CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statement of Income

In millions of euros	Note	**2023**	2022
Revenue	4	**153,218**	150,017
Cost of sales	5	**-118,839**	-115,997
Gross profit		**34,379**	34,020
Selling expenses	5	**-9,728**	-9,482
General administrative expenses	5	**-2,688**	-2,584
Research and non-capitalized development costs	5	**-6,230**	-5,602
Other operating income	6	**2,206**	3,323
Other operating expense	6	**-516**	-1,289
Gains/losses on equity-method investments	13	**2,129**	1,732
Other financial income/expense	7	**108**	340
Earnings before interest and taxes (EBIT)	34	**19,660**	20,458
Interest income	8	**678**	273
Interest expense	8	**-254**	-427
Profit before taxes		**20,084**	20,304
Income taxes	9	**-5,553**	-5,495
Net profit		**14,531**	14,809
thereof profit attributable to non-controlling interests		**270**	308
thereof profit attributable to shareholders of Mercedes-Benz Group AG		**14,261**	14,501

Earnings per share (in euros)			
For profit attributable to shareholders of Mercedes-Benz Group AG	36		
Basic		**13.46**	13.55
Diluted		**13.46**	13.55

Consolidated Statement of Comprehensive Income/Loss

In millions of euros	**2023**	2022
Net profit	**14,531**	14,809
Gains/losses on currency translation	**-795**	297
Gains/losses on debt instruments	**14**	-33
Gains/losses on derivative financial instruments	**475**	1,678
Gains/losses on equity-method investments	**-251**	188
Items that may be reclassified to profit/loss in the Statement of Income in the future	**-557**	2,130
Actuarial gains/losses from pensions and similar obligations	**194**	2,318
Gains/losses on equity instruments	**89**	-397
Gains/losses on equity-method investments	**-16**	286
Items that will not be reclassified to profit/loss in the Statement of Income	**267**	2,207
Other comprehensive income/loss after taxes[1]	**-290**	4,337
thereof income/loss attributable to non-controlling interests after taxes	**-87**	-32
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG after taxes	**-203**	4,369
Total comprehensive income/loss	**14,241**	19,146
thereof income/loss attributable to non-controlling interests	**183**	276
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG	**14,058**	18,870

1 For more information on income taxes and reclassifications to profit and loss included in the Consolidated Statement of Income, see notes 9 and 32.

Consolidated Statement of Financial Position

		At 31 December	
	Note	**2023**	2022
In millions of euros			
Assets			
Intangible assets	10	**17,593**	15,869
Property, plant and equipment	11	**26,090**	27,250
Equipment on operating leases	12	**41,712**	41,552
Equity-method investments	13	**13,104**	13,530
Receivables from financial services	14	**49,742**	48,237
Marketable debt securities and similar investments	15	**699**	823
Other financial assets	16	**4,340**	4,478
Deferred tax assets	9	**4,127**	3,725
Other assets	17	**1,583**	1,677
Total non-current assets		**158,990**	157,141
Inventories	18	**27,294**	25,621
Trade receivables	19	**7,281**	8,100
Receivables from financial services	14	**38,469**	37,312
Cash and cash equivalents		**15,962**	17,679
Marketable debt securities and similar investments	15	**6,159**	6,237
Other financial assets	16	**3,599**	3,453
Other assets	17	**4,473**	4,472
Assets held for sale	3	**795**	-
Total current assets		**104,032**	102,874
Total assets		**263,022**	260,015

		At 31 December	
		2023	2022
In millions of euros			
Equity and liabilities			
Share capital		**3,070**	3,070
Capital reserves		**11,718**	11,718
Retained earnings		**76,670**	67,695
Other reserves		**2,571**	2,932
Treasury shares		**-2,256**	-
Equity attributable to shareholders of Mercedes-Benz Group AG		**91,773**	85,415
Non-controlling interests		**1,043**	1,125
Total equity	20	**92,816**	86,540
Provisions for pensions and similar obligations	22	**1,090**	1,021
Provisions for other risks	23	**7,345**	6,438
Financing liabilities	24	**63,724**	62,051
Other financial liabilities	25	**1,642**	2,524
Deferred tax liabilities	9	**7,714**	6,910
Deferred income	26	**1,223**	1,234
Contract and refund liabilities	27	**3,514**	3,656
Other liabilities	28	**1,520**	1,238
Total non-current liabilities		**87,772**	85,072
Trade payables		**12,828**	12,204
Provisions for other risks	23	**7,955**	9,585
Financing liabilities	24	**44,914**	49,786
Other financial liabilities	25	**5,476**	5,404
Deferred income	26	**1,478**	1,391
Contract and refund liabilities	27	**6,877**	6,898
Other liabilities	28	**2,682**	3,135
Liabilities held for sale	3	**224**	-
Total current liabilities		**82,434**	88,403
Total equity and liabilities		**263,022**	260,015

Consolidated Statement of Cash Flows

In millions of euros	**2023**	2022
Profit before income taxes	**20,084**	20,304
Depreciation and amortization/impairments	**6,663**	6,521
Other non-cash expense and income	**-2,369**	-1,296
Gains (-)/losses (+) from disposals of assets	**-92**	-990
Change in operating assets and liabilities		
Inventories	**-2,733**	-4,111
Trade receivables and trade payables	**1,310**	1,029
Receivables from financial services	**-5,812**	-5,327
Vehicles on operating leases	**-640**	3,810
Other operating assets and liabilities	**1,624**	358
Dividends received from equity-method investments	**2,056**	1,605
Income taxes paid	**-5,621**	-5,009
Cash flow from operating activities	**14,470**	16,894
Additions to property, plant and equipment	**-3,745**	-3,481
Additions to intangible assets	**-4,468**	-3,418
Proceeds from disposals of property, plant and equipment and intangible assets	**285**	469
Investments in shareholdings	**-334**	-849
Proceeds from disposals of shareholdings and other business operations	**612**	3,337
Acquisition of marketable debt securities and similar investments	**-4,714**	-2,622
Proceeds from sales of marketable debt securities and similar investments	**5,021**	3,084
Other cash flows	**28**	27
Cash flow from investing activities	**-7,315**	-3,453

In millions of euros	**2023**	2022
Change in short-term financing liabilities	**-512**	172
Additions to long-term financing liabilities	**39,288**	38,429
Repayment of long-term financing liabilities	**-39,473**	-51,945
Dividend paid to shareholders of Mercedes-Benz Group AG	**-5,556**	-5,349
Dividends paid to non-controlling interests	**-324**	-320
Acquisition of treasury shares	**-1,941**	-48
Other cash flows	**127**	29
Cash flow from financing activities	**-8,391**	-19,032
Effect of foreign exchange-rate changes on cash and cash equivalents	**-471**	88
Net decrease in cash and cash equivalents	**-1,707**	-5,503
Cash and cash equivalents at beginning of year	**17,679**	23,182
Less cash and cash equivalents classified as assets held for sale at beginning of year	**-**	62
Cash and cash equivalents at beginning of year (Consolidated Statement of Financial Position)	**17,679**	23,120
Cash and cash equivalents at end of year	**15,972**	17,679
Less cash and cash equivalents classified as assets held for sale at end of year	**10**	-
Cash and cash equivalents at end of year (Consolidated Statement of Financial Position)	**15,962**	17,679

