I V E C O • G R O U P

**Iveco Group N.V.**

*(a public company (naamloze vennootschap) incorporated under the laws of the Netherlands with its registered address in Turin, Italy)*

**Admission to listing and trading of all common shares on Euronext Milan**

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*This supplement (this* ***Supplement****) constitutes a supplement for the purposes of Article 23 of the Regulation 2017/1129/EU of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the* ***Prospectus Regulation****) and is supplemental to, and should be read in conjunction with, the prospectus dated November 11, 2021 (the* ***Prospectus****). The Prospectus constitutes a prospectus in a form of a single document within the meaning of the Prospectus Regulation, prepared in connection with the first admission to listing and trading (the* ***Admission****) of all of the common shares (the* ***Common Shares****) in the share capital of Iveco Group N.V. (the* ***Company****) on Euronext Milan (previously named the Mercato Telematico Azionario), a regulated market operated by Borsa Italiana S.p.A. in Milan, Italy (****Euronext Milan****) and the legal statutory demerger (juridische afsplitsing) pursuant to which the Commercial and Specialty Vehicles business and the Powertrain business as well as the related Financial Services business (together the* ***Iveco Group Business****), which on the date of this Supplement is owned and controlled by CNH Industrial N.V. (****CNH Industrial****), will be transferred from CNH Industrial to the Company (the* ***Demerger****).*

*This Supplement together with the Prospectus constitutes a prospectus for the purposes of Article 3 of Regulation 2017/1129/EU (the* ***Prospectus Regulation****) and has been prepared in accordance with the Prospectus Regulation. This Supplement has been approved by the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, the* ***AFM****), as competent authority under the Prospectus Regulation and is published in electronic form on the Company's website under www.ivecogroup.com. The AFM only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares. The Company has requested the AFM to notify its approval in accordance with Article 25(1) of the Prospectus Regulation to the competent authority in Italy, the Commissione Nazionale per le Società e la Borsa (****CONSOB****), with a certificate of approval attesting that this Approval has been prepared in accordance with the Prospectus Regulation.*

*This Supplement has been prepared in English. The update to the summary in the Supplement is translated into Italian. The Italian translation of the update to the summary in the Supplement was provided to the AFM as a separate document. The AFM has not reviewed the Italian translation of the update to the summary in the Supplement.*

*Unless otherwise indicated, terms used but not defined herein have the meaning assigned to such terms in the Prospectus.*

*The Company accepts responsibility for the information contained in this Supplement. The Company declares that, to the best of its knowledge, the information contained in this Supplement is in accordance with the facts and this Supplement makes no omission likely to affect its import.*

*The purpose of this Supplement is to update the Prospectus with the Company's 2021 third quarter results as derived from the results published by CNH Industrial. The financials as presented in the Prospectus are derived from the consolidated financial statements and semi-annual condensed consolidated financial statements, respectively, and accounting records of CNH Industrial. To present a consistent approach in relation to the combined historical results of operations, selected non-IFRS financial information (including a reconciliation of such figures to the most comparable EU-IFRS financial measures), financial position and cash flows of the Iveco Group Business structure that will be controlled by the Company following the Demerger, the Company hereby also presents its unaudited interim combined financial statements of the Company for the nine months ended September 30, 2021 and 2020 as derived from the unaudited 2021 third quarter results published by CNH Industrial.*

*This Supplement also provides for a technical update of the Demerger and Admission Section in relation the additional settlement steps to be taken by DTC Holders and CNH Register Holders.*

*Further, this Supplement includes additional details on forward-looking statements and profit forecasts as presented at the Iveco Group Investor Day held on November 18, 2021, and expands on what has been discussed in the Prospectus.*

*In the tables showing the interests of the major shareholders, as set out in the summary and paragraph 12.4 of the Prospectus, it was incorrectly presented that EXOR holds approximately 27% of the issued shares in the share capital of CNH Industrial (including CNH Common Shares and CNH Special Voting Shares), as EXOR in fact holds approximately*

*27% of only the CNH Common Shares, whereas EXOR's combined shareholding in the entire issued share capital of CNH Industrial (i.e. CNH Common Shares and CNH Special Voting Shares, not considering the treasury shares as a reduction of the total issued shares) is approximately 42%. This misalignment also appears in the table presenting the expected percentages of issued Iveco Group shares. The percentage of shares held by EXOR in the issued share capital of CNH Industrial and the corresponding expected percentage of shares held by EXOR in relation to the Iveco Group shares have been corrected in this Supplement. Additionally, as already foreseen in the Prospectus, in anticipation of the Demerger, certain awards outstanding under the CNH Industrial EIP and held by directors, officers and other employees employed by the Iveco Group Business, have been accelerated on December 1, 2021. For this purpose, treasury stock has been used, as a consequence of which the numbers set out in the table showing the interests of the major shareholders and the amount of the expected issued share capital of the Company, as set out in the Prospectus, have slightly changed as of December 1, 2021. The information relating to the expected issued share capital of the Company, as at the Effective Date, as well as the information in the table showing the interests of the major shareholders have been recalculated and updated in this Supplement to accurately reflect the information as it stands at the date of this Supplement. Against this background, reference to 'outstanding share capital' has also been updated to 'issued share capital', to clarify that the denominator also includes treasury shares (if any).*

*Finally, this Supplement contains an update of certain tax paragraphs in the Prospectus for the purpose of consistency throughout the Prospectus and to accurately reflect the structure.*

*To the extent that there is any inconsistency between (i) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (ii) any other statement in, or incorporated by reference in, the Prospectus, the statements in (i) above will prevail.*

*Save as disclosed in this Supplement, by virtue of this Supplement, no significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus, which may affect the assessment of Shares, has arisen or been noted, as the case may be, since the approval of the Prospectus by the AFM.*

*No person has been authorised to give any information or to make any representation not contained in or incorporated by reference into the Prospectus and this Supplement and the Company does not take responsibility for, or can provide assurance as to the reliability of, information that any other person may give.*

Supplement dated December 22, 2021

**CONTENTS**

## AMENDMENTS TO THE PROSPECTUS

The Prospectus is hereby amended and updated to reflect the following changes.

## 1. Summary of the Prospectus

The information set out below shall be amended as follows in the section of the Prospectus entitled "*Summary of the Prospectus*" on pages S-2, S-3 and S-5 (the amendments are highlighted in bold and underlined and the deletions are stricken through):

### *Who is the issuer of the securities?*

***Major Shareholders.*** The following two tables set forth the shareholders of the Company (the *Shareholders*) which, to the Company's knowledge, will directly or indirectly have a notifiable interest in the Company's capital and voting rights within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (*DFSA*) based on their expected shareholding in CNH Industrial immediately following completion of the Demerger:

| Shareholder | Number of CNH Industrial Common Shares held | Percentage of ~~outstanding~~ **issued** CNH Industrial shares held[1] | Number of votes held in relation to CNH Industrial Common Shares | Number of CNH Industrial Special Voting Shares held | CNH Industrial voting rights |
|---|---|---|---|---|---|
| EXOR N.V.[2] | 366,927,900 | ~~27~~ **41.68**% | 366,927,900 | 366,927,900 | 41.68% |
| Harris Associates L.P. | - | - | 87,178,442[3] | - | 4.95% |
| BlackRock, Inc | 51,142,317[4] | 2.9**0**% | 62,308,948[5] | - | 3.54% |

(1) For the purposes of this column of the table, the percentages of the CNH Industrial shares refer to both the CNH Industrial Common Shares and the CNH Industrial Special Voting Shares. **EXOR N.V. holds 26.89% of the issued CNH Industrial Common Shares.**

(2) EXOR N.V. is controlled by Giovanni Agnelli B.V.

(3) Based on the filing made by Harris Associates L.P. with the public register substantial holdings and gross short positions held by the AFM on 24 September 2021, Harris Associates L.P. (i) does not hold CNH Common Shares but (i) does hold indirectly (real) 87,178,442 voting rights in relation to CNH Common Shares.

(4) Based on the filing made by BlackRock, Inc with the public register substantial holdings and gross short positions held by the AFM on 9 June 2021, BlackRock, Inc holds (i) indirectly (real) 50,470,518 CNH Common Shares and (ii) indirectly (potential) 671,799 CNH Common Shares.

(5) Based on the filing made by BlackRock, Inc with the public register substantial holdings and gross short positions held by the AFM on 9 June 2021, BlackRock, Inc holds (i) indirectly (real) 61,624,450 voting rights in relation to CNH Common Shares and (ii) indirectly (potential) 684,498 voting rights in relation to CNH Common Shares.

| Shareholder | Number of Iveco Group Common Shares held | Percentage of ~~outstanding~~ **issued** Iveco Group shares held | Number of votes held in relation to Iveco Group Common Shares | Number of Iveco Group Special Voting Shares held | Iveco Group voting rights |
|---|---|---|---|---|---|
| EXOR N.V. | 73,385,580 | ~~27~~ **42.49**% | 73,385,580 | 73,385,580 | ~~41.68~~ **42.49**% |
| Harris Associates L.P. | - | - | 17,435,688 | - | ~~4.95~~ **5.05**% |
| BlackRock, Inc | 10,228,463 | ~~2.9~~ **2.96**% | 12,461,789 | - | ~~3.54~~ **3.61**% |

**The percentages of share capital and voting rights set out in the table above slightly differ from the corresponding percentages of share capital and voting rights set out in the table for CNH Industrial above and/or in the public register held by the AFM of all notifications made pursuant to the disclosure obligations under chapter 5.3 of the DFSA in respect of CNH Industrial, such, *inter alia*, because any shares held in treasury by CNH Industrial will be counted also in the relevant denominators for purposes of the DFSA disclosure obligations and therefore for the first table above, although such treasury shares cannot be regarded to be part of CNH Industrial's "issued share capital" and therefore will be disregarded for the purposes of calculating the number of Shares that will be allotted by the Company on completion of the Demerger.**

### *What is the key financial information regarding the issuer?*

***Other key financial information.*** The Prospectus also contains non-IFRS financial measures including adjusted EBIT of Industrial Activities, adjusted net profit (loss), free cash flow of Industrial Activities and net cash (debt) of Industrial Activities. The non-IFRS financial measures presented are not measures of financial performance under EU-IFRS, but measures used by management to monitor the underlying performance of the Group's business and operations and, accordingly, they have not been audited or reviewed. Further, they may not be indicative of the Group's historical operating results, nor are such measures necessarily predictive of the Group's future results. These non-IFRS measures are presented in the Prospectus because management believes they provide useful and relevant information regarding the Group's operating results and enhance the readers' ability to assess the Group's financial performance and financial position. Management uses these non-IFRS measures to identify operational trends, as well as to make decisions regarding future spending, resource allocations and other operational decisions as they provide additional transparency with respect to the Group's core operations. These non-IFRS financial measures have no standardized meaning under EU-IFRS and may not be comparable to other similarly titled measures used by other companies and are not intended to be substitutes for measures of financial performance and financial position as prepared in accordance with EU-IFRS.

The key non-IFRS financial measures regarding the issuer are set forth in the tables below:

| | Year Ended December 31, | | | Six Months Ended June 30, | | **Nine Months Ended September 30,** | |
|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2021 | 2020 | **2021** | **2020** |
| | (€ million) | | | | | | |
| Adjusted EBIT of Industrial Activities | (89) | 428 | 436 | 226 | (255) | **259** | **(256)** |
| Adjusted Net Profit (Loss) | (167) | 262 | 207 | 146 | (217) | **161** | **(243)** |
| Free Cash Flow of Industrial Activities | (118) | 30 | (40) | (121) | (1,483) | **(669)** | **(1,174)** |

| | At December 31, | | | At June 30, | **At September 30,** |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2021 | **2021** |
| | (€ million) | | | | |
| Net Cash (Debt) of Industrial Activities | 1,165 | 1,302 | 1,452 | 1,076 | **536** |

### *What are the main features of the securities?*

***Currency, denomination, par value and number of securities***. The Common Shares are denominated in and will trade in euro. Upon Settlement, the authorized share capital of the Company shall amount to €8,000,000, divided into 400,000,000 Common Shares and 400,000,000 Special Voting Shares with a nominal value of €0.01 each. The issued share capital of the Company immediately after the Demerger is expected to amount to ~~€3,451,068~~ **3,454,630.51**, divided into ~~270,858,973~~ **271,215,400** Common Shares and ~~74,247,895~~ **74,247,651** Special Voting Shares with a nominal value of €0.01 each. ~~The amount of issued share capital of the Company immediately after the Demerger may slightly be increased as a consequence of the expected issuance by CNH Industrial of approximately 1,761,203 CNHI industrial common shares to serve the CNH industrial EIP (issuance expected to occur in December). As a result of such issuance at the Demerger, an additional 352,240 Company's common shares would be issued.~~

## 2. The Demerger and Admission

The information set out below shall be amended as follows in the section of the Prospectus entitled "*The Demerger and Admission*" on page 35 (the amendments are highlighted in bold and underlined and the deletions are stricken through):

### 4.8 Expected Timetable of the Demerger and Admission

#### 4.8.3 *Additional Steps for DTC Holders and CNH Register Holders*

The Common Shares are not registered under U.S. federal securities law and are not eligible for clearing and settlement through the Depository Trust Company (the ***DTC***) or on a register maintained in the U.S. Therefore, CNH Shareholders holding CNH Industrial Common Shares in book-entry form through a DTC participant account (a ***DTC Holder***) will need to provide CNH Industrial with securities account details in respect of a securities account with an intermediary of Monte Titoli, to which the Common Shares may be delivered by the Company. In addition, CNH Shareholders that hold CNH Industrial Common Shares in registered form on the CNH share register, but are not part of the CNH Loyalty Register (a ***CNH Register Holder***) will similarly need to provide CNH Industrial with securities account details in respect of a securities account with an intermediary of Monte Titoli, to which the Common Shares may be delivered by the Company. An online election facility will be made available by CNH Industrial through which DTC Holders and CNH Register Holders will be able to provide the required securities account details <u>**(the *MT Election*)**</u>.

Failure by a DTC Holder or a CNH Register Holder to provide such securities account details <u>**through a valid MT Election**</u> in a timely manner will result in the Company's inability to deliver the Common Shares to such DTC Holder or CNH Register Holder. Following the Demerger, CNH Industrial may take any measures it deems necessary in respect of such undelivered Common Shares, including, without limitation, to instruct the Company ~~to appoint a broker to sell such Common Shares~~ <u>**to open (on behalf of such DTC Holders or CNH Register Holder, as the case may be) an account with Monte Titoli to which the Common Shares will be deposited for an interim period (expected to be no longer than six months) and to appoint a broker to sell such Common Shares absent an MT Election during such interim period from DTC Holder and CNH Register Holder**</u>. In that event, each DTC Holder and CNH Register Holder that did not provide the required Monte Titoli securities account details, or where the delivery to the nominated Monte Titoli securities account, ~~as provided through the online election facility,~~ cannot be completed within a timely manner, ~~that is within ten business days of the Settlement Date,~~ will receive its *pro rata* portion of the aggregate sale proceeds (net of all transaction costs including brokerage, administration and foreign exchange fees) by check in US dollars. DTC Holders and CNH Register Holders that do not have access to a securities account with an intermediary of Monte Titoli may also use the online election facility to provide their US bank account details into which any *pro rata* sale proceeds can be paid (as a result of which the DTC Holder or CNH Register Holder will receive such *pro rata* sale proceeds by wire transfer instead of by check). Payments by wire transfer may incur a further deduction for the administration of such payment. <u>**Payments in respect of these sale proceeds are expected to be made after the end of June 2022.**</u>

There can be no assurance if or at what moment the Company will appoint a broker, that or when the sale proceeds will be distributed, what price per Common Share will be realized in the market, or what the extent of the incurred transaction costs will be.

### 3. Capitalization, Indebtedness and Working Capital Statement

The information set out below shall be amended as follows in the section of the Prospectus entitled "*Capitalization, Indebtedness and Working Capital Statement*" on page 39 (the amendments are highlighted in bold and underlined):

#### 6.2 Indebtedness

For completeness, the Company also monitors the following non-IFRS financial measures to assess the financial performance of its Industrial Activities:

| | **<u>At September 30, 2021</u>** | At June 30, 2021 | At December 31, 2020 |
|---|---|---|---|
| | | *(€ million)* | |
| Net Industrial Cash (Debt) (non-IFRS financial measure)(*)............................ | **<u>536</u>** | 1,076 | 1,165 |
| Free Cash Flow of Industrial Activities (non-IFRS financial measure)(*))........ | **<u>(669)</u>** | (121) | (118) |

(*) Refer to paragraph 2.6.3 (*Non-IFRS financial information*) for details on non-IFRS financial measures.

## 4. Selected Financial Information

The information set out below shall be amended as follows in the section of the Prospectus entitled "*Selected Financial Information*" on page 52 (the amendments are highlighted in bold and underlined):

### 7.4 Selected non-IFRS Financial Measures

The table below sets out financial measures, which are not liquidity or performance measures under IFRS, and which the Group considers to be non-IFRS financial measures as described in paragraph 2.6.3 (*Non-IFRS financial information*), for the periods indicated.

| | **Nine Months Ended September 30,** | | Six Months Ended June 30, | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|---|
| | **2021** | **2020** | 2021 | 2020 | 2020 | 2019 | 2018 |
| | | | *(€ million)* | | | | |
| Adjusted EBIT of Industrial Activities | **259** | **(256)** | 226 | (255) | (89) | 428 | 436 |
| Adjusted Net Profit (Loss) | **161** | **(243)** | 146 | (217) | (167) | 262 | 207 |
| Free Cash Flow of Industrial Activities | **(669)** | **(1,174)** | (121) | (1,483) | (118) | 30 | (40) |

| | **At September 30,** | At June 30, | At December 31, | | |
|---|---|---|---|---|---|
| | **2021** | 2021 | 2020 | 2019 | 2018 |
| | | *(€ million)* | | | |
| Net Cash (Debt) of Industrial Activities | **536** | 1,076 | 1,165 | 1,302 | 1,452 |

## 5. Operating and Financial Review

The information set out below shall be added as new paragraphs as follows in the section of the Prospectus entitled "*Operating and Financial Review*" on page 59:

### 8.6 Results of Operations

#### 8.6.1 *Reconciliation of Consolidated Profit/(Loss) to Adjusted net profit (loss) and Reconciliation of Consolidated Profit/(Loss) to Adjusted EBIT of Industrial Activities*

*Reconciliation of Consolidated Profit/(Loss) to Adjusted net profit (loss)*

The following tables summarize the reconciliation of Adjusted net profit (loss), a non-IFRS financial measure, to consolidated profit/(loss), the most comparable EU-IFRS financial measure, for nine months ended September 30, 2021 and 2020.

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2021** | **2020** |
| | *(€ million)* | |
| **Profit/(loss)** | **167** | **(426)** |
| Adjustment impacting Profit/(loss) before taxes **(a)** | (4) | 257 |
| Adjustment impacting Income tax (expense) benefit **(b)** | (2) | (74) |
| **Adjusted net profit/(loss)** | **161** | **(243)** |
| **a) Adjustments impacting Profit/(loss) before income tax (expense) benefit** | | |
| Restructuring cost | 8 | 4 |
| Asset optimization charges | — | 247 |
| Gain from the sale of investments by a joint venture accounted for under the equity method | (11) | — |
| Gain from the sale of a 30.1% interest in Naveco | (8) | — |
| Spin-off costs | 7 | — |
| Other asset impairment charges | — | 6 |
| **Total** | **(4)** | **257** |
| **b) Adjustments impacting income tax (expense) benefit** | | |
| Tax effect of Adjustments impacting income tax (expense) benefit | (2) | (49) |
| Net discrete tax benefit | — | (25) |
| **Total** | **(2)** | **(74)** |

*Reconciliation of Consolidated Profit/(Loss) to Adjusted EBIT of Industrial Activities*

The following tables summarize the reconciliation of Adjusted EBIT of Industrial Activities, a non-IFRS financial measure, to consolidated profit/(loss), the most comparable EU-IFRS financial measure, for the nine months ended September 30, 2021 and 2020.

| | Nine Months Ended September 30, 2021 | | | |
|---|---|---|---|---|
| | **Commercial and Specialty Vehicles** | **Powertrain** | **Unallocated items, eliminations and other** | **Total** |
| | | *(€ million)* | | |
| **Consolidated Profit/(loss)** | — | — | — | **167**(1) |
| *Less: Consolidated Income tax (expense) benefit* | — | — | — | (72)(1) |
| Consolidated Profit/(loss) before taxes | — | — | — | 239(1) |
| *Less: Financial Services* | | | | |

| | | | | |
|---|---|---|---|---|
| Financial Services Net Income | — | — | — | 42[(1)] |
| Financial Services Income taxes | — | — | — | 16[(1)] |
| *Add back of the following Industrial Activities items:* | | | | |
| Financial expenses | — | — | — | 82[(1)] |
| *Adjustments for the following Industrial Activities items*: | | | | |
| Restructuring costs | 7 | 1 | — | 8 |
| Other discrete items[(2)] | (19) | — | 7 | (12) |
| **Adjusted EBIT of Industrial Activities** | **194** | **181** | **(116)** | **259** |

(1) The treasury activity is managed centrally in the interest of the whole Industrial Activities and therefore each Industrial Activities segment is not accountable for the cost of funding, so "Financial expenses" are not attributed to the Profit and Loss of Industrial Activities segments. Consequently, it is not possible to determine the split, by Industrial Activities segment, of the Consolidated Profit/(loss) before taxes, Consolidated Income tax (expense) benefit and Consolidated Profit/(loss).

