

# **Mercedes-Benz Finans Danmark A/S**

**Digevej 114, 4.  
2300 København S**

**CVR no. 16 04 76 86**

## **Annual report for 2022**

The annual report was presented and  
adopted at the annual general meeting of  
the Company on 22 May 2023

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Michael Rosenberg

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Mercedes-Benz Finans Danmark A/S for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the result of the Company's operations for the year 1 January - 31 December 2022.

In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 12 April 2023

### Executive Board

Michael Kanzleiter  
CEO

Michael Rosenberg  
CFO

### Board of Directors

Tove Sofia Lestrup  
Chairman

Michael Kanzleiter

João Miguel Macedo Serafim

## Independent auditor's report

## Independent auditor's report

To the shareholders of Mercedes-Benz Finans Danmark A/S

### Opinion

We have audited the financial statements of Mercedes-Benz Finans Danmark A/S for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibility for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### **Statement on the Management's review**

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 12 April 2023

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Kenn Wolff Hansen

State Authorised Public Accountant

mne 30154

## Management's review

### Company details

#### The Company

Mercedes-Benz Finans Danmark A/S  
Digevej 114, 4  
Postboks 132  
2300 København S

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Fax: 33 78 89 01  
E-mail: [kundeservice@mercedes-benz.com](mailto:kundeservice@mercedes-benz.com)  
Website: [www.mercedes-benz.dk](http://www.mercedes-benz.dk)

CVR no.: 16 04 76 86  
Financial Period: 1 January - 31 December  
Incorporated: 25 March 1992  
Municipality of reg. office: Copenhagen

#### Board of directors

Tove Sofia Lestrup, Chairman  
Michael Kanzleiter  
João Miguel Macedo Serafim

#### Executive Board

Michael Kanzleiter, CEO  
Michael Rosenberg, CFO

#### Auditors

KPMG Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø

#### General meeting

The annual general meeting is held on 22 May 2023

## Management's review

	<u>2022</u> DKKkm	<u>2021</u> DKKkm	<u>2020</u> DKKkm	<u>2019</u> DKKkm	<u>2018</u> DKKkm
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	594	538	507	506	451
Operating profit	114	109	103	97	88
Net profit for the year	<b>96</b>	<b>85</b>	<b>80</b>	<b>76</b>	<b>68</b>
<b>Balance sheet</b>					
Investment in property, plant and equipment	1,069	957	633	564	698
Total assets	<b>4,834</b>	<b>4,915</b>	<b>5,395</b>	<b>5,492</b>	<b>5,106</b>
Equity	<b>322</b>	<b>351</b>	<b>266</b>	<b>250</b>	<b>243</b>
<b>Ratios</b>					
Net profit ratio	19.1%	20.3%	20.4%	19.3%	19.5%
Return on assets	2.3%	2.1%	1.9%	1.8%	1.8%
Solvency ratio	6.7%	7.1%	4.9%	4.6%	4.8%
Return on equity	28.6%	27.6%	31.2%	30.8%	29.1%
<b>Average number of employees</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>21</b>

Reference for calculation of Ratios is made to definitions and terms under accounting policies.

## **Management's review**

### **Operating review**

#### **Principal activities**

The Company's principal activities comprise credit granting in the form of financing and leasing of new and used Mercedes-Benz cars and vans as well as other makes of vehicles marketed by Mercedes-Benz authorised dealers.

#### **Development in activities and financial position**

Operating profit amounted to DKK 113.6 million (2021: DKK 109.1 million), which is an increase in comparison to last year's result and better than expected in last year's outlook. The increase of the profit can mainly be attributed to increased interest margin and lower IT expenses.

The credit reserves for bad and doubtful debts are on a higher level in 2022 compared to 2021. The cost of risk and write-offs are also higher compared to last year. The portfolio quality is sound, which is a result of a tight debt recovery process, and a consistent underwriting policy during the last years. Refinancing costs has increased significantly throughout the year.

New business decreased slightly in 2022. The Company's total assets decreased to DKK 4.8 billion (2021: DKK 4.9 billion).

