

Mercedes-Benz Danmark A/S

CVR no. 14 81 51 98

Annual report 2022

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

on 10. May _____ 20__ 23

Christian Struwe

Chairman

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

Contents

Statement by the Executive and Supervisory Boards	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights for the Company	6
Operating review	7
Financial statements for the year ended 31 December	11
Income statement	11
Balance sheet	12
Statement of changes in equity	14
Notes	15

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 2022.

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 at 31 December 2022 and of the result of the Company's operations for the financial year 1 January – 31 December 2022.

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, 10 May 2023

Executive Board:

Niels Kowollik
CEO

Florian Manhart

Felix Braun

Martin Lindell

Supervisory Board:

Christian Struwe
Chairman

Charlotte Fischer

David Perdomo Hollatz

Independent auditor's report

To the shareholders of Mercedes-Benz Danmark A/S

Opinion

We have audited the financial statements of Mercedes-Benz 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.

Independent auditor's report

- 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, 10 May 2023

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Kenn Wolff Hansen
State Authorised Public Accountant
mne30154

Management's review

Company details

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

Telephone: +45 33 78 56 56

Fax: +45 33 78 54 65

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

Niels Kowollik, CEO

Florian Manhart

Felix Braun

Martin Lindell

Auditors

KPMG

Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

2100 Copenhagen

Denmark

Management's review

Financial highlights for the Company

DKK'000	2022	2021	2020	2019	2018
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Key figures

Revenue	5,880,069	5,230,303	4,563,139	4,868,921	4,669,065
Gross profit	460,529	256,151	293,094	432,612	308,101
Ordinary operating profit	362,600	146,925	180,709	303,350	179,662
Result from interest and expense and similar items	8,878	956	-6,647	1,422,983	195,091
Profit for the year	407,234	86,640	135,069	1,661,204	336,652

Fixed assets	733,467	733,769	776,644	778,821	935,569
Current assets	2,422,127	2,155,523	1,818,491	3,273,365	1,669,331
Total assets	3,155,594	2,889,292	2,595,135	4,049,186	2,604,900
Share capital	70,000	70,000	70,000	70,000	70,000
Equity	1,815,157	1,494,562	1,542,991	3,069,126	1,657,922
Provisions	165,003	110,010	35,977	27,777	6,616
Liabilities other than provisions	1,175,434	1,284,720	1,016,167	952,283	940,362

Investment in property, plant and equipment	0	0	1,092	0	418
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Financial ratios

Gross margin ratio (%)	7,8	4,9	6,4	8,9	6,6
Operating margin ratio (%)	6,2	2,8	4,0	6,2	3,8
Current ratio (%)	206,1	167,8	179,0	343,7	177,5
Solvency ratio (%)	57,5	51,7	59,5	75,8	63,6
Return on equity (%)	24,6	5,7	5,9	70,3	20,7

Average number of full-time employees	44	51	50	49	48
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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 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.

The Truck wholesale division, including the supporting services and retailing of Truck spare parts, was acquired by Hessel Trucks A/S, with effect from September 30, 2022.

Development in activities and financial matters

The 2022 income statement for Mercedes-Benz Danmark A/S shows a profit after taxes of 407,234 thousand DKK against 86,640 thousand DKK in 2021.

The balance sheet on December 31, 2022, showed an equity of 1,815,157 thousand DKK against 1,494,562 thousand DKK on December 31, 2021.

The acquisition by Hessel Trucks A/S of Mercedes-Benz Danmark A/S' Truck division is in alignment with the global corporate strategy for Mercedes-Benz Group AG. The acquisition is considered as an asset deal where vehicle stock, order book, buy-back obligations and service contract portfolio were transferred to Hessel Trucks A/S. Furthermore, twelve employees who were employed by Mercedes-Benz Danmark A/S dedicated to the Truck division were also a part of the acquisition.

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 is in full alignment with the strategy of Mercedes-Benz Group AG, where own dealerships gradually are being sold and transferred to external investors. The divestment of Mercedes-Benz CPH A/S is expected to be finalized during first half year 2024.

Top management considers the Company's financial performance in the year for satisfactory.

Outlook

During 2022, the automotive industry experienced production limitations and shortage of components. In general, this led to longer lead times from factory to customer. For Mercedes-Benz Danmark A/S, the number of delivered new vehicles increased by 15% in 2022. A strong ongoing order book contributed to increase the number of vehicle deliveries in 2022, as well as a very competitive product portfolio with a growing share of electric vehicles and plug-in hybrids. However, the general uncertainties in the market, with high inflation, increasing interest rates and higher energy prices, the outlook for 2023 is somewhat more conservative. Mercedes-Benz Danmark A/S expects revenues at a similar level as in 2022 and a profit in a range of 200-250 mn DKK.

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 center 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.