(2) This item included the pre- and after-tax gain of €8 million from the sale of a 30.1% interest in Naveco, as well as the positive impact of €11 million from the sale of investments by a joint venture accounted for under the equity method, presented in column "Commercial and Specialty Vehicles", and €7 million separation costs in connection with the Demerger, presented in column "Unallocated items, eliminations and other".

| | **Nine Months Ended September 30, 2020** | | | |
|---|---|---|---|---|
| | **Commercial and Specialty Vehicles** | **Powertrain** | **Unallocated items, eliminations and other** | **Total** |
| | | *(€ million)* | | |
| **Consolidated Profit/(loss)** | — | — | — | **(426)[(1)]** |
| *Less: Consolidated Income tax (expense) benefit* | — | — | — | 151[(1)] |
| Consolidated Profit/(loss) before taxes | — | — | — | (577)[(1)] |
| *Less: Financial Services* | | | | |
| Financial Services Net Income | — | — | — | 22[(1)] |
| Financial Services Income taxes | — | — | — | 7[(1)] |
| *Add back of the following Industrial Activities items:* | | | | |
| Financial expenses | — | — | — | 89[(1)] |
| *Adjustments for the following Industrial Activities items:* | | | | |
| Restructuring costs | 3 | 1 | — | 4 |
| Other discrete items[(2)] | 257 | — | — | 257 |
| **Adjusted EBIT of Industrial Activities** | **(237)** | **89** | **(108)** | **(256)** |

(1) The treasury activity is managed centrally in the interest of the whole Industrial Activities and therefore each Industrial Activities segment is not accountable for the cost of funding, so "Financial expenses" are not attributed to the Profit and Loss of Industrial Activities segments. Consequently, it is not possible to determine the split, by Industrial Activities segment, of the Consolidated Profit/(loss) before taxes, Consolidated Income tax (expense) benefit and Consolidated Profit/(loss).

(2) This item included asset optimization and other assets impairment charges.

Consolidated Profit was €167 million in the first nine months of 2021 compared to a net loss of €426 million in the first nine months of 2020, which was significantly impacted by the COVID-19 pandemic. In the first nine months of 2020 the net result reflected an adjusted EBIT of Industrial Activities negative by €256 million, as well as other discrete items due to charges for asset optimization and impairment of €257 million. In the first nine months of 2021 the adjusted EBIT of Industrial Activities was positive by 259 million, reflecting favorable volumes and mix, positive price realization, partially offset by higher material and freight costs, SG&A expenses and R&D costs returning to more normal levels of spend from the low levels experienced in 2020.

In the first nine months of 2021 Financial Services reported an income of €42 million compared to €22 million in the first nine months of 2020, which had been impacted by higher risk costs due to the expectation of deteriorating credit conditions as a result of the COVID-19 pandemic.

The information set out below shall be amended as follows in the section of the Prospectus entitled "*Operating and Financial Review*" on page 86 (the amendments are highlighted in bold and underlined):

## 8.8 Liquidity and Capital Resources

### 8.8.2 *Consolidated Debt*

The Group's consolidated debt as of June 30, 2021 is as detailed in the following table:

| | At June 30, 2021 | | |
|---|---|---|---|
| | Consolidated | Industrial Activities | Financial Services |
| | | (€ million) | |
| Total Debt | 5,726 | 3,159 | 2,770 |

The Group's consolidated debt as of December 31, 2020, 2019, and 2018, is as detailed in the following table:

| | At December 31, 2020 | | | At December 31, 2019 | | | At December 31, 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Consolidated | Industrial Activities | Financial Services | Consolidated | Industrial Activities | Financial Services | Consolidated | Industrial Activities | Financial Services |
| | | | | | (€ million) | | | | |
| Total Debt | 5,313 | 2,513 | 2,946 | 5,147 | 1,891 | 3,405 | 4,791 | 1,785 | 3,187 |

The Company believes that Net Cash (Debt) (a non-IFRS financial measure as defined in paragraph 2.6.3 (*Non-IFRS financial information*)) is a useful analytical metric for measuring the Group's effective borrowing requirements. The Group provides a separate analysis of Net Cash (Debt) for Industrial Activities and Net Cash (Debt) for Financial Services to reflect the different cash flow management practices in the two activities. Industrial Activities reflects the consolidation of all majority-owned subsidiaries, except for Financial Services. Financial Services reflects the consolidation of the Financial Services' legal entities.

**The calculation of Net Cash (Debt) as of September 30, 2021, and the reconciliation of Total (Debt), the EU-IFRS financial measure that the Company believes to be most directly comparable, to Net Cash (Debt), are shown below:**

| | **At September 30, 2021** | | |
|---|---|---|---|
| | **Consolidated** | **Industrial Activities** | **Financial Services** |
| | | ***(€ million)*** | |
| **Third party (debt)** | **(2,371)** | **(224)** | **(2,147)** |
| **Intersegment notes (payable)[(1)]** | **—** | **(39)** | **(75)** |
| **(Debt) payable to CNH Industrial Group post-Demerger[(2)]** | **(3,323)** | **(2,999)** | **(324)** |
| **Total (Debt)** | **(5,694)** | **(3,262)** | **(2,546)** |
| **Cash and cash equivalents** | **622** | **441** | **181** |
| **Intersegment financial receivables[(1)]** | **—** | **75** | **39** |
| **Financial receivables from CNH Industrial Group post-Demerger [(3)]** | **3,511** | **3,103** | **408** |
| **Derivative assets[(4)]** | **24** | **21** | **3** |
| **Derivative (liabilities)[(4)]** | **(40)** | **(35)** | **(5)** |
| **Other current financial assets[(5)]** | **193** | **193** | **—** |
| **Net Cash (Debt)[(6)]** | **(1,384)** | **536** | **(1,920)** |

**(1) As a result of the role played by the central treasury, debt for Industrial Activities also includes funding raised by the central treasury on behalf of Financial Services (included under Intersegment financial receivables). Intersegment financial receivables for Financial Services, on the other hand, represent loans or advances to Industrial Activities – for receivables sold to Financial Services that do not meet the derecognition requirements – as well as cash deposited temporarily with the central treasury. Total Debt of Industrial Activities includes Intersegment notes payable to Financial Services of €39 million as of September 30, 2021. Total Debt of Financial Services includes Intersegment notes payable to Industrial Activities of €75 million as of September 30, 2021.**

**(2) It mainly includes overdraft and advances/utilizations under cash management and/or cash pooling arrangements and loans granted by the CNH Industrial Group post-Demerger central treasury.**
**(3) It mainly refers to cash balances deposited with the CNH Industrial Group post-Demerger central treasury, including cash management and/or cash pooling arrangements.**
**(4) Derivative assets and Derivative liabilities include, respectively, the positive and negative fair values of derivative financial instruments.**
**(5) This item includes short-term deposits and investments towards high-credit rating counterparties.**
**(6) The net intersegment receivable/(payable) balance recorded by Financial Services relating to Industrial Activities was €-36 million as of September 30, 2021.**

**Net Debt at September 30, 2021 increased by €206 million compared to December 31, 2020, primarily reflecting €0.7 billion negative Free Cash Flow of Industrial Activities, partially offset by Financial Services' positive operating performance and lower portfolio. Net cash of Industrial Activities at September 30, 2021 decreased €629 million compared to December 31, 2020, primarily due to an increase of €807 million in debt payable by Industrial Activities to CNH Industrial Group post-Demerger, partially offset by an increase in cash and cash equivalents and other current financial assets.**

The calculation of Net Cash (Debt) as of June 30, 2021, and the reconciliation of Total (Debt), the EU-IFRS financial measure that the Company believes to be most directly comparable, to Net Cash (Debt), are shown below:

| | At June 30, 2021 | | |
|---|---|---|---|
| | Consolidated | Industrial Activities | Financial Services |
| | | (€ million) | |
| Third party (debt) | (2,436) | (211) | (2,225) |
| Intersegment notes (payable)[1] | - | (77) | (126) |
| (Debt) payable to CNH Industrial Group post-Demerger[2] | (3,290) | (2,871) | (419) |
| Total (Debt) | (5,726) | (3,159) | (2,770) |
| Cash and cash equivalents | 431 | 331 | 100 |
| Intersegment financial receivables[1] | - | 126 | 77 |
| Financial receivables from CNH Industrial Group post-Demerger [3] | 3,955 | 3,521 | 434 |
| Derivative assets[4] | 18 | 17 | 1 |
| Derivative (liabilities)[4] | (41) | (37) | (4) |
| Other current financial assets[5] | 277 | 277 | - |
| Net Cash (Debt)[6] | (1,086) | 1,076 | (2,162) |

(1) As a result of the role played by the central treasury, debt for Industrial Activities also includes funding raised by the central treasury on behalf of Financial Services (included under Intersegment financial receivables). Intersegment financial receivables for Financial Services, on the other hand, represent loans or advances to Industrial Activities – for receivables sold to Financial Services that do not meet the derecognition requirements – as well as cash deposited temporarily with the central treasury. Total Debt of Industrial Activities includes Intersegment notes payable to Financial Services of €77 million as of June 30, 2021. Total Debt of Financial Services includes Intersegment notes payable to Industrial Activities of €126 million as of June 30, 2021.
(2) It mainly includes overdraft and advances/utilizations under cash management and/or cash pooling arrangements and loans granted by the CNH Industrial Group post-Demerger central treasury.
(3) It mainly refers to cash balances deposited with the CNH Industrial Group post-Demerger central treasury, including cash management and/or cash pooling arrangements.
(4) Derivative assets and Derivative liabilities include, respectively, the positive and negative fair values of derivative financial instruments.
(5) This item includes short-term deposits and investments towards high-credit rating counterparties.
(6) The net intersegment receivable/(payable) balance recorded by Financial Services relating to Industrial Activities was €49 million as of June 30, 2021.

Net Debt at June 30, 2021 decreased by €92 million compared to December 31, 2020, reflecting the reduction in third party debt, mainly on Financial Services, partially offset by negative Free Cash Flow of Industrial Activity.

The calculation of Net Cash (Debt) as of December 31, 2020, 2019, and 2018, and the reconciliation of Total (Debt), the EU-IFRS financial measure that the Company believes to be most directly comparable, to Net Cash (Debt), are shown below:

| | At December 31,2020 | | | At December 31, 2019 | | | At December 31, 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Consolidated | Industrial Activities | Financial Services | Consolidated | Industrial Activities | Financial Services | Consolidated | Industrial Activities | Financial Services |
| | | | | | (€ million) | | | | |
| Third party (debt) | (2,750) | (235) | (2,515) | (3,088) | (253) | (2,835) | (2,855) | (100) | (2,755) |

| | At December 31,2020 | | | At December 31, 2019 | | | At December 31, 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Consolidated | Industrial Activities | Financial Services | Consolidated | Industrial Activities | Financial Services | Consolidated | Industrial Activities | Financial Services |
| Intersegment notes (payable)(1) | - | (86) | (60) | - | - | (149) | - | (25) | (156) |
| (Debt) payable to CNH Industrial Group post-Demerger(2) .................... | (2,563) | (2,192) | (371) | (2,059) | (1,638) | (421) | (1,936) | (1,660) | (276) |
| Total (Debt) | (5,313) | (2,513) | (2,946) | (5,147) | (1,891) | (3,405) | (4,791) | (1,785) | (3,187) |
| Cash and cash equivalents | 463 | 366 | 97 | 417 | 271 | 146 | 496 | 379 | 117 |
| Intersegment financial receivables(1) .................. | - | 60 | 86 | - | 149 | - | - | 156 | 25 |
| Financial receivables from CNH Industrial Group post-Demerger (3) | 3,543 | 3,125 | 418 | 3,395 | 2,751 | 644 | 3,353 | 2,705 | 648 |
| Derivative assets(4) ......... | 28 | 21 | 7 | 8 | 6 | 2 | 16 | 15 | 1 |
| Derivative (liabilities)(4) . | (27) | (22) | (5) | (39) | (36) | (3) | (20) | (18) | (2) |
| Other current financial assets(5).......................... | 128 | 128 | - | 52 | 52 | - | - | - | - |
| Net Cash (Debt)(6) | (1,178) | 1,165 | (2,343) | (1,314) | 1,302 | (2,616) | (946) | 1,452 | (2,398) |

(1) As a result of the role played by the central treasury, debt for Industrial Activities also includes funding raised by the central treasury on behalf of Financial Services (included under Intersegment financial receivables). Intersegment financial receivables for Financial Services, on the other hand, represent loans or advances to Industrial Activities – for receivables sold to Financial Services that do not meet the derecognition requirements – as well as cash deposited temporarily with the central treasury. Total Debt of Industrial Activities includes Intersegment notes payable to Financial Services of €86 million, nil and €25 million as of December 31, 2020, 2019, and 2018, respectively. Total Debt of Financial Services includes Intersegment notes payable to Industrial Activities of €60 million, €149 million and €156 million as of December 31, 2020, 2019, and 2018 respectively.

(2) It mainly includes overdraft and advances/utilizations under cash management and/or cash pooling arrangements and loans granted by the CNH Industrial Group post-Demerger central treasury.

(3) It mainly refers to cash balances deposited with the CNH Industrial Group post-Demerger central treasury, including cash management and/or cash pooling arrangements.

(4) Derivative assets and Derivative liabilities include, respectively, the positive and negative fair values of derivative financial instruments.

(5) This item includes short-term deposits and investments towards high-credit rating counterparties.

(6) The net intersegment receivable/(payable) balance recorded by Financial Services relating to Industrial Activities was €26 million, €-149 million and €-131 million as of December 31, 2020, 2019, and 2018, respectively.

Net Debt at December 31, 2020 decreased by €136 million compared to December 31, 2019, reflecting an increase in cash and cash equivalents, primarily as a result of lower credit portfolio and continued cash preservation measures, partially offset by a Free Cash Flow absorption from Industrial Activities of €118 million during 2020.

Net Debt at December 31, 2019 increased by €368 million compared to December 31, 2018, mainly reflecting the adoption of IFRS 16 on January 1, 2019 (€198 million).

The following table shows the change in Net Cash (Debt) of Industrial Activities for the six months ended June 30, 2021 and 2020 and for the year ended December 31, 2020, 2019, and 2018:

| | Six Months Ended June 30, | | Year Ended December 31, | | |
|---|---|---|---|---|---|
| | 2021 | 2020 | 2020 | 2019 | 2018 |
| | | | *(€ million)* | | |
| Net Cash (Debt) of Industrial Activities at beginning of period as reported........................................................ | 1,165 | 1,302 | 1,302 | 1,452 | 1,476 |
| Impact of IFRS 16 adoption............................................... | - | - | - | (198) | - |
| Net Cash (Debt) of Industrial Activities at beginning of period ................................................................................. | 1,165 | 1,302 | 1,302 | 1,254 | 1,476 |
| Adjusted EBIT of Industrial Activities............................... | 226 | (255) | (89) | 428 | 436 |
| Depreciation and amortization ........................................... | 271 | 274 | 578 | 539 | 464 |
| Depreciation of assets under operating leases and assets sold with buy-back commitments....................................... | 112 | 119 | 249 | 277 | 328 |
| Cash out interest and taxes................................................. | (69) | (49) | (77) | (114) | (153) |
| Changes in provisions and similar(1)................................... | (70) | (313) | (350) | (574) | (572) |
| Change in working capital.................................................. | (325) | (1,036) | 197 | 134 | (207) |

| | | | | | |
|---|---|---|---|---|---|
| Operating cash flow of Industrial Activities | 145 | (1,260) | 508 | 690 | 296 |
| Investments in property, plant and equipment and intangible assets[(2)] | (193) | (120) | (400) | (492) | (437) |
| Other changes | (73) | (103) | (226) | (168) | 101 |
| Free Cash Flow of Industrial Activities | (121) | (1,483) | (118) | 30 | (40) |
| Capital increases and dividends | - | - | - | (1) | (1) |
| Currency translation differences and other | 32 | (49) | (19) | 19 | 17 |
| Change in Net Cash (Debt) of Industrial Activities | (89) | (1,532) | (137) | 48 | (24) |
| Net Cash (Debt) of Industrial Activities at end of period | 1,076 | (230) | 1,165 | 1,302 | 1,452 |

(1) Including other cash flow items related to operating lease and buy-back activities.
(2) Excluding assets sold under buy-back commitments and assets under operating leases.

The Company believes that Free Cash Flow of Industrial Activities (a non-IFRS financial measure as defined in paragraph 2.6.3 (*Non-IFRS financial information*)) is a useful analytical metric for measuring the cash generation ability of the Group's Industrial Activities.

The reconciliation of Free Cash Flow of Industrial Activities to Net cash provided by (used in) Operating Activities, the EU-IFRS financial measure that the Company believes to be most directly comparable, **for the nine months ended September 30, 2021 and 2020,** the six months ended June 30, 2021 and 2020 and the years ended December 31, 2020, 2019, and 2018, is shown below:

| | **Nine Months Ended September 30,** | | Six Months Ended June 30, | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|---|
| | **2021** | **2020** | 2021 | 2020 | 2020 | 2019 | 2018 |
| | | | | | (*€ million*) | | |
| Net cash provided by (used in) Operating Activities | **(219)** | **(800)** | 181 | (1,222) | 559 | 709 | 355 |
| Less: Cash flows from Operating Activities of Financial Services net of eliminations | **(76)** | **(59)** | (36) | (38) | (51) | (19) | (59) |
| Operating cash flow of Industrial Activities | **(295)** | **(859)** | 145 | (1,260) | 508 | 690 | 296 |
| Investments in property, plant and equipment, and intangible assets of Industrial Activities | **(304)** | **(198)** | (193) | (120) | (400) | (492) | (437) |
| Other changes[(1)] | **(70)** | **(117)** | (73) | (103) | (226) | (168) | 101 |
| Free Cash Flow of Industrial Activities | **(669)** | **(1,174)** | (121) | (1,483) | (118) | 30 | (40) |

(1) This item primarily includes change in intersegment financial receivables and capital increases in intersegment investments.

The non-IFRS financial measures (Available liquidity, Net Cash (Debt) and Free Cash Flow of Industrial Activities, as defined in paragraph 2.6.3 (*Non-IFRS financial information*)), used in this section, should neither be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with EU-IFRS. In addition, this non-IFRS financial measure may not be computed in the same manner as similarly titled measures used by other companies.