#### **Capital resources**

At 31 December 2022, the Company's equity amounted to DKK 322.2 million (31 December 2021: DKK 351.1 million) corresponding to a solvency ratio of 6.7% (31 December 2021: 7.1%). Management considers the Company's capital resources to be satisfactory.

#### **Outlook**

The Company has made investments to further improve processes and systems. This will further enhance the Company's value propositions towards costumers and dealers.

The Company's assets are planned to be on a higher level in 2023. The profit is expected to achieve the set targets but on a lower level compared to 2022.

## Management's review

### Special risks

The Company's risks primarily include credit risks, market risks and liquidity risks.

#### Credit risks

The decisive basis for decision for the Company's credit granting is the borrower's repayment ability. In order to further minimise the risk, the majority of the Company's credits are also hedged through underlying assets subject to restrictions on title. Significant fluctuations in the market prices of the underlying assets will therefore affect the Company's credit risk.

The Company's risk diversification is sound. This is a result of the fact that the Company has relatively few large-scale borrowers and the majority of customers have commitments including only one or a few cars.

#### Market risks

The Company's most significant market risks are interest rate and liquidity risk. For both risk areas, the Company is following the matched funded principle to minimise the exposure. The existing portfolio is analysed and the expected new volume is simulated on a monthly basis to determine the funding requirements.

The majority of the Company's loans and leases consist of lease agreements where the interest rate and lease payment, respectively, are adjusted in relation to the development of the short-term market rate. Similarly, the Company's refinancing consists of loan arrangements adjusted in relation to the development in the short-term market rate.

The Company is continuously matching the Company's loans and depreciation of leases to refinancing with similar terms. Funding is raised primarily through Mercedes-Benz AG Group. Alternatively and when terms and conditions are favourable, funding through external banks is sought.

#### Liquidity risks

Mercedes-Benz Finans Danmark A/S funds itself with Mercedes-Benz group internal financing and external bank loans. The structure of the funding is done in a way to eliminate any liquidity risk. Mercedes-Benz Finans Danmark A/S runs a monthly Asset Liability Management analysis takes into account the run-off of the portfolio and the financial liabilities as well as non-interest bearing assets and liabilities. Based on those results as well as the new acquisitions in the Company's portfolios the funding is determined and executed.

### Social responsibility

At Mercedes-Benz Finans Danmark AS, we believe corporate social responsibility is an integral part of our identity as a global company. The Company is therefore participating as part of the Mercedes-Benz Mobility

## Management's review

Group in multifaceted activities reflecting its social commitment. The global key focus areas are education and community advancement where Mercedes-Benz Mobility assists through donations, cash contributions and the development of sustainable programmes.

For example, for many years now, Mercedes-Benz Mobility helped company founders in numerous countries achieve lasting success. The company founders' innovative business ideas have been deserving of support and the entrepreneurs' courage and new ideas serve as the basis of a flourishing and dynamic economy. They create jobs and thereby give people security. Entrepreneurs have a positive impact on their environment, each in his or her own way - for example, in Mozambique, Scotland, and South Africa.

Consumer demand for individual mobility is growing worldwide. Mercedes-Benz wants to continue to satisfy this demand as optimally as possible in the future, and this is only possible with concepts and products for sustainable mobility. Above all, this includes safe, fuel-efficient, and low-emission vehicles. One of our goals is to minimise our products' impact on the climate and the environment - from production and operation all the way to end-of-life vehicle recycling. On the "Road to Emission free Mobility," our focus is on innovative drive concepts supplemented by improved and alternative fuels. During the development phase, we optimise consumption of primary energy, the use of raw materials, and recyclability.

Besides these factors, our product strategy also focuses on vehicle safety. We are therefore employing a range of different safety technologies as we progress along the "Road to Accident-free Driving." A key role is played here by innovative assistance systems, which can prevent accidents. They are very effective in protecting the life and health of vehicle occupants and other road users.

As a wholly-owned subsidiary of Mercedes-Benz Group AG, the Company is included in Group's Sustainability Report for 2022, which covers areas such as climate and environment, social and employee conditions, human rights and business ethics. The consolidated group statement on the policy, cf. Article 99a of the Danish Financial Statements Act, can be found in Mercedes-Benz's sustainability report 2022 (link: <https://sustainabilityreport.mercedes-benz.com/2022/>).

