to the different employers in line with the liability share (on a technical provision basis) and deficit contributions derived for each employer based upon this split.

#### *Financial assets*

Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs determined under IFRS 9.

The subsequent measurement of financial assets is as follows:

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 2. Accounting policies (continued)

#### *Financial assets (continued)*

##### *Loans and receivables*

Subsequent to initial recognition, loans and receivables, including receivables from related companies, are measured at amortised cost less an allowance for uncollectable amounts. Uncollectable amounts are determined using the expected credit loss (ECL) impairment model. Collectability and impairment are assessed on a regular basis. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the Statement of profit or loss.

For trade debtors the company applies a simplified approach in calculating ECLs. The company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting period end.

##### *Financial liabilities measured at amortised cost*

Financial liabilities are initially recognised at fair value, net of transaction costs. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, these financial liabilities are subsequently measured at amortised cost using the effective interest method.

##### *Interest income*

Interest income is recognised as the interest accrues.

##### *Interest payable*

Interest payable is recognised as the interest accrues.

### 3. Turnover

The company operates primarily in the Commercial Vehicle Industry in the United Kingdom. The company supplies all ranges of commercial vehicles, including smaller vans to large truck units, also buses and light military vehicles. The company also sells parts and engages in numerous after sales activities in line with offerings from competitors.

The split of turnover into vehicles, parts and other after sales activities is as follows:

	2021	2020
	£000	£000
Sale of Vehicles	243,428	170,794
Sale of Spare Parts	58,664	53,374
Income from After Sales Activities	11,375	17,817
	<u>313,467</u>	<u>241,985</u>

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 4. Operating expenses

	2021 £000	2020 £000
Administrative expenses	12,465	6,457
Distribution costs	3,531	3,023
Other operating (income)/expenses	(286)	785
	<u>15,710</u>	<u>10,265</u>

### 5. Operating profit

This is stated after charging:

	2021 £000	2020 £000
Auditor's remuneration	<u>64</u>	<u>74</u>
Depreciation of owned fixed assets, including assets sold under buy-back arrangements (refer note 11)	3,960	8,044
Depreciation of right of use assets (refer note 11)	860	988
Exchange loss / (gain)	3	(107)
Pension costs (refer note 19)	<u>394</u>	<u>227</u>

### 6. Directors' remuneration

	2021 £000	2020 £000
Remuneration	<u>212</u>	<u>308</u>

No retirement benefits were accrued to directors (2020—£nil) under a defined benefit scheme during the year.

	2021 £000	2020 £000
Emoluments paid to the highest paid director		
Remuneration	<u>149</u>	<u>306</u>

Company contribution to the money purchase pension scheme was £Nil (2020 – £Nil).

No guarantees are provided by the company to any of the directors.

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 7. Staff costs

	2021	2020
	£000	£000
Wages and salaries	5,621	5,377
Social security costs	611	531
Other pension costs	713	301
	<u>6,945</u>	<u>6,209</u>

The average monthly number of employees (including executive directors) during the year was made up as follows:

	No.	No.
Administration	2	2
Selling and distribution	82	81
	<u>84</u>	<u>83</u>

### 8. Interest receivable and similar income

	2021	2020
	£000	£000
Interest received from fellow group companies	<u>354</u>	<u>506</u>

Interest income is derived from financial receivables held with CNH Industrial Finance Europe S.A., another group company, and is earned at a variable rate of LIBOR + 0.15% on GBP deposits and EURIBOR + 0.15% on EUR deposit. The minimum all-in rate applied on deposits has been equal to zero (in case of reference interest rate fixing below -15bps).

### 9. Interest payable and similar charges

	2021	2020
	£000	£000
Bank charges	(7)	(1)
Interest payable leasing	(105)	(122)
Other financial charges	(3,451)	(3,635)
	<u>(3,563)</u>	<u>(3,758)</u>



## Notes to the Financial Statements (Continued)

At 31 December 2021

### 10. Taxation

	2021 £000	2020 £000
<b>Current tax</b>		
- Current year 19% (2020– 19%)	245	(1,401)
- In respect of prior years	-	(352)
Total current tax	245	(1,753)
<b>Deferred taxation</b>		
Origination and reversal of timing differences	1,243	1,328
Adjustment in respect of prior years	(16)	252
Impact of change in tax laws and rates	(936)	(450)
Total deferred tax	291	1,130
Total tax	536	(623)

The differences between the total current tax shown above and amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2021 £000	2020 £000
Profit/(loss) before tax	6,193	(475)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	1,177	(90)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	11	17
Changes in tax laws and rates	(636)	(450)
Adjustment in respect of prior years	(16)	(100)
Current tax for the year	536	(623)

#### Change in corporation tax rate

The Finance Act 2021 provides for the main rate of Corporation Tax to be increased from 19% to 25% from 1 April 2023.