Corporate responsibility

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. Therefore, the Company does not present it in the Annual Report, cf. the Danish Financial Statements Act §99a, section 6. The 2022 Sustainability Report of Mercedes-Benz Group AG can be found on the link: <https://group.mercedes-benz.com/sustainability>

Management's review

Operating review

Diversity policy

The Company applies equal opportunity treatment, according to the equal opportunities policy of the parent company Mercedes-Benz Group AG, which aims to provide both gender - when possible - to be represented in all departments, committees, groups and management.

There is one female member of the Company's supervisory board per 31 December 2022. The supervisory board consists of three members, which means that there is a gender balance.

Mercedes-Benz Group's global goal is that the management level should be represented by at least 20% females. As of 31 December 2022, 17% (31 December 2021: 33%) of the executive and functional managers in Mercedes-Benz Danmark A/S were women. In alignment with the Danish Financial Statements Act 99b, the Company is determined to contribute to the society by further increasing the rate of female managers by providing opportunities and individual development plans. In the internal guideline on diversity, it is stated that all employees must feel job satisfaction, commitment and security and have the same rights, obligations and opportunities regardless of gender, gender identity or gender expression, age, sexual orientation, disability, ethnicity, religion or other belief. The work on gender equality and diversity is conducted in a determined way, in collaboration with employees and trade unions. All employees, regardless of position, have a great opportunity to accept each others differences and to respect the dignity to which everyone is entitled in their workplace. The expectation is that the share of females in the Company will remain similar as today.

Data compliance

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. Therefore, the Company does not present it in the Annual Report, cf. the Danish Financial Statements Act §99d, section 6. The 2022 Sustainability Report of Mercedes-Benz Group AG can be found on the link: <https://group.mercedes-benz.com/sustainability/data/>

Management's review

Operating review

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

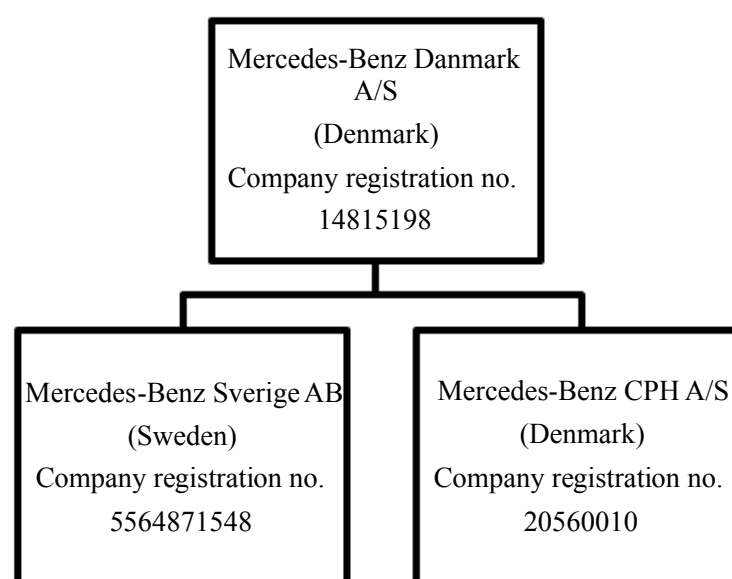
The Company works actively and systematically on the working environmental effects of the daily operations with due consideration to the Company's purpose, activities and available resources.

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 are 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.

Group chart



Mercedes-Benz Danmark A/S is owned by Mercedes-Benz Group AG. Both subsidiaries Mercedes-Benz Sverige AB and Mercedes-Benz CPH A/S are wholly-owned subsidiaries 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	2022	2021
Revenue	1	5,880,069	5,230,303
Direct costs	2, 9	-5,419,540	-4,974,152
Gross profit		460,529	256,151
Distribution costs	2, 9	-60,320	-63,185
Administrative expenses	2, 9	-37,609	-46,041
Ordinary operating profit		362,600	146,925
Other operating cost		-5,629	-2,975
Operating profit		356,971	143,950
Income from investments in group entities	3	107,670	25,947
Impairment loss from investments in group entities		0	-51,573
Interest income and similar items	4	13,913	2,763
Interest expense and similar items	5	-5,035	-1,807
Profit before tax		473,519	119,280
Tax on profit for the year	6	-112,960	-32,640
Profit after tax for the continued operations		360,559	86,640
Profit after tax for disinvested operations	7	46,675	0
Profit after tax for the year	8	407,234	86,640

In 2022, the Truck business is excluded from revenues and costs, and only reported as Profit after tax for disinvested business. For that reason, a comparison between 2022 and 2021 on revenues and costs items is not possible.