Consolidated Statement of Changes in Equity

				Other reserves						
In millions of euros	Share capital	Capital reserves	Retained earnings	Difference of currency translation	Equity/debt instruments	Derivative financial instruments	Treasury shares	**Equity attributable to shareholders of Mercedes-Benz Group AG**	Non-controlling interests	**Total equity**
Balance at 1 January 2022	3,070	11,723	55,926	1,691	202	-661	-	71,951	1,216	73,167
Net profit	-	-	14,501	-	-	-	-	14,501	308	14,809
Other comprehensive income/loss after taxes	-	-	2,608	470	-434	1,725	-	4,369	-32	4,337
Total comprehensive income/loss	-	-	17,109	470	-434	1,725	-	18,870	276	19,146
Dividends	-	-	-5,349	-	-	-	-	-5,349	-340	-5,689
Changes in the consolidated group	-	-	-	-	-	-	-	-	-29	-29
Acquisition of treasury shares	-	-	-	-	-	-	-48	-48	-	-48
Issue and disposal of treasury shares	-	-	-	-	-	-	48	48	-	48
Other	-	-5	9	-	-9	-52	-	-57	2	-55
Balance at 31 December 2022	3,070	11,718	67,695	2,161	-241	1,012	-	85,415	1,125	86,540

				Other reserves						
In millions of euros	Share capital	Capital reserves	Retained earnings	Difference of currency translation	Equity/debt instruments	Derivative financial instruments	Treasury shares	**Equity attributable to shareholders of Mercedes-Benz Group AG**	Non-controlling interests	**Total equity**
Balance at 1 January 2023	**3,070**	**11,718**	**67,695**	**2,161**	**-241**	**1,012**	**-**	**85,415**	**1,125**	**86,540**
Net profit	**-**	**-**	**14,261**	**-**	**-**	**-**	**-**	**14,261**	**270**	**14,531**
Other comprehensive income/loss after taxes	**-**	**-**	**185**	**-962**	**98**	**476**	**-**	**-203**	**-87**	**-290**
Total comprehensive income/loss	**-**	**-**	**14,446**	**-962**	**98**	**476**	**-**	**14,058**	**183**	**14,241**
Dividends	**-**	**-**	**-5,556**	**-**	**-**	**-**	**-**	**-5,556**	**-327**	**-5,883**
Capital increase/Issue of new shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**62**	**62**
Acquisition of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-2,322**	**-2,322**	**-**	**-2,322**
Issue and disposal of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**66**	**66**	**-**	**66**
Other	**-**	**-**	**85**	**-**	**1**	**26**	**-**	**112**	**-**	**112**
Balance at 31 December 2023	**3,070**	**11,718**	**76,670**	**1,199**	**-142**	**1,514**	**-2,256**	**91,773**	**1,043**	**92,816**

Notes to the Consolidated Financial Statements

1. Material accounting policies

General information

The Mercedes-Benz Group is a vehicle manufacturer with a worldwide product range of premium cars. Its product portfolio is rounded off by a range of financial services, product-related mobility services and the installation of a charging infrastructure. The Group comprises the segments Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility.

Mercedes-Benz Group AG is the parent company of the Mercedes-Benz Group.

Mercedes-Benz Group AG is a stock corporation organized under the laws of the Federal Republic of Germany. The Company is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 120, 70372 Stuttgart, Germany.

The Consolidated Financial Statements of Mercedes-Benz Group AG are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded.

The Board of Management of Mercedes-Benz Group AG authorized the Consolidated Financial Statements for publication on 15 March 2024.

Basis of preparation

Applied IFRS

The Consolidated Financial Statements of Mercedes-Benz Group AG and its subsidiaries (“Mercedes-Benz Group” or “the Group”) as of 31 December 2023 have been prepared in accordance with Section 315e of the German Commercial Code (HGB) (Consolidated Financial Statements in accordance with International Financial Reporting Standards) and comply with the International Financial Reporting Standards (IFRS) in the form in which they must be applied in the European Union (EU) as of 31 December 2023.

IFRS issued, EU endorsed and adopted in the reporting period

In May 2021, the IASB published **Deferred taxes relating to assets and liabilities arising from a single transaction (amendments to IAS 12)**. When assets and liabilities are recorded for the first time, under certain conditions deferred taxes previously did not have to be recognized due to an exception. The amendment to IAS 12 has the effect of cancelling this exception, which was important for the lessee's accounting of finance leases among other things. The Mercedes-Benz Group applied the changes for the first time in the financial year that commenced on 1 January 2023. There were no effects on the profitability, liquidity and capital resources, and financial position.

In December 2021, the OECD published **guidelines for a new global minimum tax framework** aimed at curbing base erosion and profit shifting (BEPS) by multinational corporations. EU member states unanimously agreed in December 2022 to implement these rules in the form of a directive (BEPS Pillar 2 regulations). As at the balance sheet date, this directive was transposed into German law with the Act to Ensure Global Minimum

Taxation for Groups of Companies (Minimum Tax Act - MinStG) and is applicable to the Mercedes-Benz Group from 1 January 2024. As part of an analysis of possible effects on the Group, no countries were identified as at the reporting date from which significant effects are to be expected with regard to the possible payment of a minimum tax.

To introduce a mandatory temporary exemption from the requirements in IAS 12 Income Taxes for the recording and disclosure of information about deferred tax assets and liabilities, the IASB published **International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12**) in May 2023. The Mercedes-Benz Group applies the exception rule according to IAS 12, which stipulates that no deferred tax assets and liabilities are accounted for in connection with the income taxes of the second pillar ("Pillar 2") of the OECD.

In May 2017, the IASB published the standard **IFRS 17 Insurance Contracts**. IFRS 17 establishes more transparency and comparability with regard to the recognition, measurement, presentation and disclosure of insurance contracts with the insurer. The application of IFRS 17 is mandatory for reporting periods beginning on or after 1 January 2023. The first-time application of IFRS 17 had no impact on the profitability, liquidity and capital resources and financial position of the Mercedes-Benz Group.

In addition, other standards and interpretations were published which are not expected to have any significant impact on the Consolidated Financial Statements.

Presentation

Presentation in the Consolidated Statement of Financial Position differentiates between current and non-current assets and liabilities. Assets and liabilities are generally classified as current if they are expected to be realized or settled within one year. Deferred tax assets and liabilities as well as assets and provisions for pensions and similar obligations are presented as non-current items.

The Consolidated Statement of Income is presented using the cost-of-sales method.

