

Mercedes-Benz Danmark A/S

CVR no. 14 81 51 98

Annual report 2024

The annual report was presented and approved at the
Company's annual general meeting on

on _____ 20 ____

Chairman

CVR No. 14 81 51 98
Digevej 114
DK-2300 Copenhagen

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Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of Mercedes-Benz Danmark A/S for the financial year 1 January – 31 December 2024.

The annual report has been 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 on 31 December 2024 and of the result of the Company's operations for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities 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, 26 June 2025

Executive Board:

Shirin Emeera
CEO

Alexander Vollmer

Ute Sauter

Supervisory Board:

Christian Struwe
Chairman

Charlotte Fischer

David Perdomo Hollatz

Independent auditor's report

To the shareholder of Mercedes-Benz Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Mercedes-Benz Danmark A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, 26. June 2025
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Lone Vindbjerg Larsen
State Authorised Public Accountant
mne34548

Management's review

Company details

Mercedes-Benz Danmark A/S
Digevej 114
2300 København S
Denmark

Telephone: +45 33 78 56 56
Home page: www.mercedes-benz.dk

Registration no. 14 81 51 98
Established: 1990
Registered office: Copenhagen
Financial year: 1 January – 31 December

Supervisory Board

Christian Struwe, Chairman
Charlotte Fischer
David Perdomo Hollatz

Executive Board

Shirin Emeera, CEO
Alexander Vollmer
Ute Sauter

Auditors

Pricewaterhousecoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

Management's review

Financial highlights for the Company

DKK'000	2024	2023	2022	2021	2020
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Key figures

Revenue	5,114,338	5,920,949	5,880,069	5,230,303	4,563,139
Gross profit	81,330	302,203	460,529	256,151	293,094
Operating profit	-40,883	202,084	356,971	143,950	180,819
Result from financial items	220,541	270,330	116,548	-24,670	-6,647
Profit for the year	184,390	410,406	407,234	86,640	135,069

Fixed assets	1,960,291	1,505,723	733,467	733,769	776,644
Current assets	1,950,042	2,177,196	2,422,127	2,155,523	1,818,491
Total assets	3,910,333	3,682,919	3,155,594	2,889,292	2,595,135
Share capital	70,000	70,000	70,000	70,000	70,000
Equity	915,288	1,116,255	1,815,157	1,494,562	1,542,991
Provisions	188,934	187,552	165,003	110,010	35,977
Short term debt	2,060,339	1,867,333	1,175,434	1,284,720	1,016,167

Investment in property, plant and equipment	940,215	280,586	0	0	1,092
Average number of full-time employees	44	39	44	51	50

Financial ratios

Gross margin ratio (%)	1,6	5,1	7,8	4,9	6,4
Operating margin ratio (%)	-0,8	3,4	6,1	2,8	4,0
Current ratio (%)	94,6	116,6	206,1	167,8	179,0
Solvency ratio (%)	23,4	30,3	57,5	51,7	59,5
Return on assets (%)	-0,1	5,5	11,3	5,0	7,0
Return on equity (%)	18,2	28,0	24,6	5,7	5,9

In the financial year 2024 an adjustment is made related to the accounting treatment of recognition of buy-back obligations. As a result the ratios for 2023 have been restated. Comparative figures for 2022 and back have not been adjusted accordingly.

The financial ratios have been calculated as follows:

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin ratio	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on assets	$\frac{\text{Operating profit} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$

Management's review

Operating review

Principal activities

Mercedes-Benz Danmark A/S is a 100% owned subsidiary of Mercedes-Benz Group AG.

Mercedes-Benz Danmark A/S is an import and wholesale company of passenger cars, vans and spare parts in Denmark. The subsidiaries are retailing and supporting services of cars and vans. All activities take place under the trademarks Mercedes-Benz, Mercedes-Maybach, Mercedes-EQ and Mercedes-AMG.

Development in activities and financial matters

The 2024 income statement for Mercedes-Benz Danmark A/S shows a profit after taxes of 184,390 thousand DKK against 410,406 thousand DKK in 2023.

The balance sheet on December 31, 2024, showed an equity of 915,288 thousand DKK against 1,116,255 thousand DKK on December 31, 2023.