The 25% rate had been substantively enacted at the Balance Sheet date and accordingly this rate has been applied in the measurement of the Company's deferred tax assets and liabilities at 31 December 2021.

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 10. Taxation (continued)

#### Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£000	£000
<b>Deferred tax assets</b>		
Accelerated capital allowances	1,112	1,025
Pension deficit	5,763	7,535
Tax losses carried forward	1,291	1,022
Valuation allowance	(1,237)	(940)
	<u>6,929</u>	<u>8,642</u>

	2021	2020
	£000	£000
<b>Deferred tax in profit or loss</b>		
Accelerated capital allowances	246	228
Other timing differences	12	-
Pension deficit	931	1,100
Utilisation of tax losses	54	-
Change in tax laws and rate	(936)	(450)
Prior year adjustment	(16)	252
Deferred tax expense	<u>291</u>	<u>1,130</u>

	2021	2020
	£000	£000
<b>Deferred tax in OCI</b>		
Amount charged/(credited) to OCI	3,219	(462)
Deferred tax in the OCI	<u>(1,796)</u>	<u>(551)</u>
Deferred tax expense/(income)	<u>1,423</u>	<u>(1,013)</u>

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 11. Tangible fixed assets

	<i>Motor vehicles</i>	<i>Assets sold under buyback arrangements</i>	<i>Right of use assets</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:				
At 1 January 2021	337	37,053	5,418	42,808
Additions in the year	-	279	792	1,071
Disposals in the year	(98)	(16,731)	(372)	(17,201)
At 31 December 2021	239	20,601	5,838	26,678
Depreciation:				
At 1 January 2021	300	15,546	1,827	17,673
Charge in year	-	3,960	860	4,820
Disposal in the year	(61)	(10,350)	(372)	(10,783)
At 31 December 2021	239	9,156	2,315	11,710
Net book value:				
At 31 December 2021	-	11,445	3,523	14,968
At 1 January 2021	37	21,507	3,591	25,135

At 31 December 2021, right-of-use assets refer primarily to lease contracts for industrial buildings of £3,372,365 (2020: £3,273,242) and other assets of £151,132 (2020: £317,986).

Iveco Limited recognises low-value lease expenses of £18,840 (2020: £35,060) at 31 December 2021, for these leases on a straight-line basis over the lease term.

### 12. Investment property

	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>
Valuation and net book value	2,900	2,900

The investment property which is freehold was revalued at £2.9m by Cushman & Wakefield LLP on an open market existing use basis as at 12 April 2018. The Directors estimate that the value has not materially moved since that date.

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 13. Stocks

	2021	2020
	£000	£000
Finished goods	15,339	16,475
Buyback inventory	2,896	5,732
	<u>18,235</u>	<u>22,207</u>

The value of stock purchased, charged to Cost of Sales during the year was £255,591,000 (2020: £165,150,000).

### 14. Trade Debtors

	2021	2020
	£000	£000
Amounts falling due within one year:		
Trade debtors	795	2,674
Amounts owed by fellow group undertakings	199,608	183,473
Other debtors, prepayments and accrued income	903	6,374
	<u>201,306</u>	<u>192,521</u>
Amounts falling due after one year:		
Called up share capital not paid	280	280
	<u>201,586</u>	<u>192,801</u>

Certain trade debtors have been given as security under debt factoring arrangements with associated undertakings. The debt factoring arrangement was without recourse. Included within amounts owed by group undertakings is £195,489,314 (2020 – £175,627,373) of cash which is held in an interest-bearing group treasury account and can be readily convertible to cash in this company. Interest income is derived from financial receivables held with CNH Industrial Finance Europe S.A., another group company, and is earned at a variable rate of LIBOR + 0.15% on GBP deposits and EURIBOR +0.15% on EUR deposit. The minimum all-in rate applied on deposits has been equal to zero (in case of reference interest rate fixing below -15bps).

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 15. Cash and cash equivalents

	2021	2020
	£000	£000
Restricted cash	13,628	9,800

Restricted cash mainly includes bank deposits that must be used exclusively for the repayment of the net liability relating to the pension plan.