Principles of consolidation

The Consolidated Financial Statements include the financial statements of Mercedes-Benz Group AG and the financial statements of all subsidiaries, including structured entities, which are directly or indirectly controlled by Mercedes-Benz Group AG. Control exists if the parent company has the power of decision over a subsidiary based on voting rights or other rights, if it participates in positive and negative variable returns from a subsidiary, and if it can affect these returns by its power of decision.

Structured entities are entities which have been designed so that voting or similar rights are not relevant in deciding who controls the entity. This is the case for example if voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The financial statements of consolidated subsidiaries which are included in the Consolidated Financial Statements are generally prepared as of the reporting date of the Consolidated Financial Statements. The financial statements of Mercedes-Benz Group AG and its companies included in the Consolidated Financial Statements are prepared using uniform recognition and measurement principles. Intra-Group assets and liabilities, equity, income and expenses as well as cash flows from transactions between consolidated entities are eliminated in the course of the consolidation process.

Business combinations and changes in equity interests

Business combinations are accounted for using the purchase method. In connection with obtaining control, non-controlling interest in the acquiree is in principle recognized at the proportionate share of the acquiree's identifiable assets, which are measured at fair value.

Changes in equity interests in subsidiaries that reduce or increase the Mercedes-Benz Group's percentage ownership without a change of control are accounted for as equity transactions between owners. If the Group

loses control of a subsidiary, the difference between the carrying amounts of the transferred assets and liabilities and the consideration received is generally reported in other operating income or expense. Amounts that were previously recognized in other comprehensive income/loss are recognized in other operating income or expense upon loss of control. If realization is not permitted, they are reclassified to retained earnings.

Investments in associated companies, joint ventures or joint operations

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Associated companies are generally accounted for using the equity method.

For entities over which the Mercedes-Benz Group has joint control together with a partner (joint arrangements), it is necessary to differentiate between whether a joint operation or a joint venture exists. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For joint ventures, the equity method has to be applied. A joint operation exists when the jointly controlling parties have direct rights to the assets and obligations for the liabilities. In this case, the prorated assets and liabilities and the prorated income and expenses are generally to be recognized (proportionate consolidation).

If the financial statements of associated companies, joint ventures or joint operations should not be available in good time, the Group's proportionate share of the results of operations is included in the Mercedes-Benz Group's Consolidated Financial Statements with up to three-month time lag taking into account significant events or transactions.

Entities measured at amortized cost

Subsidiaries, associated companies, joint ventures and joint operations whose business is non-active or of low volume and that individually and in sum are not material for the Group and the fair presentation of profitability, liquidity and capital resources, and financial position are generally measured at amortized cost in the Consolidated Financial Statements.

Foreign currency translation

Transactions in foreign currency are translated at the relevant foreign exchange-rates prevailing at the transaction date. In subsequent periods, assets and liabilities denominated in foreign currency are translated using period-end exchange-rates; gains and losses from this measurement are recognized in profit and loss (except for gains and losses resulting from the translation of equity instruments measured at fair value through other comprehensive income, which are recognized in other comprehensive income/loss).

Assets and liabilities of foreign companies for which the functional currency is not the euro are translated into euros using period-end exchange-rates. The translation adjustments are presented in other comprehensive income/loss. The components of equity are translated using historical rates. The statements of income and cash flows are translated into euros using the quarterly average exchange-rates during the respective periods.

The exchange-rates providing the basis for the currency translation of the US dollar and the Chinese renminbi – the most significant foreign currencies for the Mercedes-Benz Group – developed as shown in the following table.

Exchange-rates

	2023		2022	
	USD	**CNY**	USD	CNY
	€1 =	€1 =	€1 =	€1 =
Average exchange-rate on 31 December	**1.1050**	**7.8509**	1.0666	7.3582
Average exchange-rates during the respective period				
First quarter	**1.0730**	**7.3419**	1.1217	7.1212
Second quarter	**1.0887**	**7.6441**	1.0647	7.0427
Third quarter	**1.0884**	**7.8856**	1.0070	6.8982
Fourth quarter	**1.0751**	**7.7712**	1.0205	7.2582

Hyperinflation

To determine whether a country is to be considered as in hyperinflation, the Mercedes-Benz Group refers to the list published by the International Practices Task Force (IPTF), the Center for Audit Quality or other relevant international publications. If a country is in hyperinflation, IAS 29 Financial Reporting in Hyperinflationary Economies has to be applied from the beginning of the respective reporting period, i.e., from 1 January of the respective reporting year. Argentina and Turkey are currently considered as in hyperinflation.

The effects of taking into account the devaluation of the monetary balance sheet items of subsidiaries in countries in hyperinflation are therefore recognized in profit or loss and are included in the Consolidated Statement of Income under other operating expenses or other operating income.

Due to the close economic relationship, the effects from the recognition of the inflation effect together with the conversion effect from the translation are presented as a currency effect in accordance with IAS 21. Both effects are presented on a net basis in other comprehensive income or directly in retained earnings.

For companies that use hyperinflation accounting, the profit and loss statements and the cash flow statements are converted into euros using the exchange-rates at the end of the period.

Accounting policies

Revenue recognition

Revenue from sales of vehicles, spare parts and other related products is recognized when control of the goods is transferred to the customer. This generally occurs at the time the customer takes possession of the products.

If a dealer is not classified as a principal but as an agent and therefore control of vehicles is not transferred to him, sales revenue is only recorded when the end customer obtains control. The brokerage commissions payable to the dealer are shown in selling expenses.

Revenue recognition from the sale of vehicles for which the Group enters into a repurchase obligation is dependent on the form of the repurchase agreement.

– Sales of vehicles by which the Mercedes-Benz Group is obliged to repurchase the vehicles in the future are accounted for as operating leases. This also applies to a call option that grants the Mercedes-Benz Group the right to repurchase.

– Sales of vehicles including a put option (an entity's obligation to repurchase the asset at the customer's request) are reported as operating leases if the customer has a significant economic incentive to exercise that right at contract inception. Otherwise, a sale with a right of return is reported. The Mercedes-Benz Group considers several factors when assessing whether the customer has a significant economic incentive to exercise his or her right. Among others, these are the relation between the agreed repurchase price and the expected future market value (at the time of repurchase) of the asset, or historical return rates.

Arrangements such as when the Mercedes-Benz Group provides customers with a guaranteed minimum resale value that they receive on resale (residual-value guarantee) do not constrain the customers in their ability to direct the use of and obtain substantially all of the benefits from the asset. At contract inception of a sale with a residual-value guarantee, revenue therefore has to be recognized, reduced by a potential compensation payment to the customer (revenue deferral).

Under a contract manufacturing agreement, the Mercedes-Benz Group sells assets to a third-party manufacturer from which the Mercedes-Benz Group buys back the manufactured products after completion of the commissioned work. If the provision of material is not associated with the transfer of control to the service provider, no revenue is recognized.