In October 2022, a decision was taken by the local Board of Management to divest the subsidiary Mercedes-Benz CPH A/S to an external investor. This was in alignment with the central strategy of Mercedes-Benz Group AG. In January 2024, it was communicated that the Dutch company Van Mossel Automotive International B.V. would buy Mercedes-Benz CPH A/S. The divestment of Mercedes-Benz CPH A/S to Van Mossel was finalized during July 2024.

Development in the year and follow-up on prior year's outlook

The original expectation from 2023 was a slight revenue increase in 2024 vs 2023. The actual revenues for 2024 landed on a decline of -13,6% vs 2023. A reason for the decline is a continued shift in product mix from traditional models with combustion engines to a higher share of electric vehicles. The electric vehicles are often sold with a lease arrangement, where the revenues are not recognized upfront, but instead distributed over the lease term. Specifically, the demand for the electric models EQA and EQB increased significantly during 2024. From a revenue perspective, the higher share of these models, did not compensate for the decline in sales of vehicles with combustion engine. Also the van business had a decline in revenues after a very successful 2023.

The profit before tax landed on DKK 180 million. The expectation from 2023 was a profit before tax in the range of DKK 270-300 million for 2024. The reason for the deviation is a higher cost situation due to last years' high inflation in combination with a tough price pressure in the market, which had a negative impact on both revenues and profit.

Outlook

The outlook for 2025 is still uncertain. The Company is following the development in the market related to tariffs and political uncertainties. Mercedes-Benz Danmark A/S expects an increase in revenues of appr. 4% and a profit before tax in a range of 180-250 million DKK. External factors that may have an impact on the expected profit for the year are for example inflation, interest development and political decisions. But it could also be more internal factors such as production constraints of certain models or components.

Management's review

Operating review

Risks

Credit risks

The Company's customers mainly consist of the Danish Mercedes-Benz dealers, where there is no credit risk outside normal course of business.

Financial risks

The Company is not exposed to any significant financial risks. Mercedes-Benz Group AG is involved in proactive work to ensure economic development in the Group.

Intellectual capital

The Company focuses on developing the employees to ensure that the skills and know-how within the Company meet the market's requirements. On a regular basis, trainings are offered either at the internal Mercedes-Benz Global Training centre in Malmö, as digital online trainings, or physical trainings off-site. The Company retains its employees by offering development opportunities and a good work environment that attracts people in a market with high competition.

Furthermore, the Company has since long a close collaboration with the authorized Dealer network of Mercedes-Benz in Denmark. Also here, the Company offers both mandatory- and voluntary trainings for the Dealers' employees. The trainings are addressed to mechanics, technicians, service advisors, sales consultants or other relevant personnel at the Dealers. The aim with the trainings is to ensure that the Dealers are up-to-date with the products of Mercedes-Benz and the related sales- or service processes. This, in-order to give the end-customers the best possible experience when visiting the Mercedes-Benz Dealerships.

Corporate responsibility

As a wholly-owned subsidiary of Mercedes-Benz Group AG, the Company is included in Group's Sustainability Report for 2024, which covers areas such as climate and environment, social and employee conditions, human rights and business ethics. Therefore, the Company does not present it in the Annual Report, cf. the Danish Financial Statements Act §99a, section 6. The 2024 Sustainability Report of Mercedes-Benz Group AG can be found on the link: <https://group.mercedes-benz.com/sustainability>

Unusual matters and events

The sale of the subsidiary Mercedes-Benz CPH A/S in July 2024 is an unusual event which has affected the financial position of the Company at 31 December 2024.

Management's review

Operating review

Uncertainties in relation to recognition or measurement

There are items in the financial statements which are associated with a degree of uncertainty. It is for example provisions for potential negative results on service contracts, future market values for vehicles with buy-back obligations, or certain legal matters. The items associated with uncertainty are reported based on standardized methods that are used within Mercedes-Benz Group or based on best estimates by the experts with knowledge about the specific subject, aligned with management.