## 6. Profit Forecast

The information set out below shall be added as new paragraphs as follows in the section of the Prospectus entitled "*Operating and Financial Review*" on page 97:

### 8.14 Profit Forecast

*The discussion of forecasts presented below includes forward-looking statements that have been prepared by the Company's management and represent, to the best of the Company's management's knowledge and opinion, the Company's expected developments. They are based on the Company's management's current beliefs, expectations, assumptions and the business plan of the Company and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from what is provided below. No assurance can be given that what is described below will occur, continue or be achieved. These forward-looking statements involve assessments about matters that are inherently uncertain and actual results may differ for a variety of reasons including those described in Section 1 (Risk Factors) and Section 3 (Forward-Looking Statements) of the Prospectus. No assurance can be given that actual results will track those described in the forward-looking statements set out below. The forecasts included in this paragraph cancel and replace all the provisional information previously disclosed by CNH Industrial and/or the Company that may be attributable to the business activities carried out by the Group. The forecast set out below is based on data, assumptions and estimates considered reasonable by the Company as at the date of this Supplement. These data and assumptions may change or be modified due to the uncertainties related in particular to the economic, financial, accounting, competitive, regulatory and tax environment or to other factors that the Company may not be aware of as at the date of this Supplement. Furthermore, the occurrence of one or more risks described in Section 1 (Risk Factors) of the Prospectus could have an impact on the Company's business, financial condition, results or outlook and could therefore adversely affect these forecasts. Consequently, the Company makes no commitment and gives no guarantee that it will meet the forecasts set out in this paragraph.*

8.14.1 ***Forecasts for the period 2022-2026***

Subject to the assumptions described below and assuming anticipated market conditions and anticipated macro-economic conditions, the Company has the following financial forecasts for the period 2022-2026:

- Net revenues of Industrial Activities growing with a Compound Average Growth Rate (***CAGR***) of approximately 4.5% to 5% when compared to the year ended December 31, 2019, with net revenues of Industrial Activities of approximately €15 billion for the year ending December 31, 2024 and €17 billion for the year ending December 31, 2026. The CAGR is above the GDP trend and the industry average;

- Net revenues from Commercial and Specialty Vehicles growing with a CAGR of approximately 5% when compared to the year ended December 31, 2019, with net revenues of approximately €12 billion for the year ending December 31, 2024 and €14 billion for the year ending December 31, 2026;

- Net revenues from Powertrain (including internal sales to Commercial and Specialty Vehicles) growing with a CAGR of approximately 4% when compared the year ended December 31, 2019, with net revenues of approximately €4 billion for the year ending December 31, 2024 and €5 billion for the year ending December 31, 2026;

- Adjusted EBIT Margin of Industrial Activities rising to 4.0%-5.0% in the year ending December 31, 2024 and to 5.0%-6.0% in the year ending December 31, 2026, with an increase of approximately 150-250 basis points when comparing the 2026 margin with the one for the year ended December 31, 2019, the targeted Adjusted EBIT contribution of the commercial and operational excellence program (***DRIVE***) amounts to €500 million by 2024 with approximately the same amount coming through as additional run-rate contribution by December 31, 2026;

- Adjusted Net Profit of the Group increasing to €0.6 billion and €0.8 billion for the year ending December 31, 2026, more than doubling when compared to the Group's consolidated Adjusted Net Profit for the year ended December 31, 2019;

- Investments from Industrial Activities (i.e. property, plant and equipment, and intangible assets (including capitalized R&D)) growing to €0.8 billion for the year ending December 31, 2024 and €0.9 billion for the year ending December 31, 2026 (an increase of 75% as compared to €0.5 billion for the year ending December 31, 2019), equal to approximately 5% on revenues from 4.2% for the year ending December 31, 2019. Over the period 2022-2026, the Group's cumulated investments are expected to amount to €4.1 billion (51%, 32% and 17% expected to be allocated to 'Conventional Product Maintenance & Evolution', 'Advanced Driver Assistance Systems, Digital & General Safety Regulations', and 'New Energy', respectively), resulting in an increase of approximately 80 basis points. Annual Investments from Industrial Activities almost doubling in the year ending December 31, 2026 when compared to the investments from Industrial Activities for the year ended December 31, 2019;

- Adjusted Net Profit of Financial Services changing from €77 million for the year ending December 31, 2019 to approximately €70 million in the year ending December 31, 2024 and exceeding €80 million in the year ending December 31, 2026, returning to historical levels and contributing to the net profit of the Group. The Return on Assets of Financial Services (pre-tax net income over average managed receivables with off-book receivables considered pro-quota for the stake in joint ventures) is expected to stabilize at around 2.0% in the years ending December 31, 2024 and December 31, 2026;

- Managed Receivable Portfolio of Financial Services (including unconsolidated joint ventures) expecting to grow through retail and wholesale financing to customers and dealers to between €6.0 billion and €7.0 billion by December 31, 2024 (of which approximately 53% on-book, through the Group's wholly-owned financial services companies, and approximately 47% off-book, via joint ventures);

- Book Value of Financial Services increasing from €0.7 billion at December 31, 2019 to €0.9 billion at December 31, 2026;

- Positive Free Cash Flow of Industrial Activities in the period 2022-2026, building a net industrial cash position of approximately €1.2-€1.4 billion at December 31, 2024 and €1.5-€2.0 billion at December 31, 2026;

- Third party debt of Industrial Activities growing from €0.3 billion at December 31, 2019 to an amount between €0.5 billion and €1.0 billion at December 31, 2024, which is expected to remain so until December 31, 2026;

- Available Liquidity for the Group growing from €1.8 billion at December 31, 2019 to approximately €3.5 billion at December 31, 2024 and €4.2 billion at December 31, 2026. The Group envisages to enter into a multi-year revolving credit facility with a syndicate of primary global banks;

- Net Leverage (Net (Cash) Debt/EBITDA) of Industrial Activities changing from (1.0x) for the year ended December 31, 2019 to approximately (0.9x) at December 31, 2024 and (1.0x) at December 31, 2026;

- Shareholder Equity of the Group increasing from €2.7 billion at December 31, 2019 to approximately €3.0 billion at December 31, 2024 and €4.0 billion at December 31, 2026; and

- Cash deployment framework of approximately €4.5 billion for the period 2022-2026 of which 90% for investments and 10% for Shareholders.

### 8.14.2 *Assumptions*

The Company's forecasts in this section of the Supplement have been prepared on a basis which is: (i) comparable with the historical financial information of the Company included in the Combined Financial Statements, the Interim Condensed Combined Financial Statements, and the September 30, 2021 and 2020 Condensed Combined Financial Statements; and (ii) consistent with the accounting policies applied by the Company for the preparation of the Combined Financial Statements, the Interim Condensed Financial Statements, and the September 30, 2021 and 2020 Condensed Combined Financial Statements. The profit forecasts as set out in this Supplement have not been audited or reviewed by an auditor.

The Company has used 2019 as the reference throughout this Section considering the exceptional nature of 2020 due to impacts of the COVID-19 pandemic and the fact that the Company has only been able to report on 9 months of the year 2021 so far.

The Company's forecasts are mainly provided on the basis of: (i) the Interim Condensed Combined Financial Statements and the September 30, 2021 and 2020 Condensed Combined Financial Statements as set out in this Supplement, management's monitoring and initial evaluation of the progress of the Company's operations since September 30, 2021 up to the date of this Supplement and, subject to the factors set out below, and (ii) management's expectations regarding the trajectory and progress of the Company's positioning, products, collaborations and partnerships.

Factors that are outside of the control of the Company and its management:

- any material changes to the macro-economic, legislative and regulatory environment of the Group during the periods ending December 31, 2022, December 31, 2024, and December 31, 2026 when compared to those in effect at the time of this disclosure;

- material unforeseen events the occurrence of which could result in material or lasting constraints on the ongoing operations of the Iveco Group and its subsidiaries, such as but not limited to *force majeure*, including natural disasters, war or terrorist attacks, extraordinary macroeconomic events or cyber-attacks, maintenance outages, power or equipment failure, social unrest, work stoppages and public health concerns, except for the COVID-19 pandemic as described below;

- for the purpose of the Company's profit forecast, the Company assumes that the disruptions caused by the COVID-19 pandemic continue to normalize in the most important markets of the Group. However, strong uncertainty remains regarding the future evolution of the COVID-19 pandemic and the related impact in the various industries and markets where the Company operates;

- developments in relation to the various industries and markets in which the Group operates which are in line with the market trends and are seen as more likely to occur by the Company's management. The most material of such market trends are as follows, and are based on internal estimates of the Company leveraging and building on specialised external sources:

    - the commercial vehicle industry is cyclical and dependent to a large extent on business cycles in the manufacturing and industrial sectors. The length, timing and intensity of specific demand cycles are hence subject to inherent uncertainty. The Group's profit forecasts consider:

        - LCVs: a stable to positive market outlook with moderate annual growth rates for its LCV market throughout the timeframe of the financial plan, with a variety of factors contributing to the market dynamic: (i) increase in e-commerce as one of the main catalysts in Europe and South America for growth in "last-mile delivery"; (ii) increasing demand of electrified vehicles in the European markets; (iii) increasing demand for "servitisation" of transport driving "as-a-service" business models; (iv) tightening safety-related regulations mandating stricter standards and additional "vehicle contents" to improve safety; (v) "interconnection & automation" of supply chains driven by technology and driving accelerated investments by industry leaders to capture value creation (e.g., automated warehouse & logistics);

        - M&H Truck: from 2022 onwards, the M&H Truck market measured in unit registrations is expected to stabilize at strong overall levels, slightly below peak levels expected in 2022, driven by continuously strong demand from e-commerce applications, with increasing demand for low and zero emission vehicles;

        - Bus: a progressive recovery in market demand is expected from the decline in 2020, with unit registrations expected to return to pre-pandemic levels of 2019 by 2025-2026, while acknowledging that current business cycles are expected to be materially influenced by, among other factors, shifts in tourism trends, regulatory-incentivized replacement programs tied to decarbonization, and the expansion of public transit systems in response to environmental challenges;

        - Decarbonization: Euro VI and Euro VII are being introduced in Europe which tightens emissions targets across the range of commercial vehicles (e.g., 15% $CO_2$ reduction by 2025 for M&H Duty Trucks and LCVs, reaching 30% by 2030 for M&H Duty Trucks and 50% for LCVs; Buses regulations mandate 30-45% of clean vehicles by 2025 and 40-65% by 2030;

    - suppliers' operational constraints, and raw material and key components price dynamics: the financial forecasts assume that most of the raw material, component and transportation constraints currently impacting the Company's supply chain will level out over the course of 2022, normalizing inventory level and product availability; in particular in regards to the semiconductor shortage which is expected to have a short term impact and thus no additional impact on the Company is reflected in the medium-term plan beyond 2022;

- while the Company is not currently aware of any changes which it considers to be material, any future material changes in the accounting principles for the Company for the periods ending December 31, 2022, December 31, 2024, and December 31, 2026 when compared to the principles applied in the Company's Combined Financial Statements, the Interim Condensed Combined Financial Statements, the September 30, 2021 and 2020 Condensed Combined Financial Statements;

- fluctuation in the principal exchange rates the Company is exposed to compared to management's assumptions. For the purpose of the profit forecast, the Company assumes the following average exchange rates against Euro based on internal estimates (excluding hedging effects) flat over the plan period:

| | |
|---|---|
| U.S. dollar | 1.200 |
| Pound sterling | 0.860 |
| Swiss franc | 1.111 |
| Brazilian real | 6.360 |
| Polish zloty | 4.470 |
| Czech koruna | 25.000 |

- the Company is exposed to interest rates risk arising from the need to fund industrial and financial operating activities. For the purpose of the profit forecast the Company assumed interest rates to remain stable compared to September 2021.

Factors that are partially or wholly within the control of the Company and its management:

- the net revenues growth from Commercial and Specialty Vehicles is expected to stem from multiple activities, including among others: new models being launched in the heavy segment (X-Way and T-Way), established models being refreshed (S-Way) and a new electric heavy duty truck being launched in partnership with Nikola, sustained sales in medium duty trucks, and a continued momentum in the iconic light duty segment with upcoming launch of the electric line up, expanded bus offering through the partnership with Otokar Otomotiv ve Savunma Sanayi A.Ş. in entry level heavy-buses, as well as increasing sales of electrified buses;

- the net revenues growth from Powertrain (including internal sales to Commercial and Specialty Vehicles) is expected not only to be driven by continued business with CNH Industrial, but also by expanding sales to new OEMs in on-highway businesses, as well as to agriculture, construction, and marine applications; FPT Industrial is expected to leverage its highly competitive technological portfolio to support third-party OEMs on their way to decarbonization, being able to supply a variety of electrified and xNG powertrain solutions;

- the increase in Industrial Activities related investments is expected to be:

  i) driven by the wave of accelerated innovation in the industry, as (among others) decarbonization, increased safety, automation and digitization driving unprecedented levels of innovation in core areas of Iveco Group products;

  ii) supported by an array of collaborations and partnerships aimed at finding the most capable co-developers and effectively sharing development costs;

  iii) consistent with the forward-looking positioning of Iveco Group as a distinctive champion in selected niche markets;

- the Company assumes stable pricing of the products of the Group in relation to the competitive environment. The Company assumed for the purpose of the profit forecast that prices will slightly increase in the medium-term (beyond 2022) to mitigate the inflationary impact of product costs;

- the Company assumes that accounting estimates and management judgement made in connection with the follow-on litigation subsequent to the settlement decision of the European Commission issued against Iveco and four other European truck manufacturers, will either remain substantially unchanged or that the definitive outcome of the most important claims will not materially affect the economic and financial perspectives of the Company;

- the financial performance of the Iveco Group is expected to be based on five strategic pillars, namely,

- the product range and positioning of the Company, which is expected to maintain its leadership positioning in strategic segments while performing a turnaround on selected others; the plan is to be achieved through the following initiatives:
    - 'Heavy Duty Truck' turnaround in Europe and re-launch in South America as a result of the launch of the new S-Way enabling growth especially in South America (given the evolving regulatory landscape);
    - re-invention of the 'Medium Duty Truck' segment with alternative propulsion, leveraging on the well tested product strategy deployed in the 'Heavy Duty' segment;
    - continued, successful implementation of investment in LCV innovations, launching cutting edge connectivity features for the new Daily (leveraging on newly established partnerships) and launching the first fully electric Daily in 2023, allowing Iveco Group to enter the electrified market with a strong nameplate and a highly competitive technical platform;
    - improvement of Iveco Group market position in heavy buses in Europe and consequent improvements in profitability. New collaborations and partnerships being developed (e.g., with Otokar Otomotiv ve Savunma Sanayi A.Ş.), allowing for operational efficiencies and entry in new market segments;
- continued and planned efforts towards operational excellence and reducing waste and redundancies as outlined in Section 10 (*Business Description*) of the Prospectus, which includes:
    - a redesign of the extended logistics ecosystem;
    - removing complexity in and beyond the manufacturing process;
    - leveraging telematics applications;
    - optimisation of direct material cost;
    - substantial improvement of product quality;
- building a leading position in alternative propulsion systems driven by Iveco Group historic competences and ongoing investments to meet current market tailwinds for electrified and xNG powertrain;
- growth of existing collaborations and strategic partnerships mainly focusing on three pillars: (i) product technology, investment and know-how: focusing on connectivity, batteries technologies, and autonomous driving; (ii) new markets and business models: with strong links with well-established financial institutions as well as "fin-tech companies"; (iii) service and energy ecosystems: enhancing the current connectivity offering as well as the integration of the electric products with the infrastructure; and
- further development of lifecycle services, building on the Company's established connected digital product platforms and current financial services offering.

To sustain the five pillars above, Iveco Group has launched a comprehensive performance improvement program: DRIVE. The program will last until full impact achievement is fully integrated in the Company's managerial and operative processes. DRIVE (i) aims at the rigorous execution of the initiatives and strategic pillars described above, (ii) is supported by a resilient organization progressively deploying it across regions and functions, (iii) ensures partnership-fueled execution across technologies and segments, (iv) sets the direction with clear strategic and operational priorities, v) establishes incentives (aligned across the organization) on achievement of the program targets, to be internally monitored regularly against Iveco Group objectives and external market dynamics, (vi) is led by an experienced leadership Team.

Additionally, the forecasts will build upon:

- Commercial excellence: implementation of a commercial excellence program aimed at increasing sales frontline and service execution effectiveness in core markets;

- Inventory management: optimization of inventory levels to align them closely to market demand, deploying actions to mitigate disruptions derived by the semiconductor shortage in the short-term (while no actions are expected to be required in the longer term); and

- SG&A and R&D: tight control over the evolution of SG&A and/or R&D expenses to ensure they remain strictly in line with management's expectations and market evolution.

The Company expects this will result in Iveco Group maintaining market share in Europe, assuming market shares remain stable, while slightly gaining share in the Company's other primary markets.

## 7. Description of Share Capital and Corporate Governance

The information set out below shall be amended as follows in the section of the Prospectus entitled "*Description of Share Capital and Corporate Governance*" on pages 139 and 140 (the amendments are highlighted in bold and underlined and the deletions are stricken through):

### 12.4 Major Shareholders

The following two tables set forth the shareholders of the Company which, to the Company's knowledge, will directly or indirectly have a notifiable interest in the Company's capital and voting rights within the meaning of the DFSA based on their expected shareholding in CNH Industrial immediately following completion of the Demerger.

| Shareholder | Number of CNH Industrial Common Shares held | Percentage of ~~outstanding~~ issued CNH Industrial shares held(1) | Number of votes held in relation to CNH Industrial Common Shares | Number of CNH Industrial Special voting shares held | CNH Industrial voting rights |
|---|---|---|---|---|---|
| EXOR N.V.(2) | 366,927,900 | ~~27~~ **<u>41.68</u>**% | 366,927,900 | 366,927,900 | 41.68% |
| Harris Associates L.P. | - | - | 87,178,442(3) | - | 4.95% |
| BlackRock, Inc | 51,142,317(4) | 2.9**<u>0</u>**% | 62,308,948(5) | - | 3.54% |

(1) For the purposes of this column of the table, the percentages of the CNH Industrial shares refer to both the CNH Industrial Common Shares and the CNH Industrial Special Voting Shares. **<u>EXOR N.V. holds 26.89% of the issued CNH Industrial Common Shares.</u>**

(2) EXOR N.V. is controlled by Giovanni Agnelli B.V.

(3) Based on the allocation rate and the filing made by Harris Associates L.P. with the public register substantial holdings and gross short positions held by the AFM on 24 September 2021, Harris Associates L.P. (i) does not hold CNH Common Shares but (i) does hold indirectly (real) 87,178,442 voting rights in relation to CNH Common Shares.

(4) Based on the filing made by BlackRock, Inc with the public register substantial holdings and gross short positions held by the AFM on 9 June 2021, BlackRock, Inc holds (i) indirectly (real) 50,470,518 CNH Common Shares and (ii) indirectly (potential) 671,799 CNH Common Shares.

(5) Based on the filing made by BlackRock, Inc with the public register substantial holdings and gross short positions held by the AFM on 9 June 2021, BlackRock, Inc holds (i) indirectly (real) 61,624,450 voting rights in relation to CNH Common Shares and (ii) indirectly (potential) 684,498 voting rights in relation to CNH Common Shares.

| Shareholder | Number of Iveco Group Common Shares held | Percentage of ~~outstanding~~ issued Iveco Group shares held | Number of votes held in relation to Iveco Group Common Shares | Number of Iveco Group Special Voting Shares held | Iveco Group voting rights |
|---|---|---|---|---|---|
| EXOR N.V. | 73,385,580 | ~~27~~ **<u>42.49</u>**% | 73,385,580 | 73,385,580 | ~~41.68~~ **<u>42.49</u>**% |
| Harris Associates L.P. | - | - | 17,435,688 | - | ~~4.95~~ **<u>5.05</u>**% |
| BlackRock, Inc | 10,228,463 | ~~2.9~~ **2.<u>96</u>**% | 12,461,789 | - | ~~3.54~~ **<u>3.61</u>**% |

**<u>The percentages of share capital and voting rights set out in the table above slightly differ from the corresponding percentages of share capital and voting rights set out in the table for CNH Industrial above and/or in the public register held by the AFM of all notifications made pursuant to the disclosure obligations under chapter 5.3 of the DFSA in respect of CNH Industrial, such, *inter alia*, because any shares held in treasury by CNH Industrial will be counted also in the relevant denominators for purposes of the DFSA disclosure obligations and therefore for the first table above, although such treasury shares cannot be regarded to be part of CNH Industrial's "issued share capital" and therefore will be disregarded for the purposes of calculating the number of Shares that will be allotted by the Company on completion of the Demerger.</u>**

### 12.6 Form and Transfer of Shares

Upon Admission, the Company's issued share capital will be divided into ~~270,858,973~~ **<u>271,215,400</u>** Common Shares and ~~74,247,895~~ **<u>74,247,651</u>** Special Voting Shares. ~~The amount of issued share capital of the Company immediately after the Demerger may slightly be increased as a consequence of the expected issuance by CNH Industrial of approximately 1,761,203 CNHI industrial common shares to serve the CNH industrial EIP (issuance expected to occur in December). As a result of such issuance at the Demerger, additional 352,240 Company's common shares would be issued.~~ All Shares are in registered form (*op naam*) and are only available in the form of an entry in the Company's shareholders' register. No certificates (*aandeelbewijzen*) will be issued.

On the Settlement Date, Monte Titoli will credit the Common Shares to the accounts of the financial intermediaries participating with Monte Titoli with respect to the Common Shares distributed to beneficiaries holding CNH Common Shares and Computershare will register the Special Voting Shares in the Loyalty Register (as defined below) in the name of the holders of CNH Special Voting Shares.

Application has been made for the Common Shares to be accepted for clearance through the book-entry facilities of Monte Titoli which has its offices at Piazza degli Affari 6, Milan, Italy.

## 8. Taxation

The information set out below shall be amended as follows in the section of the Prospectus entitled "*Taxation*" on pages 157 – 161 (the amendments are highlighted in bold and underlined and the deletions are stricken through):

### 13.1 Material Netherlands Tax Considerations

13.1.3 ***Taxes on income and capital gains in connection with the implementation of the Demerger***

**Resident holders of CNH Common Shares and, if applicable, CNH Special Voting Shares**

(c) *Other Dutch individual holders of CNH Common Shares and, if applicable, CNH Special Voting Shares*

If a Dutch individual holder's situation has not been discussed before in this paragraph "Taxes on income and capital gains in connection with the implementation of the Demerger" benefits from such holder's CNH Common Shares and, if applicable, CNH Special Voting Shares will be taxed annually as a benefit from savings and investments (*voordeel uit sparen en beleggen*). Such benefit is a deemed benefit, which is determined on the basis of progressive rates starting from 1.9% up to 5.69% per annum of this yield basis (*rendementsgrondslag*), taxed at the rate of 31%. Under this rule, any capital gain or loss realized upon the ~~distribution~~ **allocation** of Common Shares and, if applicable, Special Voting Shares is not subject to Dutch income tax.