### Statutory statement regarding gender quotation in Management

In 2018, Mercedes-Benz Danmark Group set a target for Mercedes-Benz Finans Danmark A/S to have 1 female representative hired on the board level by the end of 2022. The target was reached in 2022, and at the current stage our Board of Directors consists of 1 female and 2 male representatives. Therefore, the board has an equal distribution of men and women according to the requirements for 99b.

In 2022 Mercedes-Benz Finans Danmark had less than 50 employees, therefore no policy has been prepared for other management levels, which is in accordance with 99b of the Danish Financial Statements Act.

### Data ethics

As a wholly-owned subsidiary of Mercedes-Benz Group AG, the Company is included in Group's Sustainability Report for 2022. To ensure compliance with Section 99d of the Financial Statements Act, the document are available here: <https://sustainabilityreport.mercedes-benz.com/2022/governance/data-responsibility/data-responsibility.html>

## Financial statements 1 January - 31 December

### Income statement

	<u>Note</u>	<u>2022</u> DKK'000	<u>2021</u> DKK'000
Revenue	2	593,609	537,821
Cost relating to leases and purchase contracts, etc.	3	-102,653	-81,829
Other operating income		34,940	34,325
Other external costs		<u>-24,784</u>	<u>-32,007</u>
Gross profit		501,112	458,310
Staff expenses	4	-39,869	-40,381
Depreciation on property, plant and equipment		<u>-347,641</u>	<u>-308,814</u>
Operating profit		113,602	109,115
Tax on profit for the year	5	<u>-17,464</u>	<u>-24,011</u>
Profit for the year	6	<u><u>96,138</u></u>	<u><u>85,104</u></u>

## Financial statements 1 January - 31 December

### Balance Sheet

	<u>Note</u>	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>Assets</b>			
Lease automobiles		<u>1,646,499</u>	<u>1,529,186</u>
Property, plant and equipment	7	<u>1,646,499</u>	<u>1,529,186</u>
Finance leases		2,099,256	2,288,934
Purchase contracts		<u>252,311</u>	<u>283,426</u>
Investments	8	<u>2,351,567</u>	<u>2,572,360</u>
Total non-current assets		<u>3,998,066</u>	<u>4,101,546</u>
Financing of inventories, distributors	9	611,019	624,339
Trade receivables		117,652	86,421
Receivables from group entities		18,382	18,791
Other receivables		12,325	12,533
Prepayments	10	<u>76,611</u>	<u>71,629</u>
Receivables		<u>835,989</u>	<u>813,713</u>
Total current assets		<u>835,989</u>	<u>813,713</u>
Total assets		<u>4,834,055</u>	<u>4,915,259</u>

## Financial statements 1 January - 31 December

### Balance sheet

	<u>Note</u>	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>Equity and liabilities</b>			
Equity	11	57,500	57,500
Retained earnings		210,697	168,559
Proposed dividend for the year		<u>54,000</u>	<u>125,000</u>
Total equity		<u>322,197</u>	<u>351,059</u>
Deferred tax	12	<u>236,301</u>	<u>227,835</u>
Total provisions		<u>236,301</u>	<u>227,835</u>
Loans from group enterprises	13	<u>960,196</u>	<u>1,290,069</u>
Non-current liabilities other than provisions		<u>960,196</u>	<u>1,290,069</u>
Trade payables		76,946	90,788
Amounts owed to group entities		19,187	42,700
Loans from group entities	13	3,034,681	2,721,230
Other payables		49,231	58,964
Deferred income	14	120,619	121,195
Tax payable		<u>14,697</u>	<u>11,419</u>
Current liabilities other than provisions		<u>3,315,361</u>	<u>3,046,296</u>
Total liabilities other than provisions		<u>4,275,557</u>	<u>4,336,365</u>
Total equity and liabilities		<u>4,834,055</u>	<u>4,915,259</u>
Contingent liabilities and securities	15		
Related parties	16		
Subsequent events	17		

## Financial statements 1 January - 31 December

### Statement of changes in equity

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2022	57,500	168,559	125,000	351,059
Dividend paid	0	0	-125,000	-125,000
Transferred; see the profit appropriation	<u>0</u>	<u>42,138</u>	<u>54,000</u>	<u>96,138</u>
Equity at 31 December 2022	<u><u>57,500</u></u>	<u><u>210,697</u></u>	<u><u>54,000</u></u>	<u><u>322,197</u></u>

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies

The annual report of Mercedes-Benz Finans Danmark A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

##### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

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

### Income Statement

#### Revenue

Income for the year from leases and purchase contracts, etc., comprises interest income, fees, and service income, etc., from finance leases, purchase contracts, financing of inventories for distributors and lease payments from operating leases.