Data compliance

As a wholly-owned subsidiary of Mercedes-Benz Group AG, the Company is included in Group's Sustainability Report for 2024, which covers areas such as climate and environment, social and employee conditions, human rights and business ethics. Therefore, the Company does not present it in the Annual Report, cf. the Danish Financial Statements Act §99d, section 6. The 2024 Sustainability Report of Mercedes-Benz Group AG can be found on the link: <https://group.mercedes-benz.com/sustainability/digital-trust/>

Environment and working environment policies

Environment

The Company's own operations as a distributor in Denmark is not considered to have a significant impact on the environment. However, measures are taken wherever possible within the daily operations to reduce any environmental impact.

Furthermore, Mercedes-Benz Group AG is continuously working on limiting the environmental impact in development and production.

Working environment

The Company works actively and systematically on the working environmental effects of the daily operations with due consideration to the Company's purpose, activities and available resources.

The individual employee plays an important part in minimising the total environmental effects of the Company's operations.

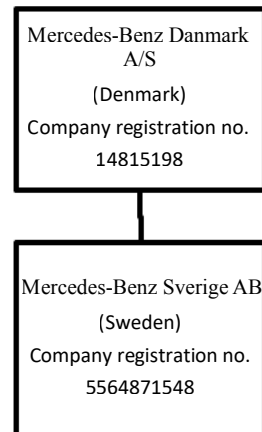
Committed employees is a cornerstone to success. The commitment of the employees is measured regularly to create the foundation for a good working environment with highly motivated employees.

Moreover, the Group is responsible for its own environmental effects, focusing on reducing the environmental impact of the products. A comprehensive program of sustainable development is a key success factor in the Mercedes-Benz Group.

Management's review

Operating review

Group chart



Mercedes-Benz Danmark A/S is owned by Mercedes-Benz Group AG. The subsidiary Mercedes-Benz Sverige AB is a wholly-owned subsidiary of Mercedes-Benz Danmark A/S. The companies included in the group chart are consolidated into the Group Financial Statements of Mercedes-Benz Group AG.

Financial statements for the year ended 31 December

Income statement

DKK'000	Note	2024	2023
Revenue	1	5,114,338	5,920,949
Direct costs	2, 8	-5,033,008	-5,618,747
Gross profit		81,330	302,203
Distribution costs	2, 8	-62,640	-54,401
Administrative expenses	2, 8	-59,573	-45,718
Operating profit		-40,883	202,084
Income from investments in group entities	3	174,280	227,324
Interest income and similar items	4	54,187	44,887
Interest expense and similar items	5	-7,926	-1,881
Profit before tax		179,658	472,414
Tax on profit for the year	6	4,732	-62,007
Profit after tax for the year	7	184,390	410,406

Financial statements for the year ended 31 December

Balance sheet

DKK'000	Note	2024	2023
ASSETS			
Fixed assets			
Property, plant and equipment	8		
Fixtures and fittings, tools, equipment and assets leased out		1,329,320	721,179
		<u>1,329,320</u>	<u>721,179</u>
Investments			
Investments in subsidiaries	9	630,971	784,544
		<u>630,971</u>	<u>784,544</u>
Total fixed assets		<u>1,960,291</u>	<u>1,505,723</u>
Current assets			
Inventories			
Finished goods and goods for resale		297,802	195,721
Receivables			
Trade receivables		73,005	55,016
Receivables from group enterprises		1,456,076	1,828,398
Other receivables		12,969	11,317
Deferred tax asset	10	32,625	8,883
Corporation tax receivable		4,605	0
Prepayments	11	13,833	14,551
		<u>1,593,113</u>	<u>1,918,165</u>
Cash at bank and in hand		<u>59,127</u>	<u>63,310</u>
Total current assets		<u>1,950,042</u>	<u>2,177,196</u>
TOTAL ASSETS		<u>3,910,333</u>	<u>3,682,919</u>