(d) *Dutch corporate holders of CNH Common Shares and, if applicable, CNH Special Voting Shares*

For a Dutch corporate holder, the ~~distribution~~ **allocation** of Common Shares and, if applicable, Special Voting Shares will result in recognition of a capital gain or a capital loss, except to the extent the benefits are exempt under the participation exemption as laid down in the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*). If the participation exemption does not apply in respect of such holder's CNH Common Shares and, if applicable, CNH Special Voting Shares, such holder can opt for application of a roll-over facility for the capital gain. If the roll-over facility is applied, the aggregate tax basis in the shares in CNH Industrial will be split between the shares in CNH Industrial (after the Demerger) and the shares in the Company based on the ratio between the fair market value of the assets spun off to the Company and the aggregate fair market value of CNH Industrial before the Demerger. The roll-over facility does not apply to any cash consideration received.

**Non-resident holders of CNH Common Shares and, if applicable, CNH Special Voting Shares**

(a) *Individuals*

If a non-resident holder of CNH Common Shares and, if applicable, CNH Special Voting Shares is an individual who is neither resident nor deemed to be resident for purposes of Dutch income tax, he will not be subject to any Dutch taxes on income or capital gains in respect of the ~~distribution~~ **allocation** of Common Shares and, if applicable, Special Voting Shares unless:

(i) such individual derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and such individual's CNH Common Shares and, if applicable, CNH Special Voting Shares are attributable to such permanent establishment or permanent representative;

(ii) such individual derives benefits or is deemed to derive benefits from or in connection with CNH Common Shares and, if applicable, CNH Special Voting Shares that are taxable as benefits from miscellaneous activities performed in the Netherlands; or

(iii) such individual derives profits pursuant to the entitlement to a share in the profits of an enterprise, other than as a holder of securities, which is effectively managed in the Netherlands and to which enterprise such individual's CNH Common Shares and, if applicable, CNH Special Voting Shares are attributable.

If a non-resident holder falls under an exception set out under (i)~~,~~ **or** (ii) ~~or (iii)~~ above, the ~~partial disposal of such holder's CNH Common Shares and, if applicable, CNH Special Voting Shares the distribution~~ **allocation** of Common Shares and, if applicable, Special Voting Shares will result in recognition of a capital gain or a capital loss. In these two cases and provided that Common Shares and, if applicable, Special Voting Shares received as Demerger consideration are attributable to such enterprise or such miscellaneous activities in the Netherlands, such holder can opt for application of a roll-over facility for the capital gain. If the roll-over facility is applied, the aggregate tax basis in the shares in CNH Industrial will be split between the shares in CNH Industrial (after the Demerger) and the shares in the Company based on the ratio between the fair market value of the assets spun off to the Company and the aggregate fair market value of CNH Industrial before the Demerger. The roll-over facility does not apply to any cash consideration received.

See above for a description of the circumstances under which the benefits derived from CNH Common Shares and, if applicable, CNH Special Voting Shares may be taxable as benefits from miscellaneous activities, on the understanding that such benefits will be taxable in the Netherlands only if such activities are performed or deemed to be performed in the Netherlands.

(b) *Corporate entities*

If a holder of CNH Common Shares and, if applicable, CNH Special Voting Shares is a corporate entity, or an entity including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident, nor deemed to be resident in the Netherlands for purposes of Dutch corporation tax, the holder will not be subject to any Dutch taxes on income or capital gains in respect of the ~~distribution~~ **allocation** of Common Shares and, if applicable, Special Voting Shares, except if:

(i) it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and to which permanent establishment or permanent representative its CNH Common Shares and, if applicable CNH Special Voting Shares are attributable; or

(ii) it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its CNH Common Shares and, if applicable CNH Special Voting Shares are attributable.

#### 13.1.4 ***Taxes on income and capital gains from the ownership and disposition of Common Shares and, if applicable, Special Voting Shares***

**Non-resident holders of Common Shares and, if applicable, Special Voting Shares**

(f) *Corporate entities*

If a holder of Common Shares and, if applicable, Special Voting Shares is a corporate entity, or an entity including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident, nor deemed to be resident in the Netherlands for purposes of Dutch corporation tax, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Common Shares and, if applicable, Special Voting Shares, except if:

(i) such ~~individual~~ **holder** derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and to which permanent establishment or permanent representative its Common Shares and, if applicable, Special Voting Shares are attributable; or

(ii) such ~~individual~~ **holder** derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its Common Shares and, if applicable, Special Voting Shares are attributable.

### 13.2 Material Italy Tax Considerations

#### 13.2.1 ***Tax Consequences of the Demerger***

The Demerger is intended to qualify as a tax-free (neutral) transaction for Italian tax purposes. Holders of Common Shares and, if applicable, Special Voting Shares will not recognize any income, gain or loss upon, or because of, the Demerger (other than in respect of fractional shares as described below). In particular, holders of CNH Common Shares and, if applicable, CNH Special Voting Shares will recognize no gain or loss upon the receipt of the Common Shares and, if applicable, Special Voting Shares according to the Allotment Ratio. Italian holders of CNH Common Shares (and, if applicable, Special Voting Shares) may have to recognize income if they receive cash in lieu of fractional shares, and in particular they should recognize income (dividend or capital gain depending on the nature of the Italian holder) or loss measured by the difference between the cash received for the fractional share and their tax basis in that fractional share.

**In a positive reply to an advance tax ruling application, the Italian tax authorities confirmed that the Demerger should be respected as a tax-free (neutral) transaction for Italian tax purposes.**

Holders of CNH Common Shares and, if applicable, CNH Special Voting Shares must split their tax basis (for Italian tax purposes) in CNH Common Shares and, if applicable, CNH Special Voting Shares between such shares and the Common Shares and, if applicable, the Special Voting Shares received upon Demerger. The split of the tax basis must be done based on the ratio between (a) the fair market values of the Common Shares and, if applicable, the Special Voting Shares received in exchange upon the Demerger (and the fair market value of the CNH Common Shares and, if applicable, the CNH Special Voting Shares still owned after the Demerger) and (b) the aggregate fair market value of the CNH Common Shares and, if applicable, the CNH Special Voting Shares held before the Demerger (see Italian Revenue Agency, Ruling No. 52/E of May 26, 2015).

## 9. Definitions and Glossary

The information set out below shall be added as follows in the section of the Prospectus entitled "*Definitions and Glossary*" on pages 191 and 195:

| **Term** | **Definition** |
|---|---|
| ***DRIVE*** | the Company's comprehensive performance improvement program |
| ***September 30, 2021 and 2020 Condensed Combined Financial Statements*** | the unaudited interim combined financial statements of the Company for the nine months ended September 30, 2021 and 2020 |

## 10. Historical Financial Information

The information set out below shall be added in the section of the Prospectus entitled "*Historical Financial Information*" on pages 197 and F-1:

# IVECO GROUP N.V.

# INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS

For the nine months ended September 30, 2021 and 2020

**IVECO GROUP N.V.**
**INTERIM CONDENSED COMBINED INCOME STATEMENT**
**For the Nine Months Ended September 30, 2021 and 2020**
**(Unaudited)**

| | Note | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|---|
| | | (€ million) | |
| Net revenues vs third parties | | 8,676 | 6,589 |
| Net revenues vs CNH Industrial Group post-Demerger | | 600 | 357 |
| Total Net revenues | (1) | 9,276 | 6,946 |
| Cost of sales | (2) | 7,953 | 6,533 |
| Selling, general and administrative costs | (3) | 583 | 483 |
| Research and development costs | (4) | 357 | 324 |
| Result from investments: | (5) | 21 | (4) |
| Share of the profit/(loss) of investees accounted for using the equity method | | 21 | (4) |
| Gains/(losses) on the disposal of investments | (13) | 7 | — |
| Restructuring costs | (6) | 8 | 4 |
| Other income/(expenses) | (7) | (82) | (86) |
| Financial income/(expenses) | (8) | (82) | (89) |
| PROFIT/(LOSS) BEFORE TAXES | | **239** | **(577)** |
| Income tax (expense) benefit | (9) | (72) | 151 |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | | **167** | **(426)** |
| PROFIT/(LOSS) FOR THE PERIOD | | **167** | **(426)** |
| | | | |
| PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO: | | | |
| Owners of Iveco Group | | 145 | (443) |
| Non-controlling interests | | 22 | 17 |

## IVECO GROUP N.V.
## INTERIM CONDENSED COMBINED STATEMENT OF COMPREHENSIVE INCOME
## For the Nine Months Ended September 30, 2021 and 2020
## (Unaudited)

| | Note | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|---|
| | | (€ million) | |
| PROFIT/(LOSS) (A) | | **167** | **(426)** |
| Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss: | | | |
| Gains/(losses) on the remeasurement of defined benefit plans | (20) | — | — |
| Net change in fair value of equity investments measured at fair value through other comprehensive income | (20) | (83) | 223 |
| Tax effect of Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss | (20) | 3 | (3) |
| **Total Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss, net of tax (B1)** | | **(80)** | **220** |
| Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss: | | | |
| Gains/(losses) on cash flow hedging instruments | (20) | (11) | 34 |
| Exchange gains/(losses) on translating foreign operations | (20) | (2) | (128) |
| Share of Other comprehensive income/(loss) of entities accounted for using the equity method | (20) | (24) | 2 |
| Tax effect of Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss | (20) | 3 | (8) |
| **Total Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss, net of tax (B2)** | | **(34)** | **(100)** |
| TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX (B) = (B1) + (B2) | | **(114)** | **120** |
| TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B) | | **53** | **(306)** |
| TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO: | | | |
| Owners of Iveco Group | | 27 | (323) |
| Non-controlling interests | | 26 | 17 |

# IVECO GROUP N.V.
# INTERIM CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION
## At September 30, 2021 and December 31, 2020
## (Unaudited)

| | Note | At September 30, 2021 | At December 31, 2020 |
|---|---|---|---|
| | | (€ million) | |
| ASSETS | | | |
| Intangible assets | (11) | 1,274 | 1,260 |
| Property, plant and equipment | (12) | 2,904 | 3,032 |
| Investments and other non-current financial assets: | (13) | 500 | 546 |
| Investments accounted for using the equity method | | 217 | 209 |
| Equity investments measured at fair value through other comprehensive income | | 236 | 319 |
| Other investments and non-current financial assets | | 47 | 18 |
| Leased assets | (14) | 65 | 73 |
| Defined benefit plan assets | | 1 | 1 |
| Deferred tax assets | | 686 | 681 |
| **Total Non-current assets** | | **5,430** | **5,593** |
| Inventories | (15) | 2,966 | 2,246 |
| Trade receivables | (16) | 387 | 444 |
| Financial receivables from CNH Industrial Group post-Demerger | (16) | 3,511 | 3,543 |
| Receivables from financing activities | (16) | 2,503 | 2,831 |
| Current tax receivables | (16) | 62 | 73 |
| Other current receivables and financial assets | (16) | 533 | 353 |
| Prepaid expenses and other assets | | 45 | 51 |
| Derivative assets | (17) | 24 | 28 |
| Cash and cash equivalents | (18) | 622 | 463 |
| **Total Current assets** | | **10,653** | **10,032** |
| Assets held for sale | (19) | 1 | 6 |
| **TOTAL ASSETS** | | **16,084** | **15,631** |
| INVESTED EQUITY AND LIABILITIES | | | |
| Invested capital and reserves attributable to owners of Iveco Group | | 2,312 | 2,268 |
| Non-controlling interests | | 16 | 68 |
| **Total Invested equity** | (20) | **2,328** | **2,336** |
| Provisions: | | 1,917 | 1,814 |
| Employee benefits | (21) | 610 | 610 |
| Other provisions | (21) | 1,307 | 1,204 |
| Debt: | (22) | 5,694 | 5,313 |
| Asset-backed financing | (22) | 1,626 | 2,031 |
| Debt payable to CNH Industrial Group post-Demerger | (22) | 3,323 | 2,563 |
| Other debt | (22) | 745 | 719 |
| Derivative liabilities | (17) | 40 | 27 |
| Trade payables | (23) | 2,942 | 3,082 |
| Tax liabilities | | 61 | 65 |
| Deferred tax liabilities | | 16 | 11 |
| Other current liabilities | (24) | 3,086 | 2,983 |
| **Total Liabilities** | | **13,756** | **13,295** |
| **TOTAL INVESTED EQUITY AND LIABILITIES** | | **16,084** | **15,631** |

# IVECO GROUP N.V.
# INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS
## For the Nine Months Ended September 30, 2021 and 2020
## (Unaudited)

| | Note | Nine Months Ended September 30, | |
|---|---|---|---|
| | | **2021** | **2020** |
| | | (€ million) | |
| A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | (18) | **463** | **417** |
| B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | | |
| Profit/(loss) | | 167 | (426) |
| Amortization and depreciation (net of vehicles sold under buy-back commitments and operating leases) | | 408 | 413 |
| (Gains)/losses on disposal of property plant and equipment and intangible assets (net of vehicles sold under buy-back commitments) | | (7) | 1 |
| Other non-cash items | | (23) | 29 |
| Dividends received | | 16 | - |
| Change in provisions | | 96 | (8) |
| Change in deferred income taxes | | 8 | (164) |
| Change in items due to buy-back commitments[(a)] | | 21 | 86 |
| Change in operating lease items[(b)] | | (1) | 17 |
| Change in working capital | | (904) | (748) |
| TOTAL | | **(219)** | **(800)** |
| C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES: | | | |
| Investments in: | | | |
| Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments and operating leases) | | (305) | (198) |
| Combined subsidiaries, net of cash acquired and other equity investments | | (3) | (132) |
| Proceeds from the sale of non-current assets (net of vehicles sold under buy-back commitments) | | 1 | 1 |
| Net change in receivables from financing activities | | 310 | 728 |
| Change in other current financial assets | | (69) | - |
| Other changes | | 27 | 19 |
| TOTAL | | **(39)** | **418** |
| D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES: | | | |
| Issuance of other medium-term borrowings (net of repayment) | | (11) | (26) |
| Net change in debt and derivative assets/liabilities | | 414 | 639 |
| Purchase of ownership interests in subsidiaries | | - | (8) |
| TOTAL | | **403** | **605** |
| Translation exchange differences | | 14 | (19) |
| E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS | | **159** | **204** |
| F) CASH AND CASH EQUIVALENTS AT END OF PERIOD | (18) | **622** | **621** |

(a) Cash generated from the sale of vehicles under buy-back commitments is recognized under operating activities in a single line item, which includes changes in working capital, capital expenditure, depreciation and impairment losses.
(b) Cash from operating lease is recognized under operating activities in a single line item, which includes capital expenditure, depreciation, write-downs and changes in inventory.

# IVECO GROUP N.V.
# INTERIM CONDENSED COMBINED STATEMENT OF CHANGES IN INVESTED EQUITY
## For the Nine Months Ended September 30, 2021 and 2020
## (Unaudited)

| | Invested capital and retained earnings | Cash flow hedge reserve | Cumulative translation adjustment reserve | Defined benefit plans remeasurement reserve | Equity investments at FVTOCI | Cumulative share of OCI of entities consolidated under the equity method | Non-controlling interests | Total Invested Equity |
|---|---|---|---|---|---|---|---|---|
| | | | | (€ million) | | | | |
| **AT DECEMBER 31, 2019** | **2,968** | **(11)** | **(148)** | **(180)** | **(4)** | **55** | **38** | **2,718** |
| Purchase of ownership interests in subsidiaries from non-controlling interests | (4) | - | - | - | - | - | (4) | **(8)** |
| Total comprehensive income/(loss) for the period | (443) | 26 | (128) | 1 | 219 | 2 | 17 | **(306)** |
| Other changes(1) | 10 | - | - | - | - | - | (1) | **9** |
| **AT SEPTEMBER 30, 2020** | **2,531** | **15** | **(276)** | **(179)** | **215** | **57** | **50** | **2,413** |

| | Invested capital and retained earnings | Cash flow hedge reserve | Cumulative translation adjustment reserve | Defined benefit plans remeasurement reserve | Equity investments at FVTOCI | Cumulative share of OCI of entities consolidated under the equity method | Non-controlling interests | Total Invested Equity |
|---|---|---|---|---|---|---|---|---|
| | | | | (€ million) | | | | |
| **AT DECEMBER 31, 2020** | **2,572** | **2** | **(256)** | **(190)** | **87** | **53** | **68** | **2,336** |
| Dividends distributed | - | - | - | - | - | - | (75) | **(75)** |
| Total comprehensive income/(loss) for the period | 145 | (8) | (6) | 2 | (82) | (24) | 26 | **53** |
| Other changes(1) | 17 | - | - | - | - | - | (3) | **14** |
| **AT SEPTEMBER 30, 2021** | **2,734** | **(6)** | **(262)** | **(188)** | **5** | **29** | **16** | **2,328** |

(1) Other changes of Earnings reserves include the impact of IAS 29 - Financial reporting in hyperinflationary economies applied for subsidiaries that prepare their financial statements in a functional currency of a hyperinflationary economy. In particular, from July 1, 2018, Argentina's economy was considered to be hyperinflationary. This item also includes minor changes related to share-based compensation expense.

## BACKGROUND

CNH Industrial N.V. ("CNH Industrial" and, collectively with its subsidiaries, the "CHN Industrial Group") is the company formed as a result of the business combination transaction (the "Merger"), completed on September 29, 2013, between Fiat Industrial S.p.A. and its majority owned subsidiary CNH Global N.V. CNH Industrial N.V. is incorporated under the laws of the Netherlands. CNH Industrial N.V. has its corporate seat in Amsterdam, the Netherlands, and its principal office in London, England, United Kingdom. CNH Industrial is a leading company in the capital goods sector that, through its various businesses, designs, produces and sells agricultural equipment, construction equipment, trucks, commercial vehicles, buses and specialty vehicles, in addition to a broad portfolio of powertrain applications. In addition, CNH Industrial's Financial Services segment offers an array of financial products and services, including retail financing for the purchase or lease of new and used CNH Industrial and other manufacturers' products and other retail financing programs and wholesale financing to dealers. CNH Industrial has industrial and financial services companies located in 44 countries and a commercial presence in approximately 180 countries.

At its Capital Markets Day event held on September 3, 2019, CNH Industrial announced its intention to separate its "Iveco Group" (commercial vehicles and powertrain) business and "Off-Highway" (agriculture and construction) business. On May 6, 2020, CNH Industrial announced that, while the intention to separate the Iveco Group business remained unchanged, the original timeline for the implementation was extended due to market conditions resulting from the COVID-19 pandemic. Starting from the end of 2020, CNH Industrial reaffirmed its intention to proceed with the separation.

## STRUCTURE OF THE DEMERGER

The separation will occur by way of the statutory Demerger (*juridische afsplitsing*), governed by the laws of the Netherlands, of equity investments attributable to the Iveco Group Business operations, as well as the portion of CNH Industrial N.V. financial payables attributable to Iveco Group Business operations, from CNH Industrial in favor of Iveco Group N.V. ("the Company"), a newly-established company incorporated in the Netherlands. The Demerger is expected to occur after a series of preliminary transactions will have been completed. Such preliminary transactions include the following:

i. the incorporation of the Company (wholly owned by CNH Industrial until the Effective Date). The Company was incorporated under the laws of the Netherlands on June 16, 2021, and has its corporate seat in Amsterdam, the Netherlands, and its place of effective management, principal office and business address in Turin, Italy. The Company will be the recipient of the interests and equity investments that will be transferred by universal title of succession (*algemene titel*) pursuant to the Demerger,

ii. the incorporation of a new Financial Services legal entity, CIFINS, which is to hold 49.9% of CNH Industrial's interest in CNH Industrial Capital Europe S.a.S., a joint venture with the BNP Paribas Group providing financing solutions to customers of the CNH Industrial Group in several European countries. Such 49.9% interest will be transferred into CIFINS by way of a contribution in kind, governed by the laws of Italy in December 2021. CIFINS was incorporated under the laws of Italy on June 11, 2021, and has its corporate seat in Turin, Italy, as a wholly owned subsidiary of CNH Industrial. As part of the Demerger, CNH Industrial will transfer 50% of the shares in CIFINS to the Company; and

iii. a separation of operational activities at a local level, in particular in Brazil and Argentina, by way of intra-group demerger transactions into separate legal entities. The activities to be demerged are already operationally and from a reporting standpoint separated from the 'Agriculture' and 'Construction' activities and only require legal separation into separate entities to enable a transfer of only those entities to the Company as part of the Demerger.

In the first quarter of 2022, after the Demerger, the Company expects to settle all deposits in CNH Industrial post-Demerger's cash management pools, as well as all debt towards CNH Industrial post-Demerger.

The Demerger will entail the transfer by universal title of succession, from CNH Industrial to the Company, of: (a) all interests directly owned by CNH Industrial in the legal entities attributable to the Iveco Group Business operations, (b) all interests owned in the Financial Services legal entities included in the Iveco Group Business perimeter, (c) 50% of CNH Industrial's interest in CIFINS (owning 49.9% of CNH Industrial Capital Europe S.a.S.), (d) the portion of CNH

Industrial N.V. financial payables attributable to Iveco Group Business operations, and (e) all issued and paid up 25,000,000 common shares, each with a nominal value of EUR 0.01 currently held by CNH Industrial in the share capital of the Company. The Demerger will become effective on the Effective Date.

All other assets, liabilities and interests not transferred to the Company upon Demerger will remain with CNH Industrial.