For certain products sold by the Group, it offers extended, separately priced warranties that go beyond the statutory period, as well as service and maintenance contracts. Usual for such contracts is an advance payment or the payment of constant instalments over the term of the contract. If the customer has made an advance payment, the revenue from these contracts is deferred as a contract liability and recognized as revenue over the term of the contract in proportion to the costs expected to be incurred based on historical information. A future loss on these contracts is recognized in the current reporting year if the expected costs for outstanding services under the contract exceed unearned revenue.

For multiple-element arrangements, such as when vehicles are sold with free or reduced-in-price maintenance contracts or with free online services, the Group generally allocates revenue to the various elements based on their estimated relative stand-alone selling prices. To determine stand-alone selling prices, the Mercedes-Benz Group primarily uses price lists with consideration of average price reductions granted to its customers.

Depending on the sales model, vehicles may be initially sold to non-Group dealers. When control of the vehicle is transferred to the non-Group dealer, the Mercedes-Benz Group recognizes revenue from the sale of the vehicle. Irrespective of this, an end customer can decide to enter into a leasing contract with Mercedes-Benz Mobility regarding such a vehicle. The vehicle is then sold by the non-Group dealer to Mercedes-Benz Mobility.

The incremental cost of obtaining contracts is recognized as an expense when incurred if the amortization period would be no longer than one year.

The Mercedes-Benz Group does not adjust the promised amount of consideration for the effects of a significant financing component if at contract inception it is expected that the period between the transfer of a promised asset or service to a customer and payment by the customer will be no longer than one year.

Revenue also includes revenue from the rental and leasing business as well as interest from the financial services business at Mercedes-Benz Mobility. Revenue generated from operating leases 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.

The Mercedes-Benz Group uses a variety of sales promotion programmes dependent on various market conditions in individual countries as well as the respective product life cycles and product-related factors (such as amounts of discounts offered by competitors, excess industry production capacity, the intensity of market competition and consumer demand for the products). These programmes comprise cash offers to dealers and customers as well as lease subsidies or loans at reduced interest rates which are reported as follows:

– Revenue is recognized net of sales reductions such as cash discounts and sales incentives granted.

– When loans are issued below market rates, related receivables are recognized at present value (using market rates) and revenue is reduced for the interest incentive granted.

– If subsidised 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.

Research and non-capitalized development costs

Expenditure for research and development that does not meet the conditions for capitalization according to IAS 38 Intangible Assets is expensed as incurred.

Borrowing costs

Borrowing costs are expensed as incurred, unless they are directly attributable to the acquisition, construction or production of a qualifying asset and are therefore part of the acquisition or manufacturing costs of that asset. Depreciation of the capitalized borrowing costs is presented within cost of sales.

Government grants

Government grants related to assets are deducted from the carrying amount of the asset and are recognized in earnings over the life of a depreciable asset as a reduced depreciation expense. Government grants which compensate the Group for expenses are recognized as other operating income in the same period as the expenses themselves.

Gains/losses on equity-method investments

This item includes all income and expenses in connection with investments accounted for using the equity method. In addition to the prorated profits and losses from financial investments, it also includes profits and losses resulting from the sale of equity interests or the remeasurement of equity interests following a loss of significant influence or joint control. The Mercedes-Benz Group's share of dilution gains and losses resulting from the Group's non-participation or subproportional participation in capital increases of companies in which shares are held and are accounted for using the equity method is also included in gains/losses on equity-method investments. Non-participation or subproportional participation in capital reductions is recorded as fictitious acquisition transactions. This item also includes impairment losses and/or gains on the reversal of such impairments of equity-method investments.

Other financial income/expense

Other financial income/expense, includes all income and expense from financial transactions which are included neither in interest income nor in interest expense, and which for Mercedes-Benz Mobility are included neither in revenue nor in cost of sales.

Furthermore, income and expenses from equity interests are included in other financial income/expense if such income or expenses are not presented under gains/losses on equity-method investments.

Interest income and interest expense

Interest income and interest expense include interest income from investments in securities and from cash and cash equivalents as well as interest expense from liabilities. Furthermore, interest and changes in fair values related to interest rate hedging activities as well as income and expense resulting from the allocation of premiums and discounts are included. The interest components of defined benefit pension commitments and similar obligations, as well as of the plan assets available to cover these obligations and interest on supplementary income tax payments or reimbursements are also presented in this line item.

Interest income and expense and gains or losses from derivative financial instruments related to the financial services business are disclosed under revenue and cost of sales respectively.

Expense from the compounding of interest on provisions for other risks is presented in other financial income/expense.

Income taxes

Income taxes are comprised of current income taxes and deferred taxes.

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. The calculation of income taxes of Mercedes-Benz Group AG and its subsidiaries is based on the legislation and regulations applicable in the various countries. In addition, current income taxes presented for the reporting year include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed; however, excluding interest expenses and interest refunds and penalties on the underpayment of taxes. In cases for which it is probable that amounts declared as expenses in the tax returns might not be recognized (uncertain tax positions), a liability for income taxes is recognized. The amount is based on the best estimate of the expected tax payment (expected amount or most likely amount). Tax-refund claims from uncertain tax positions are recognized when it is probable that they can be realized. Only in the case of tax-loss carryforwards or unused tax credits, no liability for taxes or tax claim is recognized for these uncertain tax positions. Instead, the deferred tax assets for the unused tax-loss carryforwards or tax credits are adjusted.

Changes in deferred tax assets and liabilities are generally recognized through profit and loss in deferred taxes in the Consolidated Statement of Income, except

for changes recognized in other comprehensive income/loss or directly in equity.

Deferred tax assets or liabilities are calculated on the basis of temporary differences between the tax basis and the financial reporting of assets and liabilities including differences from consolidation, on unused tax-loss carryforwards and unused tax credits. Measurement is based on the tax rates expected to be effective in the period in which an asset is recognized or a liability is settled. For this purpose, the tax rates and tax rules are used which have been enacted at the reporting date or are soon to be enacted. Deferred tax assets are recognized to the extent that it is probable that there will be future taxable income available against which the deductible temporary differences, tax-loss carryforwards and tax credits can be utilized. Deferred tax liabilities for taxable temporary differences in connection with investments in subsidiaries, branches, associated companies and interests in joint arrangements are not recognized if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

For the calculation of deferred tax assets, assumptions have to be made regarding future taxable income and the time of realization of the deferred tax assets. In this context, the Mercedes-Benz Group takes into consideration, among other things, the projected earnings from business activities, the effects on earnings of the reversal of taxable temporary differences, and realizable tax strategies. On each balance sheet date, the Mercedes-Benz Group carries out impairment tests on deferred tax assets on the basis of the planned taxable income in future years. Deferred tax assets are only recognized if it is more likely than not that future tax benefits can be realized.

Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Mercedes-Benz Group AG by the weighted average number of shares outstanding.

Intangible assets

Intangible assets are measured at acquisition or manufacturing cost less accumulated amortization. If necessary, accumulated impairment losses are recognized.