Financial statements for the year ended 31 December

Balance sheet

DKK'000	Note	2024	2023
EQUITY AND LIABILITIES			
Equity			
Share capital	12	70,000	70,000
Retained earnings		660,898	635,849
Dividend proposed		184,390	410,406
Total equity		915,288	1,116,255
Provisions			
Other provisions	13	188,934	187,552
Total provisions		188,934	187,552
Liabilities other than provisions			
Long-term liabilities other than provisions			
Buy-back obligation, related parties		592,029	390,602
Deferred income		153,743	121,177
		745,772	511,779
Short-term liabilities other than provisions			
Buy-back obligation, related parties		615,295	187,622
Trade payables		11,231	17,348
Payables to group enterprises		608,762	663,992
Corporation tax		0	34,708
Deferred income		305,026	199,993
Other payables		520,025	763,670
		2,060,339	1,867,333
Total liabilities other than provisions		2,806,111	2,379,112
TOTAL EQUITY AND LIABILITIES		3,910,333	3,682,919
Contingent liabilities and security	14		
Related parties	15		
Events after the balance sheet date	16		
Accounting policies	17		

Financial statements for the year ended 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed	Total
Equity at 31 December 2022	70,000	745,157	1,000,000	1,815,157
Adjustment method buy-backs	0	-109,308	0	-109,308
Equity at 1 January 2023	70,000	635,849	1,000,000	1,705,849
Dividend paid	0	0	-1,000,000	-1,000,000
Profit for the year	0	25,049	385,357	410,406
Equity at 1 January 2024	70,000	660,898	385,357	1,116,255
Dividend paid	0	0	-385,357	-385,357
Profit for the year	0	0	184,390	184,390
Equity at 31 December 2024	70,000	660,898	184,390	915,288

Financial statements for the year ended 31 December

Notes

1 Revenue by segments

DKK'000	2024	2023
Passenger cars	3,189,116	3,759,893
Vans	1,925,222	2,161,056
	<u>5,114,338</u>	<u>5,920,949</u>

Revenues by segments include all revenues within the segment Passenger cars and Vans. It relates to sale of new vehicles, used vehicles, spare parts, service contracts, connectivity services and training. The geographical market is Denmark.

2 Staff costs

DKK'000	2024	2023
Wages and salaries	34,076	28,962
Pensions	2,875	2,496
	<u>36,951</u>	<u>31,458</u>

Staff cost are recognised as follows in the financial statements:

Direct costs	15,704	13,369
Distribution cost	12,157	10,350
Administrative expenses	9,090	7,739
	<u>36,951</u>	<u>31,458</u>

Average number of employees

	<u>44</u>	<u>39</u>
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Remuneration to the Executive Board is invoiced to Mercedes-Benz Danmark A/S, based on estimated time spent for the Company, as management fee and amounts to DKK 3,914 thousand (2023: DKK 4,263 thousand) which is included in administrative costs.

There is no remuneration to the members of the supervisory board for their function in the Company

Financial statements for the year ended 31 December

Notes

Staff costs (continued)

Incentive and bonus schemes

The Company has set up an incentive scheme applying to the Executive Board and management employees with the option to subscribe for new shares. Per 31 December 2024, divisional Managing Directors, CFO and CEO, are included in incentive scheme with the term of stock program over three years. A bonus scheme for the Executive Management is established. The bonus scheme is based on global company performance.

3 Income from investments in group entities

DKK'000	2024	2023
Dividend	154,053	175,751
Reversals of impairment and write-down in subsidiary	0	51,573
Gain from sale of subsidiary	20,227	0
	<u>174,280</u>	<u>227,324</u>

4 Interest income and similar items

Interest income from group entities	53,021	33,569
Other interest income and similar items	1,028	1,443
Foreign exchange gains	138	9,875
	<u>54,187</u>	<u>44,887</u>

5 Interest expense and similar items

Interest expense to group enterprises	6,418	1,881
Other interest expense and similar items	1,508	-
	<u>7,926</u>	<u>1,881</u>

6 Tax on profit for the year

Current tax for the year	26,370	66,156
Adjustment of tax regarding previous years	-7,360	334
Adjustment of deferred tax	-24,360	-4,483
Adjustment of deferred tax regarding previous years	618	0
	<u>-4,732</u>	<u>62,007</u>

Financial statements for the year ended 31 December

Notes

7 Proposed profit appropriation	2024	2023
Dividend proposed	184,390	385,357
Retained earnings	0	25,049
	<u>184,390</u>	<u>410,406</u>