Universal title of succession means that the legal title to the assets and liabilities concerned transfers to the receiving company by operation of law by virtue of the legal demerger: no separate transfer deeds or other actions are required for the transfer of title other than the notarial deed of demerger.

Generally, third party consents do not need to be obtained. There is a one-month opposition period following the filing of the demerger proposal during which creditors, and parties to a legal relationship with CNH Industrial or the Company, who believe that their position is jeopardised by the Demerger, may object and may require security to be given to them if their position deteriorates as a result of the Demerger. The same applies to counterparties to contracts who believe that their contracts are not properly transferred. Contractual relationships may only be transferred in their entirety.

The Demerger will also entail the allotment of common and special voting shares of the Company to all CNH Industrial's shareholders proportionally to their holding of each type of common and special voting shares in CNH Industrial in accordance with the Exchange Ratio. The allotment of shares pursuant to the Demerger does not require a separate deed or action: the allotment is accomplished by operation of law pursuant to the execution of the notarial deed of demerger.

Following the Demerger, the Company will operate as an independent, publicly listed company.

## SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

These Interim condensed combined financial statements for the nine months ended September 30, 2021 and 2020 together with the notes thereto (the "Interim Condensed Combined Financial Statements") have been prepared in connection with the Demerger and have been derived from the condensed consolidated financial statements and accounting records of CNH Industrial at the same dates. These Interim Condensed Combined Financial Statements have been prepared to represent the combined historical results of operations, financial position and cash flows of the Iveco Group business structure that will be controlled by the Company following the Demerger (together the "Group" or the "Iveco Group"). The Interim Condensed Combined Financial Statements are presented as if the entities controlled directly or indirectly by CNH Industrial until the Demerger and that will be controlled by the Company afterwards, together with other assets and liabilities, had been combined for all periods presented.

As the Demerger is considered 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, assets and liabilities are accounted for at the carrying value in the accounting records of the transferring entity (i.e. CNH Industrial). The Interim Condensed Combined Financial Statements are therefore prepared under the historical cost convention, modified as required for the measurement of financial instruments, as well as on a going concern basis. Despite operating in a continuously difficult economic and financial environment negatively impacted by the continuing spread of the COVID-19 pandemic, the Group's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about its ability to continue as a going concern, in view also of the measures already undertaken by the Group to preserve cash and contain costs, and to preserve its industrial and financial flexibility and its strong liquidity position. As of September 30, 2021, the Company had approximately €0.6 billion cash and cash equivalents, and €0.2 billion net financial receivables from CNH Industrial post-Demerger consisting in cash deposited in the central treasury of CNH Industrial post-Demerger.

EU-IFRS do not provide principles for the preparation of combined and/or carved-out financial statements, accordingly, in preparing these Interim Condensed Combined Financial Statements, accounting and allocation conventions commonly used in practice for the preparation of combined and/or carved-out financial statements were applied.

The following paragraphs describe the significant estimates and assumptions applied by management in the preparation of these Interim Condensed Combined Financial Statements:

- Where they do not correspond to a separate legal entity, assets and liabilities attributable to the Group's operations have been identified and recognized in the Interim Condensed Combined Financial Statements by adjusting equity.
- Income and expenses attributable to operations have been allocated on a basis consistent with the allocation of the assets and liabilities that generated them or the legal entities to which they relate. In particular, corporate general and administrative functions costs in the areas of corporate governance, including senior management, corporate responsibility and other corporate functions, such as tax, legal, investor relations, treasury, communication functions, were not charged or allocated to the Iveco Group business in the past. These Interim Condensed Combined Financial Statements include a reasonable allocation of these corporate general and administrative functions costs, primarily based on headcount.
- All the items resulting from transactions between entities remaining in the CNH Industrial Group post-Demerger and entities being transferred to Iveco Group are included in these Interim Condensed Combined Financial Statements as items relating to third parties, except for net revenues from the sale of goods and services, and receivables and payables of a financial nature (meaning those resulting from transactions with the treasury entities and financial service entities of the CNH Industrial Group post-Demerger) which have been stated in specific line items of the income statement and statement of financial position, respectively, given their size.
- Income tax expense or benefit, deferred income tax assets and liabilities and income tax receivables and liabilities attributable to Iveco Group were determined based on actual taxation. In certain cases, entities being transferred to the Iveco Group business have historically been included in consolidated tax filing groups with other entities that will not be transferred to the Iveco Group business. In these instances, the current and deferred taxes presented in the Interim Condensed Combined Financial Statements for the nine months ended September 30, 2021 and 2020 have generally been calculated considering the effects resulting from these entities participating in their respective group tax filings.
- Dividends and other equity transactions between Iveco Group and CNH Industrial Group post-Demerger were recognized directly to retained earnings in the Invested capital and reserves attributable to owners of Iveco Group.

The Group believes that the assumptions above described underlying the Interim Condensed Combined Financial Statements, including recharges of expenses from CNH Industrial Group, are reasonable. Nevertheless, the Interim Condensed Combined Financial Statements may not include all of the actual expenses that would have been incurred by Iveco Group and may not reflect the combined results of operations, financial position and cash flows had Iveco Group been a stand-alone group during the periods presented. Actual costs that would have been incurred if Iveco Group had been a stand-alone group would depend on multiple factors, including organizational structure and strategic decisions made in various areas.

These Interim Condensed Combined Financial Statements are prepared using the euro as the presentation currency.

**Authorization of the Interim Condensed Combined Financial Statements and compliance with International Financial Reporting Standards**

These Interim Condensed Combined Financial Statements together with the notes thereto of Iveco Group for the nine months ended September 30, 2021 and 2020, were authorized for issuance by the Board of Directors of Iveco Group N.V. on November 29, 2021 and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU-IFRS"). The designation "IFRS" also includes International Accounting Standards ("IAS"), as well as all interpretations of the IFRS Interpretations Committee ("IFRIC").

The Interim Condensed Combined Financial Statements, which have been prepared in accordance with IAS 34 - *Interim Financial Reporting*, do not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the audited Iveco Group Combined Financial Statements at December 31, 2020, 2019 and 2018. The accounting standards and policies are consistent with those used at December 31, 2020, except as described in the following paragraph "New standards and amendments effective from January 1, 2021".

### Use of accounting estimates and management's assumptions

The preparation of the Interim Condensed Combined Financial Statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities, accumulated other comprehensive income and disclosure of contingent assets and contingent liabilities. Furthermore, certain valuation procedures, in particular those of a more complex nature, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, other than in the event that there are indications of impairment when an immediate assessment is necessary. In the same way, the actuarial valuations that are required for the determination of employee benefit provisions are also usually carried out during the preparation of the annual consolidated financial statements. The recoverability of deferred tax assets is assessed quarterly using historical financial results and figures from budget and plans for subsequent years. Income taxes are recognized based upon the best estimate of the actual income tax rate expected for the full financial year.

Due to the currently unforeseeable global consequences of the COVID-19 pandemic, these estimates and assumptions are subject to increased uncertainty. Actual results could differ materially from the estimates and assumptions used in preparation of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the Interim Condensed Combined Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

These Interim Condensed Combined Financial Statements include all updates of estimates and assumptions considered necessary by management to fairly state the Group's results of operations, financial position and cash flows. See section "Significant accounting policies", paragraph "Use of estimates", in the Iveco Group Combined Financial Statements at December 31, 2020 for a description of the significant estimates, judgments and assumptions of Iveco Group at that date.

Iveco Group is exposed to operational financial risks such as credit risk, liquidity risk and market risk, mainly relating to exchange rates and interest rates. These Interim Condensed Combined Financial Statements do not include all the information and notes about financial risk management required in the preparation of annual financial statements. For a detailed description of this information see the "Risk management and Control System" section and Note 30 "Information on financial risks" of Iveco Group Combined Financial Statements at December 31, 2020, as well as those discussed in Note 16 "Current receivables and Other current financial assets".

### Format of the financial statements

Iveco Group presents an income statement using a classification based on the function of expenses (otherwise known as the "cost of sales" method), rather than one based on their nature, as this is believed to provide information that is more relevant.

For the statement of financial position, a mixed format has been selected to present current and non-current assets and liabilities, as permitted by IAS 1 – *Presentation of Financial Statements*. These Interim Condensed Combined Financial Statements include both industrial activities companies and financial services companies. The investment portfolios of financial services companies are included in current assets, as the investments will be realized in their normal operating cycle. However, financial services companies obtain only a portion of their funding from the market: the remainder has historically been obtained from the parent company through its treasury operations (included in Industrial Activities), which lend funds both to industrial activities companies and to financial services companies as the need arises. This financial services structure within the Iveco Group does not allow the separation of financial liabilities funding the financial services operations (whose assets are reported within current assets) and those funding the industrial activities operations. Presentation of financial liabilities as current or non-current based on their date of maturity would not facilitate a meaningful comparison with financial assets, which are categorized on the basis of their normal operating cycle.

The statement of cash flows is presented using the indirect method.

### New standards and amendments effective from January 1, 2021

On August 27, 2020 the IASB issued *Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*, which addresses the accounting for changes in the basis for determining contractual cash flows as a consequence of IBOR reform. Furthermore, the amendments include additional temporary exceptions from applying specific hedge accounting requirements and additional disclosures. The amendments are effective retrospectively for annual reporting periods beginning on or after January 1, 2021. These amendments had no impact on these Interim Condensed Combined Financial Statements.

**Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Group**

See paragraph "Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Group" of the section "Significant accounting policies" in the Notes to the Combined Financial Statements as of December 31, 2020, for a description of other new standards not yet effective and not adopted as of September 30, 2021. Furthermore, on May 7, 2021 the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*, which specifies how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments clarify that no exemption applies on such transactions and that companies are required to recognize deferred tax when they recognize the related assets or liabilities for the first time. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The Group is currently evaluating the impact of the adoption of these amendments.

**Global Supply Chain Disruptions**

On October 13, 2021, it was announced the temporary closure of several of the Group's European commercial vehicle and powertrain manufacturing facilities in response to ongoing disruptions to the procurement environment and shortages of core components, especially semiconductors. The global supply chain still shows increasing input costs and logistics pressures, with ongoing disruptions to the procurement environment forcing repeated reviews of production schedules. Critical conditions affecting the supply chain are expected to remain through the last quarter of the year and the Group can make no assurances that further temporary closures of its commercial vehicle and powertrain manufacturing facilities will not be necessary.

## SCOPE OF THE INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS

A list of the companies included in the scope of these Interim Condensed Combined Financial Statements that will be allocated to the Iveco Group as part of the Demerger is included in Note 31.

## BUSINESS COMBINATIONS

There were no significant business combinations in the nine months ended September 30, 2021 and 2020.

## COMPOSITION AND PRINCIPAL CHANGES

### 1. Net revenues

The following table summarizes Net revenues for the nine months ended September 30, 2021 and 2020:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| Commercial and Specialty Vehicles | 7,460 | 5,449 |
| Powertrain | 2,912 | 2,157 |
| Eliminations and Other | (1,189) | (740) |
| **Total Industrial Activities** | **9,183** | **6,866** |
| Financial Services | 139 | 129 |
| Eliminations and Other | (46) | (49) |
| **Total Net revenues** | **9,276** | **6,946** |

In the nine months ended September 30, 2021 and 2020, total Net revenues included €600 million and €357 million, respectively, of Revenues from CNH Industrial Group post-Demerger.

The following table disaggregates Net revenues by major source for the nine months ended September 30, 2021 and 2020:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| Revenues from: | | |
| Sales of goods | 8,541 | 6,253 |
| Rendering of services and other revenues | 439 | 404 |
| Rents and other income on assets sold with a buy-back commitment | 203 | 209 |
| **Revenues from sales of goods and services** | **9,183** | **6,866** |
| Finance and interest income | 69 | 62 |
| Rents and other income on operating lease | 24 | 18 |
| **Total Net revenues** | **9,276** | **6,946** |

During the nine months ended September 30, 2021 and 2020, revenues included €315 million and €324 million, respectively, relating to the reversal of contract liabilities outstanding at the beginning of each period. Refer to Note 24 "Other current liabilities" for additional details on contract liabilities.

As of September 30, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations related to extended warranties/maintenance and repair contracts, and transactions for the sale of vehicles with a buy-back commitment, was approximately €2.3 billion (approximately €1.9 billion as of December 31, 2020). Iveco Group expects to recognize revenue on approximately 36% and 82% of the remaining performance obligations over the next 12 and 36 months, respectively (approximately 32% and 77% as of December 31, 2020, respectively), with the remaining recognized thereafter.

## 2. Cost of sales

Cost of sales amounted to €7,953 million and €6,533 million in the nine months ended September 30, 2021 and 2020, respectively. In the nine months ended September 30, 2020, Cost of sales included asset optimization charges of €247 million and other assets impairment charges of €6 million.

## 3. Selling, general and administrative costs

Selling, general and administrative costs amounted to €583 million in the nine months ended September 30, 2021, up €100 million compared to the nine months ended September 30, 2020 as cost returned to more normal levels from the pandemic-affected low levels experienced last year.

## 4. Research and development costs

In the nine months ended September 30, 2021, research and development costs were €357 million (€324 million in the nine months ended September 30, 2020) and included all the research and development costs not recognized as assets in the period amounting to €197 million (€168 million in the nine months ended September 30, 2020) and the amortization of capitalized development costs of €160 million (€156 million in the nine months ended September 30, 2020). During the nine months ended September 30, 2021 the Group capitalized new development costs of €166 million (€103 million in the nine months ended September 30, 2020.

## 5. Result from investments

This item mainly includes Iveco Group's share in the net profit or loss of the investees accounted for using the equity method, as well as any impairment losses, reversal of impairment losses, accruals to the investment provision, and dividend income. In the nine months ended September 30, 2021, Iveco Group's share in the net profit or loss of the investees accounted for using the equity method was a gain of €21 million (loss of €4 million in the nine months ended September 30, 2020), including the positive impact of €11 million from the sale of investments by a joint venture accounted for under the equity method.

## 6. Restructuring costs

The Group incurred restructuring costs of €8 million and €4 million during the nine months ended September 30, 2021 and 2020, respectively.

## 7. Other income/(expenses)

This item consists of miscellaneous costs which cannot be allocated to specific functional areas, such as accruals for various provisions not attributable to other items of Cost of sales or Selling, general and administrative costs, net of income arising from operations which is not attributable to the sale of goods and services. Other expenses were €82 million and €86 million in the nine months ended September 30, 2021 and 2020, respectively.

## 8. Financial income/(expenses)

The item "Financial income/(expenses)" is detailed as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| **Financial income (a)** | **21** | **17** |
| **Interest and other financial expenses (b)** | **66** | **69** |
| Net income/(expenses) from derivative financial instruments at fair value through profit or loss | (27) | 2 |
| Exchange rate differences from derivative financial instruments | (10) | (39) |
| **Total net income/(expenses) and exchange differences from derivative financial instruments (c)** | **(37)** | **(37)** |
| **Net financial income/(expenses) (a) - (b) + (c)** | **(82)** | **(89)** |

## 9. Income tax (expense) benefit

Income tax (expense) benefit recognized in the condensed combined income statement consists of the following:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| Current taxes | (55) | (24) |
| Deferred taxes | (5) | 144 |
| Taxes relating to prior periods | (12) | 31 |
| **Total Income tax (expense) benefit** | **(72)** | **151** |

The effective tax rates for the nine months ended September 30, 2021 and 2020 were 30.1% and 26.2%, respectively. The current period effective tax rate reflects the Company's full year estimated annual tax rate, which was calculated in accordance with the applicable jurisdictional tax laws. For the nine months ended September 30, 2020, income taxes were a benefit of €151 million, primarily caused by Iveco Group reporting a loss before taxes during the period of €577 million.

Iveco Group files income tax returns in multiple jurisdictions and is subject to examination by taxing authorities throughout the world. Iveco Group has open tax years from 2010 through 2020. Due to the global nature of Iveco Group's business, transfer pricing disputes may arise and Iveco Group may seek correlative relief through competent authority processes. Further, as various ongoing audits are concluded, or as the applicable statutes of limitations expire, it is possible Iveco Group's amount of unrecognized tax benefits could change during the next twelve months. Iveco Group does not believe the resolution of any outstanding tax examinations will have a material effect on Iveco Group's results of operations, statement of financial position, or cash flows.

## 10. Earnings per share

As these Interim Condensed Combined Financial Statements have been prepared on a combined/carve-out basis, earnings per share is not a meaningful measure of financial performance for any of the periods presented. The Iveco Group has not had share capital during the periods presented, therefore, management has determined that presenting an earnings per share ratio calculated on the combined/carve-out information would not accurately reflect the historical earnings per share. Accordingly, the requirement of IAS 33 - *Earnings per share* to disclose earnings per share is not applicable.

## 11. Intangible assets

Changes in the carrying amount of Intangible assets for the nine months ended September 30, 2021 were as follows:

| | At December 31, 2020 | Additions | Amortization | Foreign exchange effects and other changes | At September 30, 2021 |
|---|---|---|---|---|---|
| | | | (€ million) | | |
| Goodwill | 70 | - | - | - | **70** |
| Development costs | 1,092 | 166 | (160) | 1 | **1,099** |
| Other | 98 | 26 | (20) | 1 | **105** |
| **Total Intangible assets** | **1,260** | 192 | (180) | 2 | **1,274** |

Goodwill is allocated to the segments as follows: Commercial and Specialty Vehicles for €53 million, Powertrain for €5 million and Financial Services for €12 million. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or more frequently if a triggering event occurs and impairment indicators are identified. Iveco Group performed its most recent annual impairment review as of December 31, 2020. The results of the impairment tests confirmed the absence of an impairment loss. During the nine months ended September 30, 2021, no impairment indicators were identified.

## 12. Property, plant and equipment

Changes in the carrying amount of Property, plant and equipment for the nine months ended September 30, 2021 were as follows:

| | Carrying amount at December 31, 2020 | Additions | Depreciation | Foreign exchange effects, disposals and other changes | Carrying amount at September 30, 2021 |
|---|---|---|---|---|---|
| | | | (€ million) | | |
| Property, plant and equipment acquired | **1,458** | 113 | (178) | 7 | **1,400** |
| Right-of-use assets | **203** | 45 | (50) | (3) | **195** |
| Assets sold with a buy-back commitment | **1,371** | 399 | (163) | (298) | **1,309** |
| **Total Property, plant and equipment** | **3,032** | 557 | (391) | (294) | **2,904** |

At September 30, 2021, right-of-use assets refer primarily to the following lease contracts: industrial buildings for €130 million (€140 million at December 31, 2020), plant, machinery and equipment for €15 million (€17 million at December

31, 2020), and other assets for €50 million (€46 million at December 31, 2020). For a description of the related lease liabilities, refer to Note 22 "Debt".

Short-term and low-value leases are not recorded in the statement of financial position. For these leases, Iveco Group recognizes lease expense (€6 million and €8 million in the nine months ended September 30, 2021 and 2020, respectively) in the income statement on a straight-line basis over the lease term.

### 13. Investments and other non-current financial assets

Investments and other non-current financial assets at September 30, 2021 and December 31, 2020 consisted of the following:

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Equity investments measured at fair value through other comprehensive income | 236 | 319 |
| Other investments | 230 | 214 |
| Total Investments | 466 | 533 |
| Non-current financial receivables and other non-current securities | 34 | 13 |
| **Total Investments and other non-current financial assets** | **500** | **546** |

Equity investments measured at fair value through other comprehensive income include the fair value of the approximately 6.5% investment held by Iveco Group in Nikola Corporation ("Nikola"), made in the context of the strategic partnership with Nikola to industrialize fuel-cell and battery electric Heavy-Duty trucks. During the second quarter of 2020, Nikola completed a business combination with VectoIQ Acquisition Corp., a publicly-traded special purpose acquisition company. Under the terms and conditions of the business combination, the former shareholders of Nikola received 1.901 shares of VectoIQ for every one share held in Nikola and became shareholders of VectoIQ, which, in turn, changed its name to "Nikola Corporation". The combined company's shares continued to list on NASDAQ under the new ticker symbol "NKLA". Before the completion of the business combination, Iveco Group increased its investment in Nikola to €250 million. The market price of Nikola shares as of September 30, 2021 was $10.67, determining a value of €236 million for the 25,661,448 shares held by Iveco Group through its fully-owned subsidiary Iveco S.p.A. During the nine months ended September 30, 2021, Iveco Group recorded in Other comprehensive income a pre-tax loss of €83 million (€82 million after-tax) from the remeasurement at fair value of the investment in Nikola. During the nine months ended September 30, 2020, Iveco Group recorded in Other comprehensive income a pre-tax gain of €223 million (€219 million after-tax) from the remeasurement at fair value of the investment in Nikola.

Iveco S.p.A. and Nikola Corporation are jointly developing cab over battery-electric vehicle ("BEV") and hydrogen fuel cell electric vehicle ("FCEV") trucks, which will be manufactured in Europe through a legal entity 50/50 owned by Iveco S.p.A. and Nikola Corporation, and in the U.S. by Nikola Corporation. During 2020, Iveco S.p.A. and Nikola entered into a series of agreements to establish the European legal entity. The set-up activities of the legal entity started in the fourth quarter of 2020 and the implementation continues in line with the roadmap.