Intangible assets with indefinite useful lives are reviewed annually to determine whether indefinite-life assessment continues to be appropriate. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

Development costs for vehicles and components are capitalized if the recognition criteria according to IAS 38 are met. Subsequent to initial recognition, the asset is carried at acquisition or manufacturing costs less accumulated amortization and accumulated impairment losses. Capitalized development costs include all direct costs and pro-rata allocable overheads. Capitalized development costs for vehicles and vehicle components are amortized on a straight-line basis over the expected product life cycle. The planned product lifespan only exceeds ten years in individual cases. The assessment also takes into account possible impacts from the transformation of the automotive industry, such as the transition to electric drive systems. Amortization of capitalized development costs is an element of manufacturing costs and is allocated to those vehicles and components by which they were generated and is included in cost of sales when the inventory (vehicles) is sold.

Other intangible assets with finite useful lives are generally amortized on a straight-line basis over their useful lives (three to ten years). The amortization period for intangible assets with finite useful lives is reviewed at least at the end of each reporting year. Changes in expected useful lives are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recorded in functional costs.

With acquisitions of businesses, goodwill represents the excess of the consideration transferred over the fair values assigned to the identifiable assets proportionally acquired and liabilities assumed. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries.

Emission allowances (e.g. emission permits from the EU emissions trading system or the vehicle-related emissions regulations in the USA or China) to compensate for CO_2 emissions are also reported under intangible assets. These certificates and rights are stated at acquisition cost. Derecognition occurs at the time the certificates or rights are returned or upon sale or expiration. Obligations to surrender emission allowances are recognized as provisions valued at the acquisition costs of emission allowances that have already been purchased. Any excess obligation that may exist is valued at the market value of the emission allowances still to be acquired.

Property, plant and equipment

Property, plant and equipment are measured at acquisition or manufacturing costs less accumulated depreciation. If necessary, accumulated impairment losses are recognized.

The costs of internally produced equipment and facilities include all direct costs and allocable overheads. Acquisition or manufacturing costs include the estimated costs, if any, of dismantling and removing the item and restoring the site as well as borrowing costs.

Depreciable property, plant and equipment are written down by scheduled depreciation over the corresponding useful life, generally on a straight-line basis. The useful lives of property, plant and equipment are shown in the following table.

Useful lives of property, plant and equipment

Buildings and site improvements	10 to 50 years
Technical equipment and machinery	5 to 25 years
Other equipment, factory and office equipment	3 to 30 years

Leasing

Leases include all contracts that transfer the right to use a specified asset for a stated period of time in exchange for consideration, even if the transfer of the right to use such asset is not explicitly described in the contract. The Group is a lessee mainly of real estate properties and a lessor of its products.

The Mercedes-Benz Group as lessee

The Mercedes-Benz Group as a lessee recognizes for generally all lease contracts right-of-use assets as well as leasing liabilities for the outstanding lease payments. Variable lease payments that are not included in the initial recognition of the right-of-use asset are recognized as an expense for the period.

The Mercedes-Benz Group applies both recognition exemptions for leases with a lease term of twelve months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets, which are included under property, plant and equipment, are initially recognized at cost. The cost of a right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. All leasing incentives already received from the lessor are deducted.

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments still to be made. The lease liabilities include the following lease payments:

– fixed payments including de facto fixed payments less lease incentives receivables from the lessor;

– variable lease payments linked to an index or interest rate;

– amounts expected to be payable under residual-value guarantees;

– the exercise price of purchase options, when exercise is estimated to be reasonably certain, and

– contractual penalties for the termination of a lease if the lease term reflects the exercise of a termination option.

The Mercedes-Benz Group generally also applies the option for contracts comprising lease components as well as non-lease components not to split these components.

Lease payments are discounted at the rate implicit in the lease if that rate can readily be determined. Otherwise, discounting is at the incremental borrowing rate. This incremental borrowing rate as a risk-adjusted interest rate is derived on a maturity- and currency specific basis. As the cash flow pattern of the reference interest rates (bullet bonds) does not correspond to the cash flow pattern of a lease contract (annuity), a duration adjustment in order to account for that difference is used.

A right-of-use asset is subsequently measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

In the subsequent measurement of a lease liability, the carrying amount is increased to reflect interest on the lease liability and reduced to reflect the lease payments made. According to IFRS 16, the depreciation of right-of-use assets is recognized within functional costs. The interest due on the lease liability is a component of interest expense. Extension and termination options are part of a number of leases particularly of real estate. In determining the lease term, those options are only considered if their exercise is reasonably certain. During the term, these options are regularly checked with regard to their probability of being exercised.

The Mercedes-Benz Group as lessor (equipment on operating leases)

Based on the risks and rewards associated with a leased asset, it is assessed whether economic ownership of the leased asset is transferred to the lessee (finance leases) or remains with the lessor (operating leases).

For **operating leases** the economic ownership of the vehicle remains at the Mercedes-Benz Group. Additionally, an operating lease may have to be reported with sales of vehicles for which the Group enters into a repurchase obligation.

– Sales of vehicles by which the Mercedes-Benz Group is obliged to repurchase the vehicles in the future are accounted for as operating leases. This also applies to a call option that only grants the Mercedes-Benz Group the right to repurchase.

– Sales of vehicles including a put option (an entity's obligation to repurchase the asset at the customer's request) are reported as operating leases if the customer has a significant economic incentive to exercise that right. Otherwise, a sale with a right of return is reported. The Mercedes-Benz Group considers several factors when assessing whether a customer has a significant economic incentive to exercise his or her right at contract inception. Among others, these are the relation between the repurchase price and the expected future market value (at the time of repurchase) of the asset, or historical return rates.

As part of the residual-value management process, especially for operating lease contracts, certain assumptions are regularly made regarding the expected level of prices, based upon which the cars to be returned in the leasing business are evaluated. If changing market developments at the balance sheet date lead to a negative deviation from previously estimated assumptions, the residual value must be adjusted or an impairment carried out. Depending on the region and the current market situation, the risk-mitigation measures taken generally include continuous market monitoring as well as, if required, price-setting strategies or sales-promotion measures designed to regulate vehicle inventories. Market forecasts are verified by regular comparisons of internal and external sources, and, if required, the determination of residual values is adjusted and further developed with regard to methods, processes and systems.

In the case of accounting as an operating lease, these vehicles are capitalized at the (amortized) cost of production under equipment on operating leases and are depreciated over the contract term on a straight-line basis with consideration of the expected residual values. Changes in the expected residual values lead either to prospective adjustments of the scheduled depreciation or, if necessary, to an impairment loss. The vehicles are allocated to the segment which bears substantially all of the residual-value risk.

Operating leases also relate to vehicles, primarily Group products that Mercedes-Benz Mobility acquires from non-Group dealers or other third parties and leases to end customers. These vehicles are presented at (amortized) cost of acquisition under equipment on operating leases in the Mercedes-Benz Mobility segment. If these vehicles are Group products and are subsidized and these subsidies are passed on in the lease agreement with the external customer, the subsidies are deducted from the acquisition cost. After revenue is received from the sale to independent dealers, these Group products generate revenue from lease payments and subsequent resale on the basis of the separate leasing contracts.