8 **Property, plant and equipment**

DKK'000	Fixtures and fittings, tools, equipment and assets leased out
Cost at 1 January 2024	844,408
Additions in the year	940,215
Disposals for the year	-294,049
Cost at 31 December 2024	<u>1,490,574</u>
Depreciation at 1 January 2024	123,231
Depreciation for the year	4,386
Amortisation for the year	100,998
Depreciation on disposed assets	-67,361
Depreciation at 31 December 2024	<u>161,254</u>
Carrying amount at 31 December 2024	<u>1,329,320</u>
Depreciated over (years)	<u>1-5</u>

Total depreciation and amortisation on property, plant and equipment are included in the following items in the income statements:

DKK'000	2024	2023
Direct costs	105,173	68,672
Distribution costs	10	10
Administration expenses	201	216
	<u>105,384</u>	<u>68,898</u>

Financial statements for the year ended 31 December

Notes

9 Investments in subsidiaries

DKK'000	2024	2023
Cost at 1 January	784,544	784,544
Divestment subsidiary	-153,573	0
Cost at 31 December	630,971	784,544
Impairment loss at 1. January	0	-51,573
Reversal of impairment loss	0	51,573
Impairment loss at 31. December	0	0
Carrying amount at 31 December	630,971	784,544

Name	Registered office	Ownership share	Equity	Profit/loss for the year
Mercedes Benz Sverige AB	Malmö	100%	634,285	-60,321

In January 2024, it was announced that the Dutch company Van Mossel Automotive International B.V. would acquire the shares in the previous subsidiary Mercedes-Benz CPH A/S. The divestment was completed in July 2024. The remaining investment relates to Mercedes-Benz Sverige AB. There are currently no indications identified for an impairment for Mercedes-Benz Sverige AB.

Financial statements for the year ended 31 December

Notes

10 Deferred tax asset

DKK'000	2024	2023
Deferred tax at 1 January	8,883	4,400
Deferred tax adjustment for the year in the income statement	24,360	4,483
Deferred tax adjustment prior year	-618	0
	<u>32,625</u>	<u>8,883</u>

11 Prepayments

Prepayments consist of prepaid rent, insurance, etc.

12 Share capital

DKK'000	2024	2023
The share capital consists of:		
1 share of DKK 300 thousand	300	300
1 share of DKK 69,700 thousand	69,700	69,700
	<u>70,000</u>	<u>70,000</u>

No changes have occurred in share capital for the past 5 years.

13 Other provisions

Other provisions comprise anticipated costs of service contract- and warranty commitments. Based on previous experience, the provisions have been recognised for the estimated commitments. The provisions have affected the result in 2024 with a cost of DKK 1,4 Million (2023: DKK 22,5 Million). Further, the balance also includes a provision for an inquiry made by the Danish Motor Vehicle Agency. The provision is an expression of the best estimate of Management, but by nature it is associated with some degree of uncertainty. The provision has not affected the result in 2024 (2023: DKK 3,3 Million).

	2024	2023
Other provisions 1 January	187,552	165,003
Additions	19,664	23,091
Reversals	-18,282	-542
Other provisions 31 December	<u>188,934</u>	<u>187,552</u>

Financial statements for the year ended 31 December

Notes

14 Contingent liabilities and security

The Company is jointly liable with the other jointly taxed Danish companies for the tax on the joint taxation income until and including the income year 2024.

On behalf of the distributors the Company has provided securities towards the Danish group company Mercedes-Benz Finans Danmark A/S.

As part of a stock-finance agreement, the Company transferred receivables in respect of sale of vehicles to dealers to the group company, Mercedes-Benz Finans Danmark A/S. The Company is partly liable for any loss on the transferred receivables. Financing is secured on the vehicles.

Operational leasing

The Company has signed an operational leasing contract with an average yearly leasing cost at DKK 1,652 thousand (2023: DKK 2,015 thousand). The leasing contract has a duration of 72 months with a total value of DKK 9,910 thousand (2023: 84 months with a total value of DKK 14,107 thousand).