Changes in Investments were as follows:

| | At December 31, 2020 | Revaluations/ (Write-downs) | Acquisitions and capitalizations | Fair value remeasurements | Disposals and other changes | At September 30, 2021 |
|---|---|---|---|---|---|---|
| | | | (€ million) | | | |
| Equity investments measured at fair value through other comprehensive income | 319 | - | - | (83) | - | 236 |
| Other investments | 214 | 21 | - | - | (5) | 230 |
| **Total Investments** | **533** | **21** | **-** | **(83)** | **(5)** | **466** |

Other investments amounted to €230 million at September 30, 2021 (€214 million at December 31, 2020) and primarily included the following: CNH Industrial Capital Europe S.a.S. €89 million (€96 million at December 31, 2020) and Transolver Finance Establecimiento Financiero de Credito S.A. €34 million (€33 million at December 31, 2020). At September 30, 2021, Other investments also included SAIC IVECO Commercial Vehicle Investment Company Limited for €78 million (€8 million at December 31, 2020), whose carrying value at September 30, 2021 included the accrual of dividends received from SAIC Fiat Powertrain Hongyan Co. Ltd.

Revaluations and write-downs primarily consist of adjustments for the result of the period to the carrying amount of investments accounted for using the equity method.

During the first half of 2021, CNH Industrial and SAIC Group completed the regulatory filings required for the finalization of the sale of a 30.1% of Naveco (Nanjing Iveco Motor Co.) to SAIC Group. Closing of the transaction occurred in the third quarter of 2021. The sale resulted in the discontinuation of the equity method of accounting and the recognition of a pre- and after-tax gain of €8 million, which is included in item "Gains/(losses) on disposal of investments" in the income statement. The remaining 19.9% interest in Naveco is now measured at fair value through profit or loss (€9 million at September 30, 2021, determined on the basis of the sale price for the 30.1% interest).

## 14. Leased assets

Leased assets primarily include vehicles leased to retail customers by Financial Services under operating lease arrangements. Such leases typically have terms of 3 to 5 years with options available for the lessee to purchase the vehicle at the lease term date. Revenues for non-lease components are accounted for separately.

Changes in the carrying amount of Leased assets for the nine months ended September 30, 2021 were as follows:

| | At December 31, 2020 | Additions | Depreciation | Foreign exchange effects Disposals and other changes | At September 30, 2021 |
|---|---|---|---|---|---|
| | | | (€ million) | | |
| **Leased assets** | **73** | 49 | (23) | (34) | **65** |

## 15. Inventories

At September 30, 2021 and December 31, 2020, Inventories consisted of the following:

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Raw materials | 696 | 493 |
| Work-in-progress | 618 | 276 |
| Finished goods | 1,652 | 1,477 |
| **Total Inventories** | **2,966** | **2,246** |

At September 30, 2021, Inventories included assets which are no longer subject to operating lease arrangements or buy-back commitments and were held for sale for a total amount of €72 million, which decreased €72 million from the €144 million at December 31, 2020 primarily due to higher used vehicle sales and extensions of the duration of buyback agreements on request of rental companies and final customers.

## 16. Current receivables and Other current financial assets

A summary of Current receivables and Other current financial assets as of September 30, 2021 and December 31, 2020 is as follows:

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Trade receivables | 387 | 444 |
| Financial receivables from CNH Industrial Group post-Demerger | 3,511 | 3,543 |
| Receivables from financing activities | 2,503 | 2,831 |
| Current tax receivables | 62 | 73 |
| Other current receivables and financial assets: | | |
| Other current receivables | 323 | 217 |
| Other current financial assets | 210 | 136 |
| Total Other current receivables and financial assets | 533 | 353 |
| **Total Current receivables and Other current financial assets** | **6,996** | **7,244** |

*Financial receivables from CNH Industrial Group post-Demerger*

This item mainly refers to cash balances deposited with the CNH Industrial Group post-Demerger central treasury, including cash management and/or cash pooling arrangements.

*Receivables from financing activities*

A summary of Receivables from financing activities as of September 30, 2021 and December 31, 2020 is as follows:

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Retail: | | |
| Retail financing | 10 | 9 |
| Finance leases | 69 | 77 |
| Total Retail | 79 | 86 |
| Wholesale: | | |
| Dealer financing | 2,396 | 2,720 |
| Total Wholesale | 2,396 | 2,720 |
| Other | 28 | 25 |
| **Total Receivables from financing activities** | **2,503** | **2,831** |

Iveco Group provides and administers financing for retail purchases of new and used equipment and vehicles sold through its dealer network. The terms of retail and other notes and finance leases generally range from two to six years, and interest rates on retail and other notes and finance leases vary depending on prevailing market interest rates and certain incentive programs offered by Industrial Activities.

Wholesale receivables arise primarily from the sale of goods to dealers and distributors and, to a lesser extent, the financing of dealer operations. Under the standard terms of the wholesale receivable agreements, these receivables typically have “interest-free” periods of up to twelve months and stated original maturities of up to twenty-four months, with repayment accelerated upon the sale of the underlying equipment by the dealer. During the “interest-free” period, Financial Services is compensated by Industrial Activities for the difference between market interest rates and the amount paid by the dealer. After the expiration of any “interest-free” period, interest is charged to dealers on outstanding balances until Iveco Group receives payment in full. The “interest-free” periods are determined based on the type of equipment sold and the time of year of the sale. Iveco Group evaluates and assesses dealers on an ongoing basis as to their credit worthiness. Iveco Group may be obligated to repurchase the dealer’s equipment upon cancellation or termination of the dealer's contract for such causes as change in ownership, closeout of the business, or default. There were no significant losses in the nine months ended September 30, 2021 and 2020 relating to the termination of dealer contracts.

Financing receivables are considered past due if the required principal and interest payments have not yet been received as of the contractual payment due date. Delinquency is reported in financing receivables greater than 30 days past due. Non-performing financing receivables represent loans for which Iveco Group has ceased accruing finance income. These receivables are generally 90 days delinquent. Finance income for non-performing receivables is recognized on a cash basis. Accrued interest is charged-off to Interest income. Interest income charged-off was not material for the nine months ended September 30, 2021 and 2020. Accrual of finance income is resumed when the receivable becomes contractually current and collections are reasonably assured.

The aging of Receivables from financing activities as of September 30, 2021 and December 31, 2020 is as follows (all receivables are related to Europe region):

| | At September 30, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Total Current | 31-60 Days Past Due | 61-90 Days Past Due | Total Performing | Non-Performing | Total |
| | (€ million) | | | | | |
| Total Retail | 79 | - | - | **79** | - | **79** |
| Total Wholesale | 2,396 | - | - | **2,396** | - | **2,396** |

| | At December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Total Current | 31-60 Days Past Due | 61-90 Days Past Due | Total Performing | Non-Performing | Total |
| | (€ million) | | | | | |
| Total Retail | 86 | - | - | **86** | **-** | **86** |
| Total Wholesale | 2,720 | - | - | **2,720** | **-** | **2,720** |

The above aging tables are not necessarily reflective of the potential credit risk in the portfolio due to payment schedule changes granted by Iveco Group and government stimulus policies benefiting Iveco Group's dealers and end-use customers.

There is not a disproportionate concentration of credit risk in any geographic region. Receivables from financing activities generally relate to the truck businesses. Iveco Group typically retains a security interest in the equipment or vehicle being financed. In addition, Iveco Group may also obtain other forms of collateral including letter of credit/guarantees, insurance coverage, real estate and personal guarantees.

A financial asset has experienced a significant increase in credit risk when the customer shows signs of operational or financial weakness including past dues, which requires significant collection effort and monitoring and generally occurs when the customer becomes past due greater than 30 days. The assessment considers available information regarding the financial stability of the customer and other market/industry data; an account is typically considered in default when it is 90 days past due.

Iveco Group utilizes three categories for receivables from financing activities that reflect their credit risk and how the loan provision is determined.

| Internal risk grade | IFRS 9 classification | Definition | Basis for recognition of expected credit loss provision |
|---|---|---|---|
| Performing | Stage 1 | Low risk of default; payments are generally less than 30 days past due | 12 month expected credit losses |
| Performing | Stage 2 | Significant increase in credit risk; payments generally between 31 and 90 days past due | Lifetime expected credit losses |
| Non-performing | Stage 3 | Accounts are credit impaired and/or a legal action has been initiated; payments generally greater than 90 days past due | Lifetime expected credit losses |

Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is estimated that amounts due are deemed uncollectible. Iveco Group continues to engage in collection efforts to attempt to recover the receivables. When recoveries are collected, these are recognized as income.

*Allowance for Credit Losses of Receivables from financing activities*

Iveco Group's allowance for credit losses is segregated into two portfolio segments: retail and wholesale. A portfolio segment is the level at which Iveco Group develops a systematic methodology for determining its allowance for credit losses. Typically, Iveco Group's receivables within a portfolio segment have similar risk profiles and methods for assessing and monitoring risk. These classes align with management reporting.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, Iveco Group considers historical loss rates for each category of customer and adjusts for forward looking macroeconomic data.

In calculating the expected credit losses, Iveco Group's calculations depend on whether the receivable has been individually identified as being impaired. The first component of the allowance for credit losses covers the receivables specifically reviewed by management for which Iveco Group has determined it is probable that it will not collect all of the contractual principal and interest. Receivables are individually reviewed for impairment based on, among other items, amounts outstanding, days past due and prior collection history. Expected credit losses are measured by considering: the unbiased and probability-weighted amount; the time value of money; and reasonable and supportable information (available without undue costs or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions. Expected credit losses are measured as the probability-weighted present value of all cash shortfalls over the expected life of each financial asset.

The second component of the allowance for credit losses covers all receivables that have not been individually reviewed for impairment. The allowance for these receivables is based on aggregated portfolio evaluations, generally by financial product. The allowance for wholesale and retail credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency. The loss forecast models are updated on a quarterly basis. The calculation is adjusted for forward looking macroeconomic factors. In addition, qualitative factors that are not fully captured in the loss forecast models are considered in the evaluation of the adequacy of the allowance for credit losses. These qualitative factors are subjective and require a degree of management judgment.

Allowance for credit losses activity for the nine months ended September 30, 2021 is as follows:

| | Nine Months Ended September 30, 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Retail | | | | Wholesale | | | |
| | Stage 1 12 months ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total | Stage 1 12 months ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | (€ million) | | | | | | | |
| **Opening balance** | **32** | **—** | **80** | **112** | **8** | **1** | **82** | **91** |
| Provision (benefit) | 1 | — | (5) | (4) | (1) | — | 1 | — |
| Charge-offs, net of recoveries | — | — | (19) | (19) | — | — | (2) | (2) |
| Transfers | (29) | — | 29 | — | — | — | — | — |
| Foreign currency translation and other | — | — | (1) | (1) | — | — | 1 | 1 |
| **Ending balance** | **4** | — | **84** | **88** | **7** | **1** | **82** | **90** |
| Receivables: | | | | | | | | |
| **Ending balance** | **54** | — | **25** | **79** | **2,363** | **9** | **24** | **2,396** |

Allowance for credit losses activity for the nine months ended September 30, 2020 and for the year ended December 31, 2020 is as follows:

| | Nine Months Ended September 30, 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Retail | | | | Wholesale | | | |
| | Stage 1 12 months ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total | Stage 1 12 months ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | (€ million) | | | | | | | |
| **Opening balance** | **41** | **—** | **91** | **132** | **10** | **1** | **70** | **81** |
| Provision (benefit) | 1 | — | (3) | (2) | — | — | 15 | 15 |
| Charge-offs, net of recoveries | — | — | (21) | (21) | — | — | (7) | (7) |
| Transfers | (30) | — | 30 | — | (5) | — | 5 | — |
| Foreign currency translation and other | — | — | (8) | (8) | 4 | — | 16 | 20 |
| **Ending balance** | **12** | **—** | **89** | **101** | **9** | **1** | **99** | **109** |
| Receivables: | | | | | | | | |
| **Ending balance** | **45** | **—** | **50** | **95** | **3,495** | **11** | **46** | **3,552** |

| | Year ended December 31, 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Retail | | | | Wholesale | | | |
| | Stage 1 12 months ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total | Stage 1 12 months ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | (€ million) | | | | | | | |
| **Opening balance** | **41** | **—** | **91** | **132** | **10** | **1** | **70** | **81** |
| Provision (benefit) | 2 | — | 8 | 10 | (1) | — | 16 | 15 |
| Charge-offs, net of recoveries | — | — | (22) | (22) | — | — | (8) | (8) |
| Transfers | (11) | — | 11 | — | (1) | — | 1 | — |
| Foreign currency translation and other | — | — | (8) | (8) | — | — | 3 | 3 |
| **Ending balance** | **32** | **—** | **80** | **112** | **8** | **1** | **82** | **91** |
| Receivables: | | | | | | | | |
| **Ending balance** | **47** | **2** | **37** | **86** | **2,659** | **11** | **50** | **2,720** |

At September 30, 2021, the allowance for credit losses includes a continued reassessment of the outlook regarding the impact of the COVID-19 pandemic on credit conditions. Iveco Group continues to monitor the situation and will update the macroeconomic factors and qualitative factors in future periods, as warranted.

At both September 30, 2021 and December 31, 2020, the allowance for credit losses included a build of reserves primarily due to the expectation of deteriorating credit conditions related to the COVID-19 pandemic.

*Transfers of financial receivables*

The Group transfers a number of its financial receivables to securitization programs or factoring transactions.

A securitization transaction entails the sale of a portfolio of receivables to a securitization vehicle. This structured entity finances the purchase of the receivables by issuing asset-backed securities (i.e. securities whose repayment and interest flow depend upon the cash flow generated by the portfolio). Asset-backed securities are divided into classes according to their degree of seniority and rating: the most senior classes are placed with investors on the market; the junior class, whose repayment is subordinated to the senior classes, is normally subscribed for by the seller. The residual interest in the receivables retained by the seller is therefore limited to the junior securities it has subscribed for. In accordance with IFRS 10 – *Consolidated Financial Statements*, all securitization vehicles are included in the scope of consolidation because the subscription of the junior asset-backed securities by the seller implies its control in substance over the structured entity.

Furthermore, factoring transactions may be either with recourse or without recourse; certain without recourse transfers include deferred payment clauses (for example, when the payment by the factor of a minor part of the purchase price is dependent on the total amount collected from the receivables), requiring first loss cover, meaning that the transferor takes priority participation in the losses, or requires a significant exposure to the cash flows arising from the transferred receivables to be retained. These types of transactions do not comply with the requirements of IFRS 9 – Financial Instruments for the derecognition of the assets, since the risks and rewards connected with collection are not substantially transferred and, accordingly, the Group continues to recognize the receivables transferred by this means in its combined statement of financial position and recognizes a financial liability of the same amount under Asset-backed financing (see Note 22 “Debt”). The gains and losses arising from the transfer of these assets are only recognized when the assets are derecognized.

At September 30, 2021 and December 31, 2020, the carrying amounts of such restricted assets included in Receivables from financing activities are the following:

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Restricted receivables: | | |
| Retail financing and finance lease receivables | 34 | 45 |
| Wholesale receivables | 1,942 | 2,298 |
| **Total restricted receivables** | **1,976** | **2,343** |

Iveco Group has discounted receivables and bills without recourse having due dates beyond September 30, 2021 amounting to €116 million (€254 million at December 31, 2020, with due dates beyond that date), which refer to trade receivables.

### 17. Derivative assets and Derivative liabilities

These items consist of derivative financial instruments measured at fair value at the balance sheet date.

Iveco Group utilizes derivative instruments to mitigate its exposure to interest rate and foreign currency exposures. Derivatives used as hedges are effective at reducing the risk associated with the exposure being hedged and are designated as a hedge at the inception of the derivative contract. Iveco Group does not hold or enter into derivative or other financial instruments for speculative purposes. The credit and market risk related to derivatives is reduced through diversification among various counterparties, utilizing mandatory termination clauses and/or collateral support agreements. Derivative instruments are generally classified as Level 2 in the fair value hierarchy.

In accordance with IFRS 9, derivative financial instruments qualify for hedge accounting only when, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, there is an economic relationship between the hedging instrument and the hedged item, credit risk does not dominate the value changes that result from the economic relationship, and the hedging relationship’s hedging ratio reflects the actual quantity of the hedging instrument and the hedged item. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

With regard to hedge accounting, Iveco Group continues to monitor significant developments in order to assess the potential future impacts of the COVID-19 pandemic on the hedging relationships in place and to update its estimates concerning whether forecasted transactions can still be considered highly likely to occur.

*Foreign Exchange Derivatives*

Iveco Group has entered into foreign exchange forward contracts and swaps in order to manage and preserve the economic value of cash flows in a currency different from the functional currency of the relevant legal entity. Iveco Group conducts its business on a global basis in a wide variety of foreign currencies and hedges foreign currency exposures arising from various receivables, liabilities, and expected inventory purchases and sales. Derivative instruments utilized to hedge the foreign currency risk associated with anticipated inventory purchases and sales in foreign currencies are designated as cash flow hedges. Gains and losses on these instruments are deferred in accumulated other comprehensive income/(loss) and recognized in earnings when the related transaction occurs.

For hedging cash flows in a currency different from the functional currency, the hedge relationship reflects the hedge ratio of 1:1, which means that relationship is characterized by the value of the hedging instrument and the value of the hedged item moving in the opposite direction as a result of the common underlying of hedged risk.

The main sources of hedge ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the foreign exchange derivatives, which is not reflected in the change in the fair value of the hedged cash flow attributable to the change in the exchange rates, and
- changes in timing of the hedged transaction.

Ineffectiveness related to these hedge relationships is recognized in the condensed combined income statement in the line "Financial income/(expenses)" and was not significant for all periods presented. Fair value changes used as a basis to calculate hedge ineffectiveness were nil for foreign exchange contracts in the nine months ended September 30, 2021. The maturity of these instruments does not exceed 24 months and the after-tax gains/(losses) deferred in accumulated other comprehensive income/(loss) that will be recognized in net revenues and cost of sales over the next twelve months, assuming foreign exchange rates remain unchanged, is approximately €-15 million. If a derivative instrument is terminated because the hedge relationship is no longer effective or because the hedged item is a forecasted transaction that is no longer determined to be probable, the cumulative amount recorded in accumulated other comprehensive income/(loss) is recognized immediately in earnings. Such amounts were insignificant in all periods presented.

Iveco Group also uses forwards and swaps to hedge certain assets and liabilities denominated in foreign currencies. Such derivatives are considered economic hedges and not designated as hedging instruments. The changes in the fair values of these instruments are recognized directly in income in "Financial income/(expenses)" and are expected to offset the foreign exchange gains or losses on the exposures being managed.

All of Iveco Group's foreign exchange derivatives are considered Level 2 as the fair value is calculated using market data input and can be compared to actively traded derivatives. The total notional amount of Iveco Group's foreign exchange derivatives was €0.3 billion at September 30, 2021 and €0.2 billion at December 31, 2020.

*Interest Rate Derivatives*

Iveco Group has entered into interest rate derivatives (swaps and caps) in order to manage interest rate exposures arising in the normal course of business. Interest rate derivatives that have been designated as cash flow hedges are being used by Iveco Group to mitigate the risk of rising interest rates related to existing debt and anticipated issuance of fixed-rate debt in future periods. Gains and losses on these instruments, to the extent that the hedge relationship has been effective, are deferred in other comprehensive income/(loss) and recognized in "Financial income/(expenses)" over the period in which Iveco Group recognizes interest expense on the related debt. The after-tax gains (losses) deferred in other comprehensive income/(loss) that will be recognized in interest expense over the next twelve months are insignificant.

Interest rate derivatives that have been designated as fair value hedge relationships have been used by Iveco Group to mitigate the volatility in the fair value of existing financing instruments due to changes in floating interest rate benchmarks. Gains and losses on these instruments are recorded in "Financial income/(expenses)" in the period in which they occur and an offsetting gain or loss is also reflected in "Financial income/(expenses)" based on changes in the fair value of the debt instrument being hedged due to changes in floating interest rate benchmarks.

For hedging interest rate exposures, the hedge relationship reflects the hedge ratio 1:1, which means that relationship is characterized by the value of the hedging instrument and the value of the hedged item that move in the opposite direction as a result of the common underlying of hedged risk.

The main sources of hedge ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flow attributable to the change in the interest rates, and
- differences in repricing dates between the swaps and the borrowings.

Any ineffectiveness is recorded in "Financial income/(expenses)" in the condensed combined income statement and its amount was insignificant for all periods presented. Fair value changes used as a basis to calculate hedge ineffectiveness were nil for interest rate derivatives in the nine months ended September 30, 2021.

Iveco Group also enters into offsetting interest rate derivatives with substantially similar terms that are not designated as hedging instruments, to mitigate interest rate risk related to Iveco Group's committed asset-backed facilities. Unrealized and realized gains and losses resulting from fair value changes in these instruments are recognized directly in income. Net gains and losses on these instruments were insignificant in all periods presented.