In the case of **finance leases**, the Group presents the receivables under receivables from financial services in an amount corresponding to the net investment of the lease agreements. The net investment of a lease agreement is the gross investment (future lease payments and non-guaranteed residual value) discounted at the rate upon which the lease agreement is based.

Mercedes-Benz Mobility continues the leasing and sales-financing business for Daimler Truck's commercial vehicles in some markets. To this end, Mercedes-Benz Mobility acquires these vehicles from Daimler Truck and leases them to the end customers. Insofar as a mandatory vehicle return to Daimler Truck has been agreed, a leasing contract (head lease) between Mercedes-Benz Mobility and Daimler Truck is shown. The

contract between Mercedes-Benz Mobility and the end customer constitutes a sublease in this respect.

Accounting for and classification of a sublease depend on whether the contracts were concluded before or after the legal spin-off and hive-down of Daimler's commercial vehicle business. The leases that were concluded before the legal spin-off and hive-down are continued as operating leases. The head lease is presented under equipment on operating leases as a right of use, which was recognized at fair value at the spin-off date and subsequently depreciated on a straight-line basis. In addition, a residual-value receivable from the companies of the Daimler Truck Group is recognized. However, the leasing contracts concluded after the legal spin-off and hive-down are classified and accounted for as finance leases. The net investment in the lease corresponds to the right-of-use asset from the head lease. In addition to the finance lease, Mercedes-Benz Mobility recognizes a residual-value receivable from the Daimler Truck Group in the amount of the guaranteed residual value. The head lease is not recorded separately.

Impairment of non-current non-financial assets

The Mercedes-Benz Group assesses at each reporting date whether there is an indication that an asset may be impaired or whether there is an indication that a previously recognized impairment loss may be reversed. If such indication exists, the Mercedes-Benz Group estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset unless the asset generates cash inflows that are not largely independent of those from other assets or other groups of assets (cash-generating units).

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may be reversed. If this is the case, the Mercedes-Benz Group records a partial or entire reversal of the impairment; the carrying amount is thereby increased to the recoverable amount. However, the increased carrying amount may not exceed the carrying amount that would have been determined (net of scheduled depreciation) if no impairment loss had been recognized in prior years.

Goodwill and other intangible assets with indefinite useful lives are tested at least annually for impairment. This takes place at the level of the cash-generating units. The cash-generating units Mercedes-Benz Cars and Mercedes-Benz Vans basically correspond to the segments. At Mercedes-Benz Mobility, impairment testing is carried out below segment level. A distinction is made between the two cash-generating units Mercedes-Benz Mobility Classic (traditional financial services business) and Charging Solutions (development of a high-power charging network). As the Charging Solutions cash-generating unit had neither goodwill nor other intangible assets with indefinite useful lives in 2023 and there was no indication of impairment in 2023, it was not necessary to calculate the recoverable amount.

If it is determined that the carrying amount of an asset or of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the difference.

The recoverable amount is the higher of fair value less costs of disposal and value in use. For cash-generating units, the Mercedes-Benz Group in a first step determines the respective recoverable amount as value in use and compares it with the respective carrying amount (including goodwill). If value in use is lower than the carrying amount, fair value less costs of disposal is additionally calculated to determine the recoverable amount.

Value in use is measured by discounting expected future cash flows from the continuing use of the cash-generating units using a risk-adjusted interest rate. Future cash flows are determined on the basis of the long-term planning, which is approved by management and which is valid at the date when the impairment test is conducted. This planning, which covers the period up to and including 2028, is based on assumptions, including those regarding future sales volumes, the general development of the respective markets and the profitability of the products, taking into account the effects of the transformation of the automotive industry and the expected macroeconomic developments. In the detailed planning period, an overall moderate increase in unit sales and revenue is assumed for the cash-generating units Mercedes-Benz Cars and Mercedes-Benz Vans, with a significant increase in the proportion of electric vehicles. Based on the sales planning of the cash-generating units Mercedes-Benz Cars and Mercedes-Benz Vans, the planning of the cash-generating unit Mercedes-Benz Mobility Classic assumes an increase in the portfolio in the detailed planning period. The assumptions used for planning are checked for plausibility both against historical developments and against external sources of information (e.g. market studies). The rounded, risk-adjusted interest rates determined specifically for the respective cash-generating unit and used to discount the cash flows are 9.5% (2022: 9%) after taxes for the Mercedes-Benz Cars and Mercedes-Benz Vans cash-generating units. A risk-adjusted interest rate of 10% (2022: 10%) after taxes is used for the Mercedes-Benz Mobility Classic cash-generating unit. While the discount rate for the Mercedes-Benz Mobility Classic cash-generating unit represents the cost of equity, the risk-adjusted interest rate for the Mercedes-Benz Cars and Mercedes-Benz Vans cash-generating units is based on the weighted average cost of capital (WACC). This is calculated based on the capital asset pricing model (CAPM), taking into account current market expectations. In calculating the risk-adjusted interest rate for impairment-test purposes, specific peer group information is used for beta factors, capital-structure data and cost of debt. Periods not covered by the forecast are taken into account by recognizing a residual value (terminal value), which does not include any growth rates. When deriving the terminal value, assumptions regarding the effects of the transformation of the automotive industry are also taken into account, analogous to the detailed planning period. When deriving the value in use, a risk assessment is also carried out for both the detailed planning period and the terminal value, which includes, for example, market risks as well as risks resulting from legal and political framework conditions (e.g. in connection with sustainability aspects). This risk assessment shows for the relevant cash-generating units that even in the case of reasonably possible changes in operational key assumptions (e.g. profitability of the products, unit sales and portfolio) compared to the original planning, no need for impairment exists. While the recoverable amount of the Mercedes-Benz Cars and Mercedes-Benz Vans cash-generating units significantly exceeds the carrying amount, the recoverable amount of the Mercedes-Benz Mobility Classic cash-generating unit is close to the carrying amount. In addition, sensitivity analyses are carried out (e.g. with regard to the discount rate). The carrying amount of the Mercedes-Benz Mobility Classic cash-generating unit would exceed the recoverable amount if, in addition to a change in operational key assumptions, the cost of equity were to increase slightly.

Equity-method investments

The initial recognition of interests in investments accounted for using the equity method is generally made with their acquisition costs. If the Group loses control of a subsidiary and subsequently presents it at equity, the fair value of the retained shares represents the acquisition cost.

On the date of acquisition, a positive difference between cost of acquisition and the Mercedes-Benz Group's share of the fair values of the identifiable assets and liabilities of the associated company or joint venture is determined and recognized as investor level goodwill. The goodwill is included in the carrying amount of the equity-method investment. If an equity interest in an existing associated company is increased without change in significant influence, goodwill is determined only for the additionally acquired interest; the previous investment is not remeasured at fair value.