15 Related parties

Mercedes-Benz Danmark A/S related parties comprise the following:

- Own subsidiaries, see group chart on page 10
- Other companies in Mercedes-Benz Group AG, with headquarters in Stuttgart, Germany.

Parties exercising control

Mercedes-Benz Group AG, Stuttgart, owns the entire share capital of the Company.

The consolidated financial statements of Mercedes-Benz Group AG can be obtained at the website www.group.mercedes-benz.com.

Other related parties

Related parties exercising significant influence comprise the Company's Executive and Supervisory Boards, executive employees and their family members. Further, related parties comprise companies in which the above persons have substantial interests.

Financial statements for the year ended 31 December

Notes

15 Related parties (continued)

Related party transactions

DKK'000	2024	2023
Sale of goods to group enterprises	422,490	1,006,367
Sale of services to group enterprises	105,603	251,546
Purchase of goods from group enterprises	-5,352,406	-4,987,631
Purchase of services from group enterprises	-135,899	-126,637
	<u>-4,960,212</u>	<u>-3,856,355</u>

Receivables and payables from / to group enterprises

DKK'000	2024	2023
Receivables from group enterprises	1,456,076	1,828,398
Thereof cash-pooling	720,675	1,323,306
Payables to group enterprises	608,762	663,992
Buy-back obligations, related parties	1,207,324	578,224

Receivables and payables from / to group enterprises are disclosed in the balance sheet, and interest income from and interest expenses to group companies is disclosed in note 4 and note 5. Further, income from investments in group entities is disclosed in note 3.

16 Events after the balance sheet date

There are no significant events after the balance sheet date.

Financial statements for the year ended 31 December

17 Accounting policies

The annual report of Mercedes-Benz Danmark A/S for 2024 has been prepared in accordance with the provisions applying to large class C entities under the Danish Financial Statements Act.

The accounting policies applied are unchanged from last year.

Certain comparison numbers have been reclassified for presentation purposes. The reclassification has no effect on the result after tax or total equity.

The Financial Statements for 2024 are presented in DKK'000.

Correction of recognition of buy-back obligations

During the preparation of the current year's annual report, management identified an error in the previously issued annual report for the financial year ended December 31, 2023. The error pertained to the incorrect recognition of revenue and buy-back obligations related to vehicles sold with a buy-back obligation. The buy-back obligation has previously been recognized as a net provision.

The following summarizes the adjustments made in comparative figures for 2023:

Balance Sheet: Non-current assets have been increased by DKK 720,917k, buy-back obligation, related parties of DKK 578,224k, deferred income of DKK 226,952k and retained earnings have been adjusted accordingly with DKK 84,259k.

Income Statement: Revenue has decreased with DKK 140,304k and direct costs with DKK 165,353k which includes an increase in depreciation expenses of DKK 68,664k, resulting in a corresponding increase in net income of DKK 25,049k.

In respect to the comparative figures the affected line items for the year ended December 31, 2023, now reflect the following amounts:

Non-current assets: adjusted from DKK 784,806k to DKK 1,505,723k,

Buy-back obligation, related parties adjusted from DKK 0k to DKK 578,224k,

Deferred income adjusted from DKK 94,218k to DKK 321,170k,

Revenue adjusted from DKK 6,061,253k to DKK 5,920,949k,

Direct costs adjusted from DKK -5,784,100k to DKK -5,618,747k,

Retained Earnings (as of January 1, 2022) adjusted with DKK -109,308k,

Retained Earnings for the financial year 2023 adjusted with DKK 25,049k,

Total equity adjusted from DKK 1,200,514k to DKK 1,116,255k as net effect for equity as of 1 January 2024 is DKK 84,259k.

Financial statements for the year ended 31 December

17 Accounting policies

Omission of cash flow statements

Pursuant to section 86 (4) of the Danish Financial Statements Act, a cash flow statement has not been prepared as the Company's cash flows are included in the cash flow statement of Mercedes-Benz Group AG, Stuttgart, Germany.

Omission of consolidated financial statements

Pursuant to section 112 of the Danish Financial Statements Act, consolidated financial statements have not been prepared for Mercedes-Benz Danmark A/S, as the figures are included in the consolidated financial statements of Mercedes-Benz Group AG, Stuttgart, Germany.