The revenue from the rental and leasing business results from operating leases and is recognized on a straight line basis over the periods of the contracts. In addition, sales revenue is generated at the end of lease contracts from the subsequent sale of the vehicles.

Revenue from receivables from financial services is recognized using the effective interest method. When loans are issued below market rates, related receivables are recognized at present value and revenue is reduced for the interest incentive granted. If subsidized leasing fees are agreed upon in connection with finance leases, revenue from the sale of a vehicle is reduced by the amount of the interest incentive granted.

Revenues are valued according to fair value of what has been received or will be received, with deductions for rebates.

## Financial statements 1 January - 31 December

### Notes

#### **Costs relating to leases and purchase contracts etc.**

Costs relating to leases and purchase contracts etc. comprise interest expense concerning financing of the portfolio, service costs as well as losses on contracts, etc.

Loan receivables are initially recorded in the balance sheet at acquisition value, i.e. the amount lent to the borrower including direct transaction costs. In subsequent periods, loan receivables are recorded at acquisition value less write-offs and provisions for credit losses. The amount recorded as credit losses consists of both stated credit losses during the year as well as provision for expected losses.

#### **Other operating income**

Gains and losses on the disposal of fixtures and fittings, tools and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains and losses are recognized in the income statement as depreciation on property, plant and equipment.

#### **Other external costs**

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises etc.

#### **Staff expenses**

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs.

#### **Tax on profit for the year**

The Company is covered by the Danish rules on compulsory joint taxation of the Mercedes-Benz Group's Danish subsidiaries.

The sister company Mercedes-Benz Danmark A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry forwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year - due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

## Financial statements 1 January - 31 December

### Notes

#### Balance Sheet

##### Property, plant and equipment

Fixtures and fittings, tools and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis to the anticipated scrap value over the expected useful lives of the assets of 3-5 years.

Depreciation is recognized in the income statement as depreciation on property, plant and equipment.

Fixtures and fittings, tools and equipment are written down to the recoverable amount if this is lower than the carrying amount.

##### Lease automobiles

Lease automobiles, which comprise operating lease contracts are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis to the anticipated scrap value over the term of the lease agreement.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as cost relating to leases and purchase contracts, etc.

Lease automobiles are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of leasing automobiles are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains and losses are recognized in the income statement as other operating income/other operation expenses.

##### Investments

###### Finance leases

Finance leases are recognised as a financial receivable from the lessee. At the conclusion of the contract, the receivable is measured at the cost of the underlying asset.

## Financial statements 1 January - 31 December

### Notes

Lease payments are divided into interest and instalments according to the principle of annuities. Interest is recognized in the income statement whereas instalments reduce the amount owed by the lessee.

Leases are measured at the balance due from the lessee. Provisions are made for losses according to an individual assessment.

Gains and losses from the disposal of the underlying assets are calculated as the difference between the selling price less distribution costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as revenue.

#### Purchase contracts

Purchase contracts are measured at the nominal value at the balance sheet date less write-down for future expected losses.

Write-down is made where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Receivables including financing of inventories

Receivables including financing of inventories tracts are measured at the nominal value at the balance sheet date less write-down for future expected losses.

Write-down is made where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments comprise costs incurred in connection with the conclusion of leases and purchase contracts as well as bonus to distributors. The costs are recognised in the income statement as interest is added to the contracts.

The item also comprises costs incurred concerning subsequent financial years.

## Financial statements 1 January - 31 December

### Notes

#### Capital and reserves – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### Corporation tax and deferred tax

According to the joint taxation rules, the Company's liability towards the tax authorities is settled in line with payment of joint taxation contribution to the administrative company.