Financial statements for the year ended 31 December

Balance sheet

DKK'000	Note	2022	2021
ASSETS			
Fixed assets			
Property, plant and equipment	9		
Fixtures and fittings, tools and equipment		496	798
		<u>496</u>	<u>798</u>
Investments			
Investments in subsidiaries	10	732,971	732,971
		<u>732,971</u>	<u>732,971</u>
Total fixed assets		<u>733,467</u>	<u>733,769</u>
Current assets			
Inventories			
Finished goods and goods for resale		106,977	205,534
Receivables			
Trade receivables		79,044	74,817
Amounts owed by group enterprises		2,152,755	1,775,438
Other receivables		57,738	32,270
Deferred tax asset	11	4,400	23,860
Prepayments	12	15,963	9,140
		<u>2,309,900</u>	<u>1,915,525</u>
Cash at bank and in hand		5,250	34,464
Total current assets		<u>2,422,127</u>	<u>2,155,523</u>
TOTAL ASSETS		<u><u>3,155,594</u></u>	<u><u>2,889,292</u></u>

Financial statements for the year ended 31 December

Balance sheet

DKK'000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	13	70,000	70,000
Retained earnings		745,157	1,337,922
Dividend proposed		1,000,000	86,640
Total equity		<u>1,815,157</u>	<u>1,494,562</u>
Provisions			
Other provisions	14	165,003	110,010
Total provisions		<u>165,003</u>	<u>110,010</u>
Liabilities other than provisions			
Short-term liabilities other than provisions			
Trade payables		27,220	47,025
Payables to group enterprises		426,755	413,608
Corporation tax		106,872	49,372
Deferred income		94,977	187,690
Other payables		519,610	587,025
		<u>1,175,434</u>	<u>1,284,720</u>
Total liabilities other than provisions		<u>1,175,434</u>	<u>1,284,720</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,155,594</u></u>	<u><u>2,889,292</u></u>
Contingent liabilities and securities	15		
Related parties	16		
Events after the balance sheet date	17		
Accounting policies	18		

Financial statements for the year ended 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2021	70,000	1,337,922	135,069	1,542,991
Dividend paid	0	0	-135,069	-135,069
Profit for the year	0	0	86,640	86,640
Equity at 1 January 2022	70,000	1,337,922	86,640	1,494,562
Dividend paid	0	0	-86,640	-86,640
Profit for the year	0	-592,765	1,000,000	407,235
Equity at 31 December 2022	70,000	745,157	1,000,000	1,815,157

Financial statements for the year ended 31 December

Notes

1 Revenue

The specification of revenue on activities and geographical markets have been left out for competitive reasons pursuant to section 96 (1) of the Danish Financial Statement Act.

2 Staff costs

DKK'000	2022	2021
Wages and salaries	32,644	38,306
Pensions	2,772	3,188
Other social security costs	0	0
	<u>35,416</u>	<u>41,494</u>

Staff cost are recognised as follows in the financial statements:

Cost of goods sold	15,052	17,635
Distribution cost	11,652	13,651
Administrative expenses	8,712	10,207
	<u>35,416</u>	<u>41,494</u>

Average number of employees	<u>44</u>	<u>51</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 3,452 thousand (2021: DKK 3,581 thousand) which is included in administrative costs.

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 2022, 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.

Financial statements for the year ended 31 December

Notes

3	Income from investments in group entities		
	DKK'000	2022	2021
	Dividend	107,670	25,947
		<u>107,670</u>	<u>25,947</u>
4	Interest income and similar items		
	Interest income from group entities	2,088	15
	Foreign exchange gains	11,825	2,748
		<u>13,913</u>	<u>2,763</u>
5	Interest expense and similar items		
	Interest expense to group enterprises	4,458	1,253
	Other interest expense and similar items	577	554
		<u>5,035</u>	<u>1,807</u>
6	Tax on profit for the year		
	Current tax for the year	93,500	49,372
	Adjustment of deferred tax	2,061	-17,901
	Adjustment of tax regarding previous years	17,399	1,169
		<u>112,960</u>	<u>32,640</u>

7 Profit/loss from discontinued operations in principal items

On 1 October 2022 the Company entered into an agreement on the sale of the Trucks operations. The sale has been completed at the balance sheet date, and consequently, the net assets are transferred. Thus in the balance sheet no assets or liabilities are shown as discontinued operations. Profit/loss after taxes of the Trucks operations is recognised as a separate line item in the income statement. Comparative figures for 2021 have not been restated for discontinued operations.