All of Iveco Group's interest rate derivatives outstanding as of September 30, 2021 and December 31, 2020 are considered Level 2. The fair market value of these derivatives is calculated using market data input and can be compared to actively traded derivatives. The total notional amount of Iveco Group's interest rate derivatives was nil at September 30, 2021 and December 31, 2020.

*Financial statement impact of Iveco Group derivatives*

The following table summarizes the gross impact of changes in the fair value of derivatives recognized in other comprehensive income and profit or loss during the nine months ended September 30, 2021 and 2020:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| **Cash flow hedges** | | |
| Recognized in Other comprehensive income (effective portion): | | |
| Foreign exchange derivatives | (15) | (1) |
| Interest rate derivatives | 6 | 35 |
| Reclassified from other comprehensive income (effective portion): | | |
| Foreign exchange derivatives – Net revenues | 5 | 3 |
| Foreign exchange derivatives – Cost of sales | (3) | (3) |
| Foreign exchange derivatives – Financial income/(expenses) | - | - |
| **Not designated as hedges** | | |
| Foreign exchange derivatives – Financial income/(expenses) | (29) | 25 |

The fair values of Iveco Group's derivatives as of September 30, 2021 and December 31, 2020 in the condensed combined statement of financial position are recorded as follows:

| | At September 30, 2021 | | At December 31, 2020 | |
|---|---|---|---|---|
| | Positive fair value | Negative fair value | Positive fair value | Negative fair value |
| | (€ million) | | | |
| **Derivatives designated as hedging instruments** | | | | |
| Cash flow hedges: | | | | |
| Foreign exchange derivatives | 17 | (28) | 20 | (19) |
| Interest rate derivatives | 1 | (4) | - | - |
| Total Cash flow hedges | 18 | (32) | 20 | (19) |
| **Total Derivatives designated as hedging instruments** | 18 | (32) | 20 | (19) |
| **Derivatives not designated as hedging instruments** | | | | |
| Foreign exchange derivatives | 5 | (5) | 8 | (8) |
| Interest rate derivatives | 1 | (3) | - | - |
| **Total Derivatives not designated as hedging instruments** | 6 | (8) | 8 | (8) |
| **Derivative assets/(liabilities)** | **24** | **(40)** | **28** | **(27)** |

Derivatives not designated as hedging instruments consist mainly of derivatives (mostly currency-based derivatives) acquired to hedge receivables and payables subject to currency risk and/or interest rate risk which are not formally designated as hedges at Group level.

### 18. Cash and cash equivalents

Cash and cash equivalents include cash at bank and other easily marketable securities that are readily convertible into cash and are subject to an insignificant risk of changes in value.

At September 30, 2021, this item included €46 million (€45 million at December 31, 2020) of restricted cash which mainly includes bank deposits that may be used exclusively for the repayment of the debt relating to securitizations classified as Asset-backed financing.

At September 30, 2021, this item also included €13 million (€41 million at December 31, 2020) of money market securities and other cash equivalents.

The credit risk associated with Cash and cash equivalents is considered not significant, because it mainly relates to deposits spread across primary national and international financial institutions.

### 19. Assets held for sale

Assets held for sale at September 30, 2021 and December 31, 2020 primarily included buildings.

### 20. Invested Equity

Iveco Group business did not comprise a separate parent company or group of entities during the nine months ended September 30, 2021 and 2020, and the year ended December 31, 2020. Therefore, it is not meaningful to present share capital or an analysis of reserves.

The net invested equity of Iveco Group is represented by total Invested equity in the Interim Condensed Combined Statement of Changes in Invested Equity, and comprises Invested capital and retained earnings, Cash flow hedge reserve, Cumulative translation adjustment reserve, Defined benefit plans remeasurement reserve, Reserve for equity investments measured at fair value through other comprehensive income and Non-controlling interests.

*Other comprehensive income/(loss)*

Other comprehensive income/(loss) consisted of the following:

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2021** | **2020** |
| | (€ million) | |
| Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss: | | |
| Net change in fair value of equity investments measured at fair value through other comprehensive income(1) | (83) | 223 |
| **Total Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss (A)** | **(83)** | **223** |
| Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss: | | |
| Gains/(losses) on cash flow hedging instruments arising during the period | (9) | 34 |
| (Gains)/losses on cash flow hedging instruments reclassified to profit or loss | (2) | - |
| Gains/(losses) on cash flow hedging instruments | (11) | 34 |
| Exchange gains/(losses) on translating foreign operations arising during the period | (2) | (128) |
| Exchange gains/(losses) on translating foreign operations | (2) | (128) |
| Share of Other comprehensive income/(loss) of entities accounted for using the equity method arising during the period | (24) | 2 |
| Share of Other comprehensive income/(loss) of entities accounted for using the equity method | (24) | 2 |
| **Total Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss (B)** | **(37)** | **(92)** |
| **Tax effect (C)** | **6** | **(11)** |
| **Total Other comprehensive income/(loss), net of tax (A) + (B) + (C)** | **(114)** | **120** |

(1) In the nine months ended September 30, 2021 and 2020, Net change in fair value of equity investments at fair value through other comprehensive income includes the remeasurement at fair value of the investment in Nikola Corporation. Refer to Note 13 for additional information on this investment.

The income tax effect for each component of Other comprehensive income/(loss) consisted of the following:

| | Nine Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | | | 2021 | | | 2020 |
| | Before tax amount | Tax (expense)/ benefit | Net-of-tax amount | Before tax amount | Tax (expense)/ benefit | Net-of-tax amount |
| | | | (€ million) | | | |
| Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss: | | | | | | |
| Gains/(losses) on the remeasurement of defined benefit plans | - | 2 | 2 | - | 1 | 1 |
| Net change in fair value of equity investments measured at fair value through other comprehensive income[1] | (83) | 1 | (82) | 223 | (4) | 219 |
| **Total Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss** | **(83)** | **3** | **(80)** | 223 | (3) | 220 |
| Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss: | | | | | | |
| Gains/(losses) on cash flow hedging instruments | (11) | 3 | (8) | 34 | (8) | 26 |
| Exchange gains/(losses) on translating foreign operations | (2) | - | (2) | (128) | - | (128) |
| Share of Other comprehensive income/(loss) of entities accounted for using the equity method | (24) | - | (24) | 2 | - | 2 |
| **Total Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss** | **(37)** | **3** | **(34)** | (92) | (8) | (100) |
| **Total Other comprehensive income/(loss)** | **(120)** | **6** | **(114)** | **131** | **(11)** | **120** |

(1) In the nine months ended September 30, 2021 and 2020, Net change in fair value of equity investments at fair value through other comprehensive income includes the remeasurement at fair value of the investment in Nikola Corporation. Refer to Note 13 for additional information on this investment.

## 21. Provisions

A summary of Provisions at September 30, 2021 and December 31, 2020 is as follows:

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Employee benefits | 610 | 610 |
| Other provisions: | | |
| Warranty and technical assistance provision | 430 | 398 |
| Restructuring provision | 36 | 41 |
| Investment provision | 5 | 12 |
| Other risks: | | |
| Commercial risks | 328 | 305 |
| Marketing and sales incentives programs | 193 | 150 |
| Legal proceedings and other disputes | 35 | 33 |
| Other reserves for risks and charges | 280 | 265 |
| Total Other risks | 836 | 753 |
| Total Other provisions | 1,307 | 1,204 |
| **Total Provisions** | **1,917** | **1,814** |

Provisions for Employee benefits include provisions for health care plans, pension plans and other post-employment benefits, as well as other provisions for employees and provisions for other long-term employee benefits.

Provisions for Other risks represents the amounts set aside by the individual companies of the Group primarily in connection with contractual and commercial risks and disputes. In particular, item “Other reserves for risks and charges" includes other provisions of smaller amounts for miscellaneous risks and charges in connection with risks which cannot be specifically attributed to the other provision categories of “Other risks”.

### 22. Debt

An analysis of debt by nature is as follows:

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Asset-backed financing | 1,626 | 2,031 |
| Debt payable to CNH Industrial Group post-Demerger | 3,323 | 2,563 |
| Other debt: | | |
| Borrowings from banks | 452 | 388 |
| Payables represented by securities | 89 | 92 |
| Lease liabilities | 197 | 206 |
| Other | 7 | 33 |
| Total Other debt | 745 | 719 |
| **Total Debt** | **5,694** | **5,313** |

During the nine months ended September 30, 2021, €50 million for the principal portion of Lease liabilities and €3 million for interest expenses related to lease liabilities were paid (€46 million and €3 million, respectively, were paid during the nine months ended September 30, 2020).

The following table sets out a maturity analysis of Lease liabilities at September 30, 2021 and December 31, 2020:

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|

| | (€ million) | |
|---|---|---|
| Less than one year | 60 | 61 |
| One to two years | 41 | 44 |
| Two to three years | 30 | 30 |
| Three to four years | 23 | 23 |
| Four to five years | 13 | 17 |
| More than five years | 47 | 50 |
| **Total undiscounted lease payments** | **214** | **225** |
| Less: Interest | (17) | (19) |
| **Total Lease liabilities** | **197** | **206** |

At September 30, 2021, the weighted average remaining lease term (calculated on the basis of the remaining lease term and the lease liability balance for each lease) and the weighted average discount rate for leases were 6.6 years and 2.5%, respectively (6.8 years and 2.6%, respectively, at December 31, 2020).

## 23. Trade payables

Trade payables amounted to €2,942 million at September 30, 2021 (€3,082 million at December 31, 2020).

## 24. Other current liabilities

At September 30, 2021, Other current liabilities mainly included €992 million of amounts payable to customers relating to repurchase price on buy-back agreements (€1,105 million at December 31, 2020), and €1,181 million of contract liabilities (€1,118 million at December 31, 2020), of which €605 million for future rents related to buy-back agreements (€600 million at December 31, 2020). Other current liabilities also included accrued payables to personnel of €177 million (€112 million at December 31, 2020), expenses and deferred income of €116 million (€94 million at December 31, 2020), and social security payables of €83 million (€75 million at December 31, 2020).

## 25. Commitments and contingencies

As a global company with a diverse business portfolio, the Iveco Group, in the ordinary course of business is exposed to numerous legal risks, including, without limitation, dealer and supplier litigation, intellectual property right disputes, product warranty and defective product claims, product performance, asbestos, personal injury, emissions and/or fuel economy regulatory and contractual issues, competition law and other investigations and environmental claims. All significant matters are described below.

The outcome of any current or future proceedings, claims, or investigations cannot be predicted with certainty. Adverse decisions in one or more of these proceedings, claims, or investigations could require the Iveco Group to pay substantial damages or fines or undertake service actions, recall campaigns or other costly actions. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Iveco Group's financial position and results. When it is probable that an outflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, Iveco Group recognizes specific provisions for this purpose.

Although the ultimate outcome of legal matters pending against the Iveco Group and its subsidiaries cannot be predicted, the Iveco Group believes the reasonable possible range of losses for these unresolved legal matters in addition to the amounts accrued would not have a material effect on its Interim Condensed Combined Financial Statements.

*Other litigation and investigation*

<u>Follow-on Damages Claims</u>: in 2011 Iveco S.p.A., the Company's wholly owned subsidiary, active in the commercial vehicle business, and its competitors in the European Union were subject to an investigation by the European Commission (the "Commission") into certain business practices in the European Union (in the period 1997-2011) in relation to Medium and Heavy trucks. On July 19, 2016, the Commission announced a decision regarding five OEMs (the ***Decision***) including a settlement with Iveco. In particular, Iveco received a reduction in its fine for cooperating with

the European Commission throughout the investigation, and received the lowest fine of all manufacturers (except for one manufacturer that was granted whistleblower immunity for having informed the European Commission about the conduct in September 2010) of €494.6 million. One manufacturer, Scania, chose not to settle with the European Commission, and on September 27, 2017 the European Commission adopted a decision fining Scania approximately €880.5 million (the "Scania Decision"). Scania has appealed the Scania Decision to the General Court of the European Union and the appeal is ongoing.
As a consequence of these proceedings, Iveco S.p.A. and Iveco Magirus AG (IMAG), as well as some national companies of the Iveco brand (for example Iveco Limited and Iveco España) have been named as defendants in proceedings across Europe. Stellantis N.V., formerly Fiat Chrysler Automobiles N.V. (Stellantis), and CNH Industrial as, respectively, the former and current parent companies of Iveco/IMAG have also been sued as defendants in many proceedings. The consummation of the Demerger will not allow CNH Industrial to be excluded by current and future follow on proceedings originating from the Decision because under EU competition law a company will not be able to use corporate reorganizations to avoid liability for private damages claims. Furthermore, claimants may also decide to extend their judicial claims against the Company as economic successor of CNH Industrial. In the event one or more of these judicial proceedings would result in a decision against Iveco S.p.A., IMAG, other national companies of Iveco, Stellantis N.V., CNH Industrial, and possibly the Company, ordering such companies to compensate one or more claimants for damages caused to such claimants as a result of the conduct that was the subject matter of the Decision, and Iveco or IMAG would not comply with such decisions, as a result of various intercompany arrangements, then CNH Industrial, Stellantis, the other national companies of Iveco, and possibly the Company will ultimately have recourse against Iveco and IMAG for the reimbursement of the damages effectively paid to such claimants.

More specifically, a large number of (direct and indirect) truck purchasers have claimed damages against various OEMs, including Iveco in various national courts for loss allegedly suffered as a result of the infringement. In such cases, alleged losses are generally calculated based on the difference between the price actually paid and the price that would have been paid in the absence of the infringing behaviour (often called the overcharge), with interest. Normally a truck customer claiming damages will need to prove that the infringement caused the overcharge, and the existence and quantum of such overcharge, even though they sometimes may benefit from certain rules of evidence such as (factual) presumptions or prima facie evidence under the applicable procedural rules (which vary depending on the jurisdiction in which the claim is brought). Claims have also been brought by purchasers of services provided using trucks (for example, road haulage services) who also allegedly suffered an overcharge.

The claims against Iveco differ significantly in scope as some truck purchasers only bought or leased a single truck while other cases include claimants who individually or collectively purchased a multitude of trucks. Furthermore, some truck customer claims have been combined in class actions or through claims vehicles to which the truck purchasers have assigned their respective damages claims. Some claims relate to trucks purchased only in the jurisdiction in which the claim is brought but many claims relate to truck purchases in multiple jurisdictions. In total, as of September 30, 2021, on the basis of information available to the Company, the current court proceedings across Europe involve approximately 110,218 Iveco trucks. The actual number of trucks involved in current court proceedings is however unknown: for example, there are class actions which are currently at the certification stage. For other proceedings, it is not yet known how many truck purchasers may assign their claims to the existing claims vehicles. Further, some proceedings are declaratory actions which may not identify the number of trucks included in the claim at this stage. This number, moreover, reflects the information asserted or estimated by the claimants (where provided, which is not always the case since in many actions claimants do not provide sufficient details of the number of trucks involved in their claims, nor the identity of the truck manufacturer, and in some other instances they do not provide any information at all). This number does not include cases where Iveco is not a party of the litigation (but where Iveco trucks may be involved) nor does it take into account any possible defence that has been (or may be in the future be) raised by Iveco (including, trucks not being covered by the Commission’s decision *ratione temporis* or otherwise, duplications, etc.).

For many of the same reasons it is not possible at this stage to accurately estimate the overall face value of the claims filed, nor of the claims relating to trucks manufactured and distributed by Iveco and other Iveco national companies. Furthermore, in many cases (including where some of these claims are declaratory actions), such value is not asserted by claimants (as it is the case in many proceedings in the Netherlands or in UK) or, where asserted, such amount reflects exclusively estimates made by claimants that remain unverified and in certain instances, unverifiable. Additionally, this amount mainly reflects claimants' unchallenged view of these cases. Furthermore, such amounts (when asserted) are based on the number of vehicles of the various OEMs identified as defendants and the plaintiffs do not always identify the amount of the damages allegedly caused by each of such OEMs. Finally, this amount (when asserted) reflects the number of vehicles allegedly manufactured by each OEM, however this number needs to be verified in light of the boundaries of these cases (for instance, as to the time period of the alleged infringement or the type of vehicle involved). Against this background, and subject to the various limitations and caveats mentioned in this section, as of September 30, 2021 the face value of the judicial claims where at least one among Iveco, IMAG, other national companies of Iveco or CNH Industrial or Stellantis, as the case may be, are defendants is approximately €4.3 billion. This face value amount relates to all trucks included in these claims and therefore it includes trucks manufactured and distributed by other OEMs. For the reasons indicated above, it is not possible, at this point in time, to estimate the part of this face-value amount which, according to the claimants, allegedly would be directly attributable to Iveco or IMAG; however, considering the overall number of Iveco trucks involved in these proceedings (and subject to the various caveats and limitations mentioned as to how this number has be determined and to how this alleged face value amount has been asserted by claimants), it is expected that this face value amount would be significant.

Subject to the various limitations and caveats on the accurate assessment of such claims set out above, in Germany, as of September 30, 2021, approximately 100 claims are pending before national courts in which Iveco is involved, relating to approximately 40,000 Iveco trucks. Proceedings of claims vehicles are also pending in the Netherlands, where approximately 54 claims were pending as of September 30, 2021 (by claims vehicles and by individual truck purchasers). On the basis of information available, at the date of September 30, 2021, approximately 34,967 Iveco trucks are included in these Dutch proceedings. In England and Wales there are approximately 23 pending claims to which Iveco is a party. These include two applications to commence collective proceedings (class actions), which as of September 30, 2021 have not been certified for inclusion in collective proceedings. Most of these claims in England and Wales are in their early stages. Only two of the claims are currently listed for trial, which will not begin until March 2023 and April 2024 respectively. The claims (excluding the collective proceedings applications) pending in the U.K. at the date of September 30, 2021 include approximately 19,443 Iveco trucks. In Spain, as of September 30, 2021, there are approximately 1,161 pending claims. The claims in Spain are predominantly relatively small claims brought by individual purchasers and include approximately 9,079 Iveco trucks. In Italy, as of September 30, 2021, there are approximately 37 (including at least ten group actions) claims to which Iveco is a party, relating to approximately 2,400 Iveco trucks.

In most jurisdictions claims filed in court are still at an early stage and the courts have not delivered final judgments awarding damages. However, in Spain, as of September 30, 2021, there have been approximately 442 judgments in claims regarding Iveco at first instance (representing claims for approximately 2,500 Iveco trucks). In 368 of these judgments (representing claims for about 1,978 Iveco trucks), the court found that there was an overcharge. In most of those judgments the average overcharge amount was between 5% and 29%. Two of these judgements were overturned on appeal to the Spanish Courts of Appeal and the remainder are currently under appeal either to the Spanish Courts of Appeal or the Spanish Supreme Court. In 75 of the first instance judgments in claims against Iveco (representing claims for approximately 510 Iveco trucks), the claim was rejected. Some of these rejected claims are under appeal. In Italy, as of September 30, 2021, there has been one judgment at first instance in a case concerning one Iveco truck. This judgment (finding an overcharge of 15%) will be subject to appeal.

The extent and outcome of these claims cannot be predicted at this time, and, therefore, the Group did not recognize any specific provision for these claims.

FPT Emissions Investigation: on July 22, 2020, a number of CNH Industrial's offices in Europe were visited by investigators in the context of a request for assistance by the Public Prosecutors of Frankfurt am Main, Germany and Turin, Italy in relation to alleged noncompliance of two engine models produced by FPT Industrial S.p.A., a wholly owned subsidiary of Iveco Group as of the Demerger Effective Date, installed in certain Fiat Ducato (a vehicle manufactured and distributed by the Stellantis group) and Iveco Daily vehicles. FPT is providing its full cooperation to properly address the requests received. FPT, other companies of Iveco Group and third parties have received various requests for compensation by German and Austrian customers on various contractual and tort grounds, including requests for damages resulting out of the termination of the purchase contracts, or in the form of requests for an alleged lower residual value of their vehicles as a consequence of the alleged non-compliance with type approval regulations regarding emissions. In certain instances, other customers have brought judicial claims on the same legal and factual bases. As of

September 30, 2021, these judicial claims are approximately 865 (for an approximately equivalent number of vehicles) and relate chiefly to Fiat Ducato vehicles, vehicles manufactured and distributed by the Stellantis group. In such proceedings FPT is usually second defendant. Although, at the date hereof, Iveco Group has no evidence of any wrongdoing, it cannot predict at this time the extent and outcome of these requests and directly or indirectly related legal proceedings, including customer claims or potential class actions alleging emissions non-compliance. Therefore, Iveco Group did not recognize any specific provision in relation to this investigation.

*Guarantees*

Iveco Group provided guarantees on the debt or commitments of third parties and performance guarantees, mainly in the interest of a joint venture related to commercial commitments of defense vehicles, totaling €427 million and €489 million at September 30, 2021 and December 31, 2020, respectively.

## 26. Segment reporting

The segment information disclosed in these Interim Condensed Combined Financial Statements reflects the identifiable reporting segments of the Company and the financial information that the Chief Operating Decision Maker ("CODM") reviewed to assess performance and make decisions about resource allocation. The segments are organized based on products and services provided by Iveco Group.