Joint taxation contribution payable and receivable is recognised separately in the balance sheet.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

#### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realizable value.

#### Deferred income

Deferred income comprises payments received concerning the establishment of purchase contracts. The income is recognised in the income statement as interest payments are added to the contracts.

The item also comprises payments received concerning income in subsequent years.

#### Omission to disclose fees for auditor elected

Pursuant to section 96(3) of the Danish Financial Statements Act, fees for auditor elected by the general assembly are not published as these are included in the consolidated financial statements of Mercedes-Benz Group AG, Stuttgart, Germany.

## Financial statements 1 January - 31 December

### Notes

#### Cash Flow Statement

Pursuant to section 86(4) of the Danish Financial Statements Act. The Company has not prepared a cash flow statement, as the Company is included in the consolidated financial statements of Mercedes-Benz AG.

#### Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Net profit ratio: 
$$\frac{\text{Net profit} / \text{Net profit} \text{ of the year}}{\text{Net profit}}$$

Return on assets: 
$$\frac{\text{Net profit} / \text{Net profit} \text{ of the year}}{\text{Average total assets}}$$

Solvency ratio: 
$$\frac{\text{Equity} \text{ of the year}}{\text{Total assets} \text{ of the year}}$$

Return on equity: 
$$\frac{\text{Net profit} / \text{Net profit} \text{ of the year}}{\text{Equity}}$$

## Financial statements 1 January - 31 December

### Notes

#### 2 Revenue

All revenue is generated in Denmark and revenue solely consist of income generated from financing and leasing of new and used Mercedes-Benz cars, vans and trucks. Consequently no detailed split of revenue is disclosed.

	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>3 Cost relating to leases and purchase contracts, etc.</b>		
Operational leasing	2,793	7,038
Financial leasing and loans expenses	71,419	66,089
Financial expenses to group entities	<u>28,441</u>	<u>8,702</u>
	<b><u>102,653</u></b>	<b><u>81,829</u></b>

	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>4 Staff expenses</b>		
Wages and salaries	11,497	17,005
Pensions	1,137	1,078
Other social security costs	56	62
Other staff costs	<u>27,179</u>	<u>22,236</u>
	<b><u>39,869</u></b>	<b><u>40,381</u></b>
Average number of employees	<u>22</u>	<u>23</u>

Staff expenses include DKK 25,393 thousand in relation to salary recharges from Mercedes-Benz Finans Sverige AB. Wages to the Executive Board is included in the recharges and amounts to DKK 2,004 thousand. There has been no remuneration to the Company's board of directors.

## Financial statements 1 January - 31 December

### Notes

	<u>2022</u>	<u>2021</u>	
	DKK'000	DKK'000	
<b>5 Tax on profit for the year</b>			
Adjustment of deferred tax	9,733	12,592	
Joint taxation contribution	14,041	11,419	
Extra depreciation (116% cost price)	<u>-6,310</u>	<u>0</u>	
	<b><u>17,464</u></b>	<b><u>24,011</u></b>	
	<u>2022</u>	<u>2021</u>	
	DKK'000	DKK'000	
<b>6 Profit appropriation</b>			
Proposed dividend for the year	54,000	125,000	
Retained earnings	<u>42,138</u>	<u>-39,896</u>	
	<b><u>96,138</u></b>	<b><u>85,104</u></b>	
<b>7 Property, plant and equipment</b>			
	<u>Fixtures and fittings, tools and equipment</u>	<u>Lease automobiles</u>	<u>Total</u>
DKK'000			
Cost at 1 January 2022	2,846	2,003,949	2,006,795
Additions during the year	0	1,069,447	1,069,447
Disposals during the year	<u>0</u>	<u>-922,354</u>	<u>-922,354</u>
Cost at 31 December 2022	<u>2,846</u>	<u>2,151,042</u>	<u>2,153,888</u>
Depreciation at 1 January 2022	2,846	474,763	477,609
Depreciation for the year	0	347,641	347,641
Depreciation of disposed assets	<u>0</u>	<u>-317,861</u>	<u>-317,861</u>
Depreciation at 31 December 2022	<u>2,846</u>	<u>504,543</u>	<u>507,389</u>
<b>Carrying amount at 31 December 2022</b>	<b><u>0</u></b>	<b><u>1,646,499</u></b>	<b><u>1,646,499</u></b>
Depreciated over	<u>3-5 years</u>	<u>3-5 years</u>	