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.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Financial statements for the year ended 31 December

17 Accounting policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Foreign currency translation

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

Discontinued operations

Discontinued operations constitute a significant part of the Company if activities and cash flows can be separated from the Company's other activities and if, according to an overall plan, they are to be sold, discontinued or abandoned.

Profit/loss after tax on discontinued operations and assets and related liabilities for discontinued operations are recognised as a separate line item without restatement of comparative figures. Principal items are specified in the notes.

Segment information on revenue

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Revenues by segments include all revenues within the segment Passenger cars and Vans. It relates to sale of new vehicles, used vehicles, spare parts, service contracts, connectivity services and training.

Financial statements for the year ended 31 December

17. Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods and finished goods, comprising the sale of cars, vans and spare parts, is recognised as revenue when delivery and transfer of the risk to the buyer have taken place, and the income may be reliably measured and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms 2010.

Revenue from the sale of goods where delivery has been postponed upon the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discount granted are deducted from revenue.

For vehicle sales with a buy-back obligations, the arrangement is accounted for as a lease. The lease revenues correspond to the difference between the selling price and the contractual residual value and is recognized over the lease term.

Revenue from sale of services, comprising service on cars are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Direct costs

Direct costs comprise cost for cars sold, including depreciation and amortisation and salaries, incurred generating the revenue for the year.

Distribution costs

Costs incurred in distributing goods contain sales campaigns. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for Company management and administration, including expenses for administrative staff, office premises, office expenses, and depreciation.

Other operating expenses/income

Other operating expenses/income comprise items secondary to the principal activities of the company, including gains and losses on disposal of property, plant and equipment.

Income from equity investments in group entities

Income from equity investments in group entities comprises dividend and realised capital gains and losses from equity investments recognised as investments in the balance sheet.

Financial statements for the year ended 31 December

17. Accounting policies (continued)

Dividends from equity investments in group entities measured at cost are recognised as income in the Company's income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if the carrying amount of equity investments exceeds the carrying amounts of the net assets in the subsidiary. Previously recognized write-downs are reversed when the reasons for the write-down no longer exists. Reversed write-downs are recognised in the income statement.

Interest income and expense and similar items

Interest income and expenses comprise interest income and expense, gains and losses on transactions de-nominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when the ultimate parent company has control of the subsidiaries up to the date when they are excluded from the control.

The Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

Upon payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable income.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools, equipment and assets leased out are measured at cost less accumulated depreciation and impairment.

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

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The estimated useful lives are as follows:

Fixtures and fittings, tools, equipment and assets leased out	1-5 years
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Financial statements for the year ended 31 December

17. Accounting policies (continued)

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

Investments

Equity investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Impairment of fixed assets

The carrying amount of property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Inventories

Inventories are measured at the lower of acquisition or manufacturing cost and net realizable value. The net realizable value is the expected sales price less estimated costs of completion and estimated costs to sell. The acquisition or manufacturing costs of inventories are generally based on the specific identification method and include costs incurred in acquiring the inventories and bringing them to their present location and condition.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Cash

Cash consist of Cash in banks. The company's cash pooling agreement is recognised as receivables from group enterprises or amounts owed to group enterprises as the overall financial commitment with bank rests with Mercedes-Benz Group AG.

Prepayments

Prepayments comprise prepayments of cost incurred relating to subsequent financial years.

Financial statements for the year ended 31 December

17. Accounting policies (continued)

Equity - 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.

Current tax receivables and liabilities

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax assets and liabilities

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Provisions comprise anticipated costs related to settlements or potential risks. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources to settle the obligation.

Payables to group entities

Payables to group entities mainly consists of payables to Mercedes-Benz AG for produced vehicles.

Deferred income

Deferred income includes service contracts on cars and other related subscribed services which comprises received income for recognition in subsequent financial years. Deferred income is measured at cost. Furthermore, it also includes deferred income from headlease income related to buy-back vehicles. It is presented as a liability in the balance sheet and recognized as revenue over the remaining duration of the lease contracts.

Liabilities other than provisions

Liabilities other than provisions are measured at amortised cost, which usually corresponds to nominal value.