Iveco Group has three operating segments:

- ***Commercial and Specialty Vehicles*** designs, manufactures and distributes a full range of light, medium, and heavy vehicles for the transportation and distribution of goods under the IVECO brand, city-buses, commuter buses under the IVECO BUS (previously Iveco Irisbus) and HEULIEZ BUS brands, quarry and mining equipment under the IVECO ASTRA brand, firefighting vehicles under the Magirus brand, and vehicles for civil defense and peace-keeping missions under the Iveco Defence Vehicles brand.
- ***Powertrain*** designs, manufactures and distributes, under the FPT Industrial brand, a range of engines, transmission systems and axles for on- and off-road applications, as well as for marine and power generation.
- ***Financial Services*** offers a range of financial products and services to dealers and customers. Financial Services provides and administers retail financing to customers for the purchase or lease of new and used vehicles sold by Iveco Group brand dealers and distributors or directly by Iveco Group subsidiaries. In addition, Financial Services provides wholesale financing to Iveco Group brand dealers and distributors. Wholesale financing consists primarily of floor plan financing and allows the dealers to purchase and maintain a representative inventory of products. Financial Services also provides trade receivables factoring services to Iveco Group Industrial Activities legal entities. Additionally, Financial Services, leveraging on its specific expertise, grants support to CNH Industrial post-Demerger financial services, by providing business process services to their European activities, and receiving a fee for the services rendered.

The activities carried out by the two industrial segments Commercial and Specialty Vehicles and Powertrain, and the Company, are collectively referred to as "Industrial Activities".

Revenues for each reported segment are those directly generated by or attributable to the segment as a result of its business activities and include revenues from transactions with third parties as well as those deriving from transactions with other segments, recognized at normal market prices. Segment expenses represent expenses deriving from each segment's business activities both with third parties and other operating segments or which may otherwise be directly attributable to it. Expenses deriving from business activities with other segments are recognized at normal market prices.

With reference to Industrial Activities' segments, the CODM assesses the segment performance and makes decisions about resource allocation based upon Adjusted EBIT. Iveco Group believes Adjusted EBIT more fully reflects Industrial Activities segments' profitability. Adjusted EBIT of Industrial Activities is defined as profit/(loss) before taxes, Financial Services' results, Industrial Activities' financial expenses, restructuring costs, and non-recurring items. In particular, non-recurring items are specifically disclosed items that management considers rare or discrete events that are infrequent in nature and not reflective of on-going operational activities. With reference to Financial Services, the CODM assesses the performance of the segment and makes decisions about resource allocation on the basis of net income.

The following table summarizes Adjusted EBIT of Industrial Activities by reportable segment:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| Commercial and Specialty Vehicles | 194 | (237) |
| Powertrain | 181 | 89 |
| Unallocated items, eliminations and other | (116) | (108) |
| **Adjusted EBIT of Industrial Activities** | **259** | **(256)** |

A reconciliation from Adjusted EBIT of Industrial Activities to Iveco Group's combined Profit/(loss) before taxes for the nine months ended September 30, 2021 and 2020 is provided below:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| **Adjusted EBIT of Industrial Activities** | **259** | **(256)** |
| Adjustments/reclassifications to convert from Adjusted EBIT of Industrial Activities to Profit/(loss) before taxes: | | |
| Financial income/(expenses) | (82) | (89) |
| Restructuring costs | (8) | (4) |
| Other discrete items(1) | 12 | (257) |
| Other adjustments(2) | 58 | 29 |
| Total adjustments/reclassifications | (20) | (321) |
| **Profit/(loss) before taxes** | **239** | **(577)** |

(1) In the nine months ended September 30, 2020, this item primarily includes asset optimization charges of €247 million and other assets impairment charges of €6 million.

(2) Primarily includes Financial Services results before taxes.

Net income of Financial Services for the nine months ended September 30, 2021 and 2020 is summarized as follows, together with a reconciliation to Iveco Group's Profit/(loss) before taxes for the same periods:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| **Net income of Financial Services (A)** | **42** | **22** |
| Eliminations and other (B)(*) | 125 | (448) |
| Income tax benefit (expense) (C) | (72) | 151 |
| **Profit/(loss) before taxes (D) = (A) + (B) - (C)** | **239** | **(577)** |

(*) Includes Net income of Industrial Activities

No segment asset is reported to the CODM for assessing performance and allocating resources. Additional reportable segment information is provided as follows.

*Additional reportable segment information*

Net Revenues by reportable segment for the nine months ended September 30, 2021 and 2020, are provided in Note 1.

## 27. Fair value measurement

Fair value measurements are categorized within the fair value hierarchy, described as follows, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the entire measurement:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 — Unobservable inputs for the asset or liability.

This hierarchy requires the use of observable market data when available.

*Assets and liabilities measured at fair value on a recurring basis*

The following table presents, for each of the fair value hierarchy levels, the assets and liabilities that are measured at fair value on a recurring basis at September 30, 2021 and December 31, 2020:

| | | At September 30, 2021 | | | | At December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | | (€ million) | | | | | | | |
| Equity investments measured at fair value through other comprehensive income | (13) | 236 | - | - | 236 | 319 | - | - | 319 |
| Other investments | (13) | - | - | 13 | 13 | - | - | 5 | 5 |
| Derivative assets | (17) | - | 24 | - | 24 | - | 28 | - | 28 |
| **Total Assets** | | **236** | **24** | **13** | **273** | **319** | **28** | **5** | **352** |
| Derivative liabilities | (17) | - | (40) | - | (40) | - | (27) | - | (27) |
| **Total Liabilities** | | **-** | **(40)** | **-** | **(40)** | **-** | **(27)** | **-** | **(27)** |

The following table provides a reconciliation from the opening balance to the closing balance for fair value measurements categorized in Level 3 of fair value in the nine months ended September 30, 2021 and 2020:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| **At January 1** | 5 | 96 |
| Acquisitions/(disposals) | (1) | 130 |
| Gains/(Losses) recognized in Other comprehensive income/(loss) | - | 1,321 |
| Transfer from Level 3 to Level 1 | - | (1,547) |
| Other changes | 9 | - |
| **At September 30** | **13** | - |

In the nine months ended September 30, 2020 Level 3 fair value measurement includes the investment in Nikola Corporation made in the context of the strategic partnership with Nikola to industrialize fuel-cell and battery electric

Heavy-Duty Trucks. Transfer from Level 3 include the reclassification of this investment to Level 1 upon the completion in June 2020 of the business combination between Nikola Corporation and VectoIQ Acquisition Corp. and continued listing of the combined company's shares. Refer to Note 13 for additional information on this investment.

Description of the valuation techniques used to determine the fair value of derivative financial instruments is included in Note 17 "Derivative assets and Derivative liabilities".

*Assets and liabilities not measured at fair value*

The estimated fair values for financial assets and liabilities that are not measured at fair value in the condensed statement of financial position at September 30, 2021 and December 31, 2020 are as follows:

| | | | | | | At September 30, 2021 |
|---|---|---|---|---|---|---|
| | Note | Level 1 | Level 2 | Level 3 | Total Fair Value | Carrying amount |
| | | | | (€ million) | | |
| **Total Financial receivables from CNH Industrial Group post-Demerger** | (16) | **-** | **-** | **3,511** | **3,511** | **3,511** |
| Retail financing | (16) | - | - | 10 | 10 | 10 |
| Dealer financing | (16) | - | - | 2,394 | 2,394 | 2,396 |
| Finance leases | (16) | - | - | 69 | 69 | 69 |
| Other receivables from financing activities | (16) | - | - | 28 | 28 | 28 |
| **Total Receivables from financing activities** | | **-** | **-** | **2,501** | **2,501** | **2,503** |
| Asset-backed financing | (22) | - | 1,625 | - | 1,625 | 1,626 |
| Debt payable to CNH Industrial Group post-Demerger | (22) | - | - | 3,323 | 3,323 | 3,323 |
| Borrowings from banks | (22) | - | 452 | - | 452 | 452 |
| Payables represented by securities | (22) | - | 89 | - | 89 | 89 |
| Lease liabilities | (22) | - | - | 197 | 197 | 197 |
| Other debt | (22) | - | 7 | - | 7 | 7 |
| **Total Debt** | | **-** | **2,173** | **3,520** | **5,693** | **5,694** |

| | | At December 31, 2020 | | | | |
|---|---|---|---|---|---|---|
| | Note | Level 1 | Level 2 | Level 3 | Total Fair Value | Carrying amount |
| | | | | (€ million) | | |
| **Total Financial receivables from CNH Industrial Group post-Demerger** | (16) | **-** | **-** | **3,543** | **3,543** | **3,543** |
| Retail financing | (16) | - | - | 10 | 10 | 9 |
| Dealer financing | (16) | - | - | 2,715 | 2,715 | 2,720 |
| Finance leases | (16) | - | - | 78 | 78 | 77 |
| Other receivables from financing activities | (16) | - | - | 25 | 25 | 25 |
| **Total Receivables from financing activities** | | **-** | **-** | **2,828** | **2,828** | **2,831** |
| Asset-backed financing | (22) | - | 2,032 | - | 2,032 | 2,031 |
| Debt payable to CNH Industrial Group post-Demerger | (22) | - | - | 2,563 | 2,563 | 2,563 |
| Borrowings from banks | (22) | - | 389 | - | 389 | 388 |
| Payables represented by securities | (22) | - | 92 | - | 92 | 92 |
| Lease liabilities | (22) | - | - | 206 | 206 | 206 |
| Other debt | (22) | - | 33 | - | 33 | 33 |
| **Total Debt** | | **-** | **2,546** | **2,769** | **5,315** | **5,313** |

*Financial receivables from CNH Industrial Group post-Demerger*

Financial receivables from CNH Industrial post-Demerger are included in Level 3 as their carrying amount is estimated to approximate their fair value.

*Receivables from financing activities*

The fair value of Receivables from financing activities is based on the discounted values of their related cash flows at market discount rates that reflect conditions applied in various reference markets on receivables with similar characteristic, adjusted to take into account the credit risk of the counterparties.

*Debt*

The fair value of Asset-backed financing, Borrowings from banks, Payable represented by securities and Other debt are included in the Level 2 and has been estimated based on discounted cash flows analysis using the current market interest rates at period-end adjusted for the Group non-performance risk over the remaining term of the financial liability. Debt payable to CNH Industrial Group post-Demerger is included in Level 3 as its carrying amount is estimated to approximate its fair value.

The fair value of Lease liabilities classified within Level 3 of the fair value hierarchy has been estimated using discounted cash flow models that require significant adjustments using unobservable inputs.

*Other financial assets and liabilities*

The carrying amount of Cash at banks, Restricted cash, Other cash equivalents, Trade receivables, Other current receivables and financial assets, Trade payables and Other current liabilities included in the Interim Condensed Combined Statement of Financial Position approximates their fair value, due to the short maturity of these items.

## 28. Related party transactions

In accordance with IAS 24 – *Related Party Disclosures*, Iveco Group's related parties are companies and persons capable of exercising control, joint control or significant influence over the Group. As of September 30, 2021 and December 31, 2020, related parties included EXOR N.V and its subsidiaries and affiliates, including CNH Industrial Group post-Demerger, Stellantis N.V. (formerly Fiat Chrysler Automobiles N.V. which, effective January 16, 2021, merged with Peugeot S.A. by means of a cross-border legal merger) and its subsidiaries and affiliates ("Stellantis"), and Iveco Group's unconsolidated subsidiaries, associates or joint ventures. In addition, the members of the Board of Directors and managers of Iveco Group with strategic responsibility and members of their families were also considered related parties.

*Transactions with EXOR N.V. and its subsidiaries and affiliates*

EXOR N.V. is an investment holding company. As of September 30, 2021 and December 31, 2020, among other things, EXOR N.V. managed a portfolio that includes investments in Stellantis. Iveco Group did not enter into any significant transactions with EXOR N.V. during the nine months ended September 30, 2021 and 2020.

In connection with the establishment of Fiat Industrial (now CNH Industrial) through the demerger from Fiat (which was subsequently merged into Fiat Chrysler Automobiles N.V. which is now Stellantis), the two companies entered into a Master Services Agreement ("Stellantis MSA") which sets forth the primary terms and conditions pursuant to which the service provider subsidiaries of CNH Industrial and Stellantis provide services to the service receiving subsidiaries. As structured, the applicable service provider and service receiver subsidiaries become parties to the Stellantis MSA through the execution of an Opt-in letter that may contain additional terms and conditions. Pursuant to the Stellantis MSA, service receivers are required to pay to service providers the actual cost of the services plus a negotiated margin. During the nine months ended September 30, 2021 and 2020, Stellantis subsidiaries provided Iveco Group with administrative services such as accounting, cash management, maintenance of plant and equipment, security, information systems and training under the terms and conditions of the Stellantis MSA and the applicable Opt-in letters. After the Demerger, the Stellantis MSA is expected to be duplicated at the same terms and conditions between Iveco Group and Stellantis.

Furthermore, Iveco Group and Stellantis might engage in other minor transactions in the ordinary course of business.

These transactions with Stellantis are reflected in these Interim Condensed Combined Financial Statements as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| Net revenues | 344 | 354 |
| Cost of sales | 169 | 120 |
| Selling, general and administrative costs | 47 | 44 |

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Trade receivables | 4 | 6 |
| Trade payables | 41 | 51 |

*Transactions with CNH Industrial Group post-Demerger*

Historically, Iveco Group and CNH Industrial Group post-Demerger entered into transactions primarily of commercial nature and consisting in the sale of engines from Iveco Group to CNH Industrial Group post-Demerger, but also covering services in relation to general administrative and specific technical matters, provided by either Iveco Group to CNH Industrial post-Demerger and vice versa.

The transactions with CNH Industrial Group post-Demerger are reflected in these Interim Condensed Combined Financial Statements as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| Net revenues | 600 | 357 |
| Cost of sales | 16 | 22 |

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Trade receivables | 156 | 159 |
| Financing receivables | 3,511 | 3,543 |
| Debt | 3,323 | 2,563 |
| Trade payables | 46 | 61 |

For completeness of information, before the Demerger, Iveco Group and the CNH Industrial Group entered into agreements, primarily of commercial nature, but also covering general administrative and specific technical matters as well as services provided by CNH Industrial N.V., as follows.

Master Service Agreements: in relation to certain services provided by either Iveco Group to CNH Industrial post-Demerger and vice versa, in connection with the execution of the Demerger Deed, Iveco Group and CNH Industrial entered into a two-year Master Services Agreement ("MSA") whereby each Party (and its subsidiaries) may provide services to the other (and its subsidiaries). Services provided under the MSA relate mainly to lease of premises and depots and IT services.

Engine Supply Agreement: in relation to the design and supply of off-road engines from Iveco Group to CNH Industrial post-Demerger, in connection with the execution of the Demerger Deed, Iveco Group and CNH Industrial entered into a ten-year Engine Supply Agreement ("ESA") whereby Iveco Group will sell to CNH Industrial post-Demerger diesel, CNG and LNG engines and provide post-sale services.

Financial Service Agreement: in relation to certain financial services activities carried out by either Iveco Group to CNH Industrial Group post-Demerger or vice versa, in connection with the execution of the Demerger Deed, Iveco Group and CNH Industrial entered into a three-year Master Services Agreement ("FS MSA"), whereby each Party (and its subsidiaries) may provide services and/or financial services activities to the other (and its subsidiaries). Services provided under the FS MSA relate mainly to wholesale and retail financing activities to suppliers, distribution network and customers.

*Transactions with joint ventures*

Iveco Group sells commercial vehicles and provides technical services to joint ventures such as IVECO - OTO MELARA Società Consortile a responsabilità limitata. These transactions are reflected in the Interim Condensed Combined Financial Statements as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (€ million) | |
| Net revenues | 358 | 397 |

| | At September 30, 2021 | At December 31, 2020 |
|---|---|---|
| | (€ million) | |
| Trade receivables | 2 | 125 |

At September 30, 2021 and December 31, 2020, Iveco Group had provided guarantees on commitments of its joint ventures for an amount of €165 million and €211 million, respectively, mainly related to IVECO - OTO MELARA Società Consortile a responsabilità limitata.

*Transactions with associates*

Iveco Group sells trucks and commercial vehicles and provides services to associates. In the nine months ended September 30, 2021, revenues from associates totaled €148 million (€110 million in the comparable period of 2020) and cost of sales from associates totaled €12 million (€7 million in the comparable period of 2020). At September 30, 2021, receivables from associates amounted to €10 million (€11 million at December 31, 2020). Trade payables to associates amounted to €12 million at September 30, 2021 (€23 million at December 31, 2020). At September 30, 2021, Iveco Group had provided guarantees on commitments of its associates for an amount of €252 million related to CNH Capital Europe S.a.S. (€263 million at December 31, 2020).

*Transactions with unconsolidated subsidiaries*

In the nine months ended September 30, 2021 and 2020, there were no material transactions with unconsolidated subsidiaries.

*Compensation to Directors and Key Management*

As the Iveco Group has not had its separate Board of Directors, no compensation of the Board of Directors has been presented. Since the Iveco Group has not had a separate management team during the periods presented, a share of the compensation of CNH Industrial Group's key management was allocated to Iveco Group and recognized in the Interim Condensed Combined Financial Statements for a total amount of €6 million and €5 million in the nine months ended September 30, 2021 and 2020, respectively.

As the Iveco Group did not operate as a stand-alone public company during the historical periods, the amounts presented above are not indicative of the Iveco Group's key management compensation in the future.

## 29. Translation of financial statements denominated in a currency other than the euro

The principal exchange rates used to translate into euros the financial statements prepared in currencies other than the euro were as follows:

| | Nine Months Ended September 30, 2021 | | At December 31, 2020 | Nine Months Ended September 30, 2020 | |
|---|---|---|---|---|---|
| | Average | At September 30 | | Average | At September 30 |
| U.S. dollar | 1.196 | 1.158 | 1.227 | 1.125 | 1.171 |
| Pound sterling | 0.864 | 0.861 | 0.899 | 0.885 | 0.912 |
| Swiss franc | 1.090 | 1.083 | 1.080 | 1.068 | 1.080 |
| Brazilian real | 6.376 | 6.263 | 6.373 | 5.710 | 6.631 |
| Polish Zloty | 4.547 | 4.620 | 4.560 | 4.422 | 4.546 |
| Czeck Koruna | 25.732 | 25.495 | 26.242 | 26.384 | 27.233 |
| Argentine peso[(1)] | 114.343 | 114.343 | 103.043 | 89.180 | 89.180 |

(1) From July 1, 2018, Argentina's economy was considered to be hyperinflationary. After the same date, transactions for entities with the Argentine peso as the functional currency were translated using the closing spot rate.

## 30. Subsequent events

Iveco Group has evaluated subsequent events through November 29, 2021, which is the date the Interim Condensed Combined Financial Statements were authorized for issuance. No significant events have occurred.

## 31. Companies included in the scope of the Combined Financial Statements

The main legal entities comprising the Iveco Group, including major subsidiaries and associates, are provided below:

| Name of Subsidiary | Country of Incorporation | Percentage Interest Held |
|---|---|---|
| Iveco S.p.A. | Italy | 100.00% |
| FPT Industrial S.p.A. | Italy | 100.00% |
| Iveco Capital Solutions S.p.A. (previously named CNH Industrial Capital Solutions S.p.A.) | Italy | 100.00% |
| Iveco Magirus AG | Germany | 94.00% |
| Iveco Espana S.L. | Spain | 100.00% |
| IVECO FRANCE SAS | France | 100.00% |
| FPT – Powertrain Technologies France S.A.S. | France | 100.00% |
| CNH Industrial Financial Services S.A. | France | 100.00% |
| Iveco Czech Republic A.S. | Czech Republic | 98.84% |
| SAIC Fiat Powertrain Hongyan Co. Ltd. | People's Rep.of China | 60.00% |
| Iveco Defence Vehicles SpA | Italy | 100.00% |
| Iveco Limited | United Kingdom | 100.00% |
| CAMIONES IVECO ARGENTINA S.A. | Argentina | 100.00% |
| FPT INDUSTRIAL BRASIL LTDA. | Brazil | 100.00% |
| Iveco Poland Sp. z o.o. | Poland | 100.00% |
| Iveco Belgium N.V. | Belgium | 100.00% |
| Magirus GmbH | Germany | 84.43% |
| Heuliez Bus S.A.S. | France | 100.00% |
| Iveco Trucks Australia Limited | Australia | 100.00% |
| **Name of Associate** | | |
| CNH Industrial Capital Europe S.a.S. | France | 24.95%(1) |

(1) This percentage represents the interest held by Iveco Group N.V. through its 50% interest in FS-Sub-Holding.

With reference to Naveco (Nanjing IVECO Motor Co.) Ltd., during the first half of 2021, Iveco Group and the partner (SAIC Group) completed the regulatory filings required for the finalization of the sale of a 30.1% interest in Naveco held by Iveco Group to SAIC Group. Closing of the transaction occurred in the third quarter of 2021. The remaining 19.9% interest in Naveco is now measured at fair value through profit or loss.