### 16. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	8,893	8,220
Amounts owed to fellow group companies	68,965	68,133
Value Added Tax	5,233	12,220
Other taxation and social security	768	279
Finance lease liabilities	771	761
Other creditors	2,752	3,352
Accruals and deferred income	61,907	43,412
Amounts due under vehicle repurchase options granted to customers	4,220	11,234
	<u>153,509</u>	<u>147,611</u>

Interest on financial payables due to CNH Industrial Finance Europe S.A., another group company, is payable as at 31 December 2021 at a variable rate of LIBOR + 1.4% subject to negative balance on cash pooling. Factoring cost at a variable rate of LIBOR + 5.58 % and EURIBOR + 3.89 % on Euro balances.

### 17. Creditors: amounts falling due after more than one year

	2021	2020
	£000	£000
Amounts due under vehicle repurchase options granted to customers	7,236	13,285
Finance lease liabilities	2,731	2,833
	<u>9,967</u>	<u>16,118</u>

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 18. Provisions for liabilities

	<i>Warranty</i> £000	<i>Buy Back Reserve</i> £000	<i>Total</i> £000
At 1 January 2021	17,024	2,144	19,168
Charged to profit and loss	15,360	409	15,769
Utilised	(17,612)	(1,652)	(19,264)
At 31 December 2021	14,772	901	15,673

Warranty provisions represent management best estimate of commitments given by the company for contractual, legal or constructive obligations arising from product warranties given for a period up to 3 years within which the company can utilise the provisions, on a need basis, to fulfil its customer commitments.

### 19. Pensions

The Company provides pension arrangements for its full-time employees through group schemes; both defined contribution and defined benefit.

A triennial valuation as at 31 March 2020 has been undertaken by Capita, an independent, qualified actuary. This valuation has been used as a basis for the valuation as at 31 December 2021.

The defined benefit pension scheme is closed to new members and to existing members from 31 January 2020. The age profile of the active membership is rising and under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The company is a minority participant in the Fiat Group Pension scheme and as such, has recognised its proportion of the liability in the Fiat Group Pension scheme.

The assets and liabilities of the schemes at 31 December are:

	<i>Iveco Main</i> £000	<i>Fiat Group</i> £000	<i>Total</i> £000
<b>At 31 December 2021</b>			
Total market value of assets	146,175	1,272	147,447
Present value of scheme liabilities	(168,562)	(1,939)	(170,501)
Defined benefit pension plan deficit	(22,387)	(667)	(23,054)
<b>At 31 December 2020</b>			
Total market value of assets	146,040	1,207	147,247
Present value of scheme liabilities	(184,973)	(1,929)	(186,902)
Defined benefit pension plan deficit	(38,933)	(722)	(39,656)

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 19. Pensions (continued)

The amounts recognised in the Statement of Profit or Loss and in the Statement of Comprehensive Income for the year are analysed as follows:

<b>Year ended 31 December 2021</b>	<i>Iveco Main £000</i>	<i>Fiat Group £000</i>	<i>Total £000</i>
<b>Recognised in the Statement of Profit or Loss</b>			
Administration costs and taxes	394	-	394
Recognised in arriving at operating profit	394	-	394
 Net interest on defined benefit liability	 359	 11	 370
 <b>Taken to the Statement of Comprehensive Income</b>			
Actuarial gain/(loss) due to experience	3,411	(19)	3,392
Actuarial gain/(loss) due to changes in financial assumptions	7,522	(53)	7,469
Return on plan assets greater than discount rate	1,927	87	2,014
 Recognised in the Statement of Comprehensive Income	 12,860	 15	 12,875
 <b>Year ended 31 December 2020</b>			
 <b>Recognised in the Statement of Profit or Loss</b>			
Current service cost	19	-	19
Past Service Cost – Plan Amendments	-	13	13
Administration costs and taxes	193	2	195
Recognised in arriving at operating profit	212	15	227
 Net interest on defined benefit liability	 657	 14	 671
 <b>Taken to the Statement of Comprehensive Income</b>			
Actuarial gain/(loss) due to experience	(1,489)	19	(1,470)
Actuarial (loss) due to changes in financial assumptions	(14,446)	(93)	(14,539)
Return on plan assets greater than discount rate	13,495	83	13,578
 Recognised in the Statement of Comprehensive Income	 (2,440)	 9	 (2,431)