The Mercedes-Benz Group reviews on each reporting date whether there is any objective indication of impairments or impairment reversals of equity-method investments. If such indications exist, the Group determines the impairment loss or reversal to be recognized. If the carrying amount exceeds the recoverable amount of an investment, the carrying amount is written down to the recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. An impairment reversal is carried out if there is objective evidence for an impairment reversal. If such an assessment is made, the recoverable amount is remeasured. An impairment reversal is recognized to the extent that the recoverable amount has increased subsequent to the impairment and is limited to the amount by which an asset has been impaired.

Gains or losses to be eliminated from transactions with companies accounted for using the equity method are recognized through profit and loss with corresponding adjustments of the investments' carrying amounts. Gains or losses from the contribution of interests in subsidiaries to investments which are measured using the equity method are also subject to elimination adjustments to the carrying amount of the investment.

Non-current assets and disposal groups held for sale

The Group classifies non-current assets or disposal groups as held for sale if the carrying amount will be recovered principally through an extremely likely sale transaction rather than through continuing use. In this case, the assets or disposal groups are no longer depreciated as planned, but are measured at the lower of carrying amount and fair value less costs to sell. Immediately before classification as held for sale, it is assessed if the assets are impaired based on the applicable individual regulations. If fair value less costs to sell subsequently increases, any impairment loss previously recognized is reversed. This reversal is restricted to the impairment loss previously recognized for the assets or disposal group concerned.

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. Acquisition or manufacturing costs for large numbers of inventories that are interchangeable are allocated under the average-cost formula.

In the case of manufactured inventories and work in progress, manufacturing cost also includes production overheads based on normal capacity.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized as soon as the Mercedes-Benz Group becomes a party to the contractual provisions of the financial instrument. In the case of purchases or sales of financial assets through the regular market, the Mercedes-Benz Group uses the transaction date as the date of initial recognition or derecognition.

Upon initial recognition, financial instruments are measured at fair value. For the purpose of subsequent measurement, financial instruments are allocated to one of the categories mentioned in IFRS 9 Financial Instruments (financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss). Transaction costs directly attributable to acquisition or issuance are considered when determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

Financial assets

Financial assets primarily comprise receivables from financial services, trade receivables, receivables from banks, cash on hand, derivative financial assets, marketable securities and similar investments and financial investments.

The classification of financial instruments is based on the business model in which these instruments are held and on their contractual cash flows.

The determination of the business model is carried out at the portfolio level and is based on management's intention and past transaction patterns. Assessments of the contractual cash flows are made on an instrument-by-instrument basis.

Financial assets at fair value through profit or loss
Financial assets recognized at fair value through profit or loss include financial assets with cash flows other than those of principal and interest on the nominal amount outstanding. Furthermore, financial assets that are held in a business model other than "hold to collect" or "hold to collect and sell" are included here.

In addition, derivatives, including embedded derivatives separated from the host contract, which are not classified as hedging instruments in hedge accounting, as well as shares and marketable debt securities acquired for the purpose of selling in the short term that are classified as held for trading, are included here. Gains or losses on these financial assets are recognized in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding and which are held to collect the contractual cash flows as well as to sell the financial assets, e.g. to achieve a defined liquidity target (business model "hold to collect and sell"). This category also includes equity instruments not held for trading for which the option to recognize changes in the fair value of the instrument within other comprehensive income has been applied.

After initial measurement, financial assets at fair value through other comprehensive income are recognized at fair value, with unrealized gains or losses being recognized in other comprehensive income/loss. Upon the disposal of debt instruments, the accumulated gains and losses recognized in other comprehensive income/loss resulting from measurement at fair value are recognized in profit or loss. Interest earned on financial assets at fair value through other comprehensive income is generally reported as interest income using the effective-interest method. Changes in the fair value of equity instruments measured at fair value through other comprehensive income are not recycled to profit or loss, but reclassified to retained earnings upon disposal. Dividends are recognized in profit or loss when the right to payment has been established.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding and which are held with the aim of collecting the contractual cash flows, such as receivables from financial services, trade receivables or cash and cash equivalents (business model "hold to collect"). After initial recognition, these financial assets at amortized cost are subsequently carried at amortized cost using the effective-interest method less any loss allowances. Gains and losses are recognized in the Consolidated Statement of Income when the financial assets at amortized cost are impaired or derecognized. Interest effects from the application of the effective-interest method are also recognized in profit or loss as well as effects from foreign currency translation.

Cash and cash equivalents consist primarily of cash on hand, cheques and demand deposits at banks, as well as debt instruments and certificates of deposits with a remaining term when acquired of up to three months, which are not subject to any material value fluctuations. Cash and cash equivalents correspond with the classification in the Consolidated Statement of Cash Flows.

Impairment of financial assets

At each reporting date, an impairment is recognized for financial assets, loan commitments and financial guarantees other than those to be measured at fair value through profit or loss reflecting expected credit losses for these instruments. Impairments are allocated using a three stage approach to expected credit losses:

Stage 1: expected credit losses within the next twelve months

Stage 1 includes all contracts with no significant increase in credit risk since initial recognition and usually includes new acquisitions and contracts with fewer than 31 days past due date. The portion of the lifetime expected credit losses resulting from default events possible within the next 12 months is recognized.

Stage 2: expected credit losses over the lifetime – not credit impaired

If a financial asset has a significant increase in credit risk since initial recognition but is not yet credit impaired, it is moved to stage 2 and measured at lifetime expected credit loss, which is defined as the expected credit loss that results from all possible default events over the expected life of a financial asset.

Stage 3: expected credit losses over the lifetime – credit impaired

If a financial asset is defined as credit-impaired or in default, it is transferred to stage 3. The expected credit loss is recognized as an impairment measured over the expected lifetime of the financial asset. Objective evidence for a credit-impaired financial asset includes 91 days past due date and other information about significant financial difficulties of the debtor.

The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least quarterly, incorporating external credit rating information as well as internal information on the credit quality of the financial asset. For debt instruments that are not receivables from financial services, a significant increase in credit risk is assessed mainly based on past-due information or the probability of default.

A financial asset is migrated to stage 2 if the asset's credit risk has increased significantly compared to its credit risk at initial recognition. The credit risk is assessed based on the probability of default. For trade receivables, the simplified approach is applied whereby all trade receivables are allocated to stage 2 initially. Hence, no determination of significant increases in credit risk is necessary.

The Mercedes-Benz Group applies the low-credit-risk exception to the stage allocation to quoted debt instruments with investment-grade ratings. These debt instruments are always allocated to stage 1.

In stages 1 and 2, the effective interest revenue is calculated based on gross carrying amounts. If a financial asset becomes credit impaired in stage 3, the effective interest revenue is calculated based on its net carrying amount (gross carrying amount adjusted for any loss allowance).

Measurement of expected credit losses

Expected credit losses are measured in a way that reflects:

a) the unbiased and probability-weighted amount;

b) the time value of money;

c) reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured as the probability-weighted present value of all cash shortfalls over the expected life of each financial asset. For receivables from financial services, expected credit losses are calculated using a statistical model with three major risk parameters: probability of default, loss given default and exposure at default.

