

## ITEM 1A. Risk Factors.

We have listed below the material risk factors applicable to us grouped into the following categories: Operational Risks; Macroeconomic, Market, and Strategic Risks; Financial Risks; and Legal and Regulatory Risks.

### Operational Risks

***Ford and Ford Credit's financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19.*** We face various risks related to public health issues, including epidemics, pandemics, and other outbreaks, including the global outbreak of COVID-19. The impact of COVID-19, including changes in consumer behavior, pandemic fears and market downturns, and restrictions on business and individual activities, has periodically created significant volatility in the global economy. There have been extraordinary actions taken by international, federal, state, and local public health and governmental authorities to contain and combat the outbreak and spread of COVID-19 in regions throughout the world, including travel bans, quarantines, "stay-at-home" orders, and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. For example, in 2020, consistent with the actions taken by governmental authorities, we idled our manufacturing operations in regions around the world before ultimately resuming our manufacturing operations taking a phased approach and after introducing new safety protocols at our plants. To the extent cases surge in any locations, stringent limitations on daily activities that may have been eased previously could be reinstated in those areas. A future suspension of our manufacturing operations could have a significant adverse effect on our financial condition and results of operations. Moreover, outbreaks in certain regions continue to cause intermittent disruptions in our supply chain and local manufacturing operations. For example, in China, outbreaks of COVID-19 have led the government to impose lockdowns and other restrictions, which have adversely affected our and our supply chain's production operations, our wholesales, and consumer demand for our products. Further, as new strains or variants of COVID-19 or other viruses, diseases, or public health issues develop or sufficient amounts of vaccines or treatments are not available, not widely administered for a significant period of time, or otherwise prove ineffective, the impact of a widespread public health issue on the global economy, and, in turn, our financial condition, liquidity, and results of operations could be material.

The predominant share of Ford Credit's business consists of financing Ford and Lincoln vehicles, and the duration or resurgence of public health issues such as COVID-19 may negatively impact the level of originations at Ford Credit. For example, Ford's suspension of manufacturing operations, a significant decline in dealer showroom traffic, and/or a reduction of operations at dealers may lead to a significant decline in Ford Credit's consumer and non-consumer originations. Moreover, economic uncertainty and higher unemployment arising from widespread public health issues or otherwise may result in higher defaults in Ford Credit's consumer portfolio, and prolonged unemployment may have a negative impact on both new and used vehicle demand.

As described in more detail below under "*Ford and Ford Credit's access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors,*" the volatility created by COVID-19 adversely affected Ford and Ford Credit's access to the debt and securitization markets and its cost of funding, and any volatility in the capital markets as a result of a public health issue or for any other reason could have an adverse impact on Ford and Ford Credit's access to those markets and its cost of funding.

The full impact of COVID-19 or any widespread public health issue on our financial condition and results of operations will depend on the duration and scope of an outbreak (including any potential future waves, the emergence or re-emergence of variants and their transmissibility, and the success of vaccination programs and treatments), its impact on our customers, dealers, and suppliers, how quickly normal economic conditions, operations, and the demand for our products can resume, and any permanent behavioral changes that the pandemic may cause. For example, the duration of a suspension of manufacturing operations and a return to our full production schedule will depend, in part, on not only a sufficient number of employees being able to return to work but also whether our suppliers and dealers have resumed normal operations. Our Ford Blue, Ford Model e, and Ford Pro operations generally do not realize revenue while our manufacturing operations are suspended, but we continue to incur operating and non-operating expenses, resulting in a deterioration of our cash flow. Accordingly, any significant future disruption to our production schedule, regionally or globally, whether as a result of our own or a supplier's suspension of operations, could have a substantial adverse effect on our financial condition, liquidity, and results of operations. Moreover, our supply and distribution chains may be disrupted by supplier or dealer bankruptcies or their permanent discontinuation of operations triggered by a shutdown of operations due to a widespread public health issue or for other reasons.