DKK'000	2022	2021
Revenue	489,202	0
Direct costs	-484,215	0
Other income	54,853	0
Profit before tax from discontinued operations	59,840	0
Tax on profit from discontinued operations	-13,165	0
	<u>46,675</u>	<u>0</u>

Financial statements for the year ended 31 December

Notes

8 Proposed profit appropriation

Dividend proposed	1,000,000	86,640
Retained earnings	-592,765	0
	<u>407,235</u>	<u>86,640</u>

9 Property, plant and equipment

DKK'000		Fixtures and fit- tings, tools and equipment and IT
Cost at 1 January 2022		<u>2,195</u>
Cost at 31 December 2022		<u>2,195</u>
Depreciation at 1 January 2022		-1,397
Depreciation for the year		-302
Depreciation at 31 December 2022		<u>-1,699</u>
Carrying amount at 31 December 2022		<u><u>496</u></u>
Depreciated over (years)		<u><u>3-5</u></u>

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

DKK'000	2022	2021
Direct costs	10	10
Distribution costs	13	13
Administration expenses	279	279
	<u>302</u>	<u>302</u>

Financial statements for the year ended 31 December

Notes

10 Investments in subsidiaries

DKK'000	2022	2021
Cost at 1 January	784,544	775,544
Additions	0	9,000
Cost at 31 December	784,544	784,544
Impairment loss at 1 January	-51,573	0
Impairment loss for the year	0	-51,573
Impairment loss at 31 December	-51,573	-51,573
Carrying amount at 31 December	732,971	732,971

Name	Registered office	Ownership share	Equity	Profit/loss for the year
Mercedes-Benz CPH A/S	Hørsholm	100%	73,805	36,044
Mercedes Benz Sverige AB	Malmö	100%	988,608	202,117

The company has calculated the recoverable amount for the subsidiaries and compared these to the carrying amount of these. The recoverable amount derived in connection with the impairment test is calculated on the basis of expected free net cash flow for the years 2023 – 2028 added the value in the terminal period.

The impairment test is based on the revenues from the local business plan with an Weighted Average Cost of Capital (WACC) of 9%, which is considered as the average within the business areas in which the subsidiaries operate.

Based on the above assumptions, there are no additional impairment indications identified for Mercedes-Benz CPH A/S or Mercedes-Benz Sverige AB.

The impairment tests are based on various assumptions and the valuation of subsidiaries is therefore associated with uncertainties.

Financial statements for the year ended 31 December

Notes

11 Deferred tax asset

DKK'000	2022	2021
Deferred tax at 1 January	23,860	5,959
Deferred tax adjustment for the year in the income statement	-2,061	17,901
Deferred tax adjustment prior year	-17,399	0
	<u>4,400</u>	<u>23,860</u>

Deferred tax asset relates to:

Fixtures and fittings, tools and equipment	69	62
Trade receivables	2	1
Provisions	1,416	18,806
Other payables	2,913	4,991
	<u>4,400</u>	<u>23,860</u>

12 Prepayments

Prepayments consist of prepaid rent, insurance, etc.

13 Share capital

DKK'000	2022	2021
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.

14 Other provisions

Other provisions comprise anticipated costs of buy-back commitments. Based on previous experience in respect of the level of buy-backs, provisions have been recognised for expected buy-back commitments.

Further, the Danish Motor Vehicle Agency has made an inquiry for car registrations between 2016 and 2019. 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 affected the result in 2022 with a cost of 57,8 mm DKK (2021: 79 mm DKK).

	2022	2021
Other provisions 31 December	<u>165,003</u>	<u>110,010</u>
	<u>165,003</u>	<u>110,010</u>

Financial statements for the year ended 31 December

Notes

15 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 2022.

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 2,943 thousand (2021: DKK 2,211 thousand). The leasing contract has a duration of 24 months with a total value of DKK 5,887 thousand (2021: 36 months with a total value of DKK 6,448 thousand).

16 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

16 Related parties (continued)

Related party transactions

DKK'000	2022	2021
Sale of goods to group enterprises	1,546,237	1,007,510
Purchase of goods from group enterprises	-5,281,237	-4,514,471
	<u>-3,735,000</u>	<u>-3,506,961</u>

Payables to group companies and amounts owed by group entities 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.

17 Events after the balance sheet date

There are no significant events after the balance sheet date.

18 Accounting policies

The annual report of Mercedes-Benz Danmark A/S for 2022 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.

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.

Financial statements for the year ended 31 December

Notes

18 Accounting policies (continued)

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.

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.

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.

Income statement

Revenue

Income from the sale of goods and finished goods, comprising the sale of cars, vans, trucks and spareparts, 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.

Revenue from sale of services, comprising service on cars, is recognised in the income statement as the services are provided.

Financial statements for the year ended 31 December

Notes

18. Accounting policies (continued)

Cost of goods sold

Production costs comprise costs, 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.

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 distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

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 and equipment 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 and equipment	3-5 years
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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 cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

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

Cash pooling agreement

The company's cash pooling agreement is recognised as amounts owed by 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.

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.

Corporation tax and deferred tax

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 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 settlement of buy-back provisions 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 include the Company's share of the group cash-pool agreements.

Liabilities other than provisions

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