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 19. Pensions (continued)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	<i>Iveco Main</i> £000	<i>Fiat Group</i> £000	<i>Total</i> £000
As at 1 January 2020	173,751	1,929	175,680
Current service cost	19	-	19
Interest on benefit obligation	2,745	36	2,781
Administration costs and taxes	193	2	195
Actuarial gains and losses	15,935	74	16,009
Disbursements from plan assets	(7,671)	(125)	(7,796)
Part Service Cost – plan amendments	-	13	13
Defined benefit obligation at 31 December 2020	<u>184,973</u>	<u>1,929</u>	<u>186,902</u>
As at 1 January 2021	184,973	1,929	186,902
Interest on benefit obligation	1,741	30	1,771
Administration costs and taxes	394	-	394
Actuarial gains and losses	(10,933)	72	(10,861)
Disbursements from plan assets	(7,613)	(92)	(7,705)
Defined benefit obligation at 31 December 2021	<u>168,562</u>	<u>1,939</u>	<u>170,501</u>

Changes in the fair value of plan assets are analysed as follows

	<i>Iveco Main</i> £000	<i>Fiat Group</i> £000	<i>Total</i> £000
As at 1 January 2020	131,488	1,179	132,667
Interest income on plan assets	2,088	22	2,110
Return on plan assets greater than discount rate	13,495	83	13,578
Employer contributions	6,640	48	6,688
Disbursements	(7,671)	(125)	(7,796)
Fair value of plan assets 31 December 2020	<u>146,040</u>	<u>1,207</u>	<u>147,247</u>



## Notes to the Financial Statements (Continued)

At 31 December 2021

### 19. Pensions (continued)

Changes in the fair value of plan assets (continued)

	<i>Iveco Main</i> £000	<i>Fiat Group</i> £000	<i>Total</i> £000
As at 1 January 2021	146,040	1,207	147,247
Interest income on plan assets	1,382	19	1,401
Return on plan assets greater/(less) than discount rate	1,927	87	2,014
Employer contributions	4,439	51	4,490
Disbursements	(7,613)	(92)	(7,705)
Fair value of plan assets 31 December 2021	<u>146,175</u>	<u>1,272</u>	<u>147,447</u>

Key assumptions for all schemes were:

	<i>Iveco Main</i>		<i>Fiat Group</i>	
	2021	2020	2021	2020
	%	%	%	%
Discount rate	1.82	1.24	1.80	1.60
Future inflation	3.50	3.50	3.35	2.70
Rate of salary increases	N/A	3.50	3.20	2.70
Rate of pension increases	3.10	2.25	3.55	3.05

### Demographic and mortality tables

	<i>Iveco Main</i> <i>At 31 Dec 2021</i>	<i>Fiat Scheme</i> <i>At 31 Dec 2021</i>	<i>Iveco Main</i> <i>At 31 Dec 2020</i>	<i>Fiat Scheme</i> <i>At 31 Dec 2020</i>
Mortality tables used for pre 96 leavers	S3PXA CMI 2019 With 1.25% LTR of improvement	S2XPA CMI 2017 With 1.25% LTR of improvement	S3PXA CMI 2019 With 1.25% LTR of improvement	S2XPA CMI 2017 With 1.25% LTR of improvement
Mortality tables used for post 96 leavers	S3PXA Light, CMI 2019 With 1.25% LTR of improvement	S2XPA CMI 2017 With 1.25% LTR of improvement	S3PXA Light, CMI 2019 With 1.25% LTR of improvement	S2XPA CMI 2017 With 1.25% LTR of improvement

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 19. Pensions (continued)

#### Estimated long term investment return

	Iveco Main		Fiat Group	
	Current allocation* (%)	Strategic allocation* (%)	Current allocation* (%)	Strategic allocation* (%)
<b>Growth Assets</b>	<b>55.0</b>	<b>67.8</b>	<b>55.0</b>	<b>67.8</b>
Global Equity	4.3	3.8	4.3	3.8
Global Equity – synthetic (Leveraged)	5.1	4.3	5.1	4.3
Emerging market multi asset	5.8	6.3	5.8	6.3
Dynamic Asset allocation	22.6	30.0	22.6	30.0
Real assets	-	-	-	-
Broad bonds	17.2	23.5	17.2	23.5
<b>Matching Assets</b>	<b>45.0</b>	<b>32.2</b>	<b>45.0</b>	<b>32.2</b>
Dynamic LDI (3x leveraged)	19.1	32.2	19.1	32.2
Money Market Funds	25.9	-	25.9	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: figures may not sum due to rounding.