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### Notes

#### 8 Investments

	<u>Finance leases</u>	<u>Purchase contracts</u>	<u>Total</u>
DKK'000			
Residual value at 1 January 2022	2,304,284	284,663	2,588,947
Additions for the year	1,551,244	50,272	1,601,516
Instalments and repayments	<u>-1,727,925</u>	<u>-80,298</u>	<u>-1,808,223</u>
Residual value at 31 December 2022	<u>2,127,603</u>	<u>254,637</u>	<u>2,382,240</u>
Impairment and write downs at 1 January 2022	15,350	1,237	16,587
Adjustments for the year	<u>12,997</u>	<u>1,089</u>	<u>14,086</u>
Impairment and write downs at 31 December 2022	<u>28,347</u>	<u>2,326</u>	<u>30,673</u>
<b>Carrying amount at 31 December 2022</b>	<b><u>2,099,256</u></b>	<b><u>252,311</u></b>	<b><u>2,351,567</u></b>

Outstanding finance leases that fall due for payment within one year after the end of the financial year amounts to DKK 934,570 thousand. Outstanding purchase contracts that fall due for payment within one year after the end of the financial year amounts to DKK 273,347 thousand.

	<u>2022</u>	<u>2021</u>
	DKK'000	DKK'000
<b>9 Financing of inventories, distributors</b>		
External distributors	<u>611,019</u>	<u>624,339</u>
	<b><u>611,019</u></b>	<b><u>624,339</u></b>

Financing of inventories, distributors, comprises financing of distributors' purchase of Mercedes-Benz automobiles. Financing is granted against security provided in automobiles.

	<u>2022</u>	<u>2021</u>
	DKK'000	DKK'000
<b>10 Prepayments</b>		
Accrual of dealer bonus	<u>76,611</u>	<u>71,629</u>
	<b><u>76,611</u></b>	<b><u>71,629</u></b>

#### 11 Equity

The equity consists of 57,500 shares of DKK 1,000 each. All shares carry equal voting rights. There have been no changes in the share capital within the last five years.

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	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>12 Deferred tax</b>		
Deferred tax at 1 January	227,835	216,015
Adjustment in respect of prior year	-1,267	-772
Adjustment for the year of deferred tax	<u>9,733</u>	<u>12,592</u>
	<b><u>236,301</u></b>	<b><u>227,835</u></b>
	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>13 Loans</b>		
Loans raised to finance leases and purchase contracts, etc., fall due as follows:		
Loans from group enterprises:		
Within 1 year	3,034,681	2,721,230
Between 1 and 5 years	960,196	1,290,069
After 5 years	<u>0</u>	<u>0</u>
	<b><u>3,994,877</u></b>	<b><u>4,011,299</u></b>
	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>14 Deferred income</b>		
Accrual of establishment income etc.	18,847	15,116
Accrual of subsidies	1,305	2,182
Deferred income from operating leases	95,401	94,801
Accrual of vehicle tax and vehicle insurance	<u>5,066</u>	<u>9,096</u>
	<b><u>120,619</u></b>	<b><u>121,195</u></b>

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#### 15 Contingent liabilities and security

##### Contingent liabilities

The Company is jointly taxed with the Danish group companies in Mercedes-Benz group. As Group Company, the Company has joint and several unlimited liability for Danish corporation taxes within the joint taxation.

##### Security

The Company's assets are not provided as security.

	<u>2022</u>	<u>2021</u>
	DKK'000	DKK'000
<b>16 Related parties</b>		
Sale of goods to group companies	494,321	506,586
Purchase of goods from group companies	-6,019,955	-5,232,273
Purchase of support services from group companies	-36,639	-33,059
Interests to group companies	-28,441	-8,702
Receivables from group entities	18,382	18,791
Payables to group entities	19,187	42,700
Loans from group entities	3,994,877	4,011,299

#### 17 Subsequent events

No significant subsequent events have occurred during 2023, that can affect the financial statements for 2022.