\* As at 31 Dec 2021

	2021 %	2020 %
<i>Cash Commutation</i>	15% of Pension (at current rates)	15% of Pension (at current rates)
	2021 Years	2020 Years
Retiring at the end of the reporting year:		
- Male (from the age 65)	23.2	23.5
- Female (from age 65)	24.7	25.0
Retiring 20 years after the end of the reporting year:		
- Male (from age 65)	24.5	24.8
- Female (from age 65)	26.1	26.4

Included within pension fund liabilities is an amount relating to employees of Iveco Holdings Limited, the immediate parent of Iveco Limited. On the basis that the amount is not considered material as the number of active and deferred members is insignificant, this has been included within the assets and liabilities in the accounts of Iveco Limited.

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 20. Issued share capital

	No	2021 £000	No	2020 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	36,720,000	36,720	36,720,000	36,720
'B' Preference shares of £1 each	80,000,000	80,000	80,000,000	80,000
<i>Called-up, allotted and not paid</i>				
Ordinary shares of £1 each	280,000	280	280,000	280
		<u>117,000</u>		<u>117,000</u>

The preference shares are non-voting and have preferential rights to receive dividends and return of capital on a winding up.

### 21. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 6. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are as follows:

	Sales to Related Party	Purchases from Re- lated party	Amounts owed by related party	Amounts owed to related party
	£000	£000	£000	£000
Other related parties 2021				
Iveco Czech Republic A.S.	1	4	-	4
Iveco Magirus A.G.	5	3,141	1	331
Leasys UK Ltd	-	396	-	58
Magirus GMBH	-	1	-	-
Other related parties 2020				
Iveco Czech Republic A.S.	13	11	-	1
Iveco Magirus A.G.	880	3,778	136	498
Leasys UK Ltd	-	664	-	22
Magirus GMBH	-	2	2	-

#### Terms and conditions of transactions with related parties

Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2021, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2020: £nil).

## Notes to the Financial Statements (Continued)

At 31 December 2021

### 22. Ultimate parent undertaking and controlling party

CNH Industrial N.V. a company incorporated in the Netherlands is the parent undertaking of the smallest and largest group of which the Company is a member and for which group financial statements are available at CNH Industrial N.V.'s Corporate Office at 25 St James's Street, London, SW1A 1HA, UK. They are also available online from [www.cnhindustrial.com](http://www.cnhindustrial.com).

Subsequent to the year-end, Iveco Group N.V. became the ultimate parent undertaking of the Iveco Group. See note 23 for further details.

### 23. Post balance sheet events

1. 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").

On 3 January 2022, Iveco Group N.V. common shares began trading on the regulated market Euronext Milan, under the ticker symbol 'IVG'. As a result of the Demerger, each holder of CNH Industrial N.V. common shares (and special voting shares as the case may be) received one Iveco Group N.V. share for every five CNH Industrial N.V. common shares (or special voting share as the case may be) held at close of business on the record date for allocation (4 January 2022). Since 3 January 2022, CNH Industrial N.V. and Iveco Group N.V. have been quoted separately on the regulated markets and operate as independent listed companies, each with its own management and Board of Directors.

As the Demerger is a "business combination involving entities or businesses under common control", it is outside the scope of application of IFRS 3 – Business Combinations and IFRIC 17- Distributions of Non-cash Assets to Owners. Accordingly, in the 2022 consolidated financial statements for CNH Industrial Post-Demerger and Iveco Group, the opening position for items in the statement of financial position will be equivalent to the carrying amounts reported in the consolidated financial statements of CNH Industrial Pre-Demerger.

2. The geopolitical situation and the Russia-Ukraine conflict escalated since the end of February 2022, after the balance sheet date. Iveco Group has operations in both Russia and Ukraine, which have been suspended during the first quarter of 2022. While Russia and Ukraine do not constitute a material portion of the Group business, a significant escalation or expansion of economic disruption could have a material adverse effect on Iveco Group results of operations. As of the date of this Report, the Group estimates a negative impact of approximately €50 million, net of tax effect, on its income statement, primarily due to the impairment of certain assets. However, due to the volatile and uncertain geopolitical situation, the Group cannot exclude that a reassessment of such estimate could be required in the next quarters. The Group is closely monitoring the impact of the Russia-Ukraine conflict on its employees and all aspects of its business, the Group's results of operations, financial condition and cash flows. Iveco Group immediately focused on the safety and well-being of its employees, in order to support them and their families and understand how helping its dealers, suppliers, and other stakeholders in the areas of the conflict.