The estimation of these risk parameters incorporates all available relevant information, not only historical and current loss data, but also reasonable and supportable forward-looking information reflected by future expectations. This information includes macroeconomic factors (e.g. gross domestic product growth, unemployment rate, cost performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are performed using a scenario analysis (basic scenario, optimistic

scenario and pessimistic scenario). The impairment amount for trade receivables is predominantly determined on a collective basis.

A financial instrument is written off when there is no reasonable expectation of recovery in whole or in part, for example, after the end of insolvency proceedings or after a court decision of uncollectibility.

Significant modification of financial assets (e.g. with a change in the present value of the contractual cash flows of 10%) also leads to derecognition of the financial assets with a simultaneous recognition of new financial assets. If the terms of a contract are renegotiated or modified and this does not result in derecognition of the contract, then the gross carrying amount of the contract is recalculated and a modification gain or loss is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position provided that an enforceable right currently exists to offset the amounts involved, and there is an intention either to carry out the offsetting on a net basis or to settle a liability when the related asset is sold.

Financial liabilities

Financial liabilities primarily include trade payables, liabilities to financial institutions, bonds, derivative financial liabilities and other liabilities.

Financial liabilities measured at amortized cost
After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective-interest method.

Insofar as the Mercedes-Benz Group enters into reverse factoring agreements in which trade receivables of a supplier are transferred to a financial intermediary, changes in the presentation of the original trade payables may occur. That would be the case if these liabilities differed in nature and function from other trade payables. As a result, these liabilities would be presented separately.

Financial liabilities at fair value through profit or loss
Financial liabilities recognized at fair value through profit or loss include financial liabilities held for trading. Derivatives (including embedded derivatives separated from the host contract) which are not used as hedging instruments in hedge accounting are classified as held for trading. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operating or financing activities or liquidity management. These are mainly currency risks, interest rate risks and commodity price risks.

Contracts for the purchase or sale of non-financial items are regularly qualified as executory contracts and thus treated as suspended transactions, although they fulfil the definition of a derivative. If such contracts do not meet the criteria for executory contracts they are recorded as derivatives. These derivatives are measured at fair value through profit or loss. The valuation effects are reported in the functional costs, in which the consumption of the procured non-financial items (e.g. energy) is reported.

Embedded derivatives are principally separated from the host contract and recognized separately. However, embedded derivatives are not separated from the host contract if that host contract is a financial asset, if the Mercedes-Benz Group chooses to measure a hybrid contract at fair value through profit or loss, or if the embedded derivative is closely related to the host contract.

Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. The fair value of listed derivatives is equal to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models such as discounted cash flow or option-pricing models. Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative.

If the requirements for hedge accounting set out in IFRS 9 are met, the Mercedes-Benz Group designates and documents the hedge relationship from the date a derivative contract is entered into as a fair-value hedge, a cash flow hedge or a hedge of a net investment in a foreign business operation. In a fair-value hedge, the changes in the fair value of a recognized asset or liability or an unrecognized firm commitment are hedged. In a cash flow hedge, highly probable future cash flows from expected transactions or variable cash flows to be paid or received related to a recognized asset or liability are hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the eligible hedging instrument and the eligible hedged item, as well as an assessment of the effectiveness requirements comprising the risk mitigating economic relationship, the absence of deteriorating effects from credit risk and the appropriate hedge ratio. The effectiveness of the hedge is assessed at the start of and during the hedging relationship.

Changes in fair value of non-designated derivatives are recognized in profit or loss. For fair-value hedges, changes in the fair value of derivative financial instruments and the hedged item are recognized in profit or loss. For cash flow hedges, fair-value changes in the effective portion of derivative financial instruments are recognized after tax in other comprehensive income.

Effects from hedging are presented in the item of the Statement of Income in which the underlying transaction is effective.

Under IFRS 9, for cash flow hedges in procurement transactions expected with a high degree of probability, designation can be made for separable risk components of these non-financial hedged items.

Under IFRS 9, with cash flow hedges, amounts recognized in other comprehensive income as effective hedging gains or losses from hedging instruments are removed from the reserves for derivative financial instruments and directly included in the initial cost or carrying amount of the hedged item at initial recognition if the hedged item, e.g. the forecast transaction, results in the recognition of a non-financial asset or non-financial liability.

For other cash flow hedges, the accumulated hedging gains or losses from hedging instruments are reclassified from the reserves for derivative financial instruments to the Consolidated Statement of Income when the hedged item affects profit or loss. Insofar as currency translation effects recognized in profit or loss due to trade receivables and payables are connected with the underlying hedged transactions, simultaneously occurring hedging gains/losses are reclassified in the Consolidated Statement of Income.

The ineffective portions of fair-value changes are recognized directly in profit or loss.

For derivative instruments designated in a hedge relationship, certain components can be excluded from designation and the changes in these components' fair

value are then deferred in other comprehensive income under IFRS 9. This may apply for example to the time value of options, the forward element of a forward contract or cross-currency basis spreads.

Hedge relationships are to be discontinued prospectively if a particular hedge relationship ceases to meet the qualifying criteria for hedge accounting under IFRS 9. Instances that require discontinuation of hedge accounting are, among others, changes to the designated hedged item, loss of the economic relationship between the hedged item and the hedging instrument, disposal or termination of the hedging instrument, or a revision of the documented risk-management objective of a particular hedge relationship. Accumulated hedging gains and losses from cash flow hedges are retained and are reclassified from equity as described at maturity if the hedged future cash flows are still expected to occur. Otherwise, accumulated hedging gains and losses are immediately reclassified to profit or loss.

If derivative financial instruments do not or no longer qualify for hedge accounting because the qualifying criteria for hedge accounting are not or are no longer met, the derivative financial instruments are classified as held for trading and are measured at fair value through profit or loss.

Pensions and similar obligations

The measurement of defined benefit commitments for pensions and other similar post-employment benefits (healthcare benefits) in accordance with IAS 19 Employee Benefits is based on the projected unit-credit method. Plan assets invested to cover defined benefit pension commitments and other post-employment benefit obligations are measured at fair value and offset against the corresponding obligations.

The balance of defined benefit commitments for pensions and other post-employment benefit obligations and plan assets (net pension obligation or net pension assets) accrues interest at the discount rate used as a basis for the measurement of the gross pension obligation. The resulting net interest expense or income is recognized in profit and loss under interest expense or interest income in the Consolidated Statement of Income. The other expenses resulting from pension commitments and other post-employment benefit obligations, which mainly result from entitlements acquired during the year under review, are taken into consideration in functional costs in the Consolidated Statement of Income. Differences between the assumptions made and actual developments as well as changes in actuarial assumptions for the measurement of defined benefit plans and similar obligations result in actuarial gains and losses, which are recognized in equity through other comprehensive income.

The discount factors used to calculate the present values of defined benefit pension obligations are to be determined – with maturities and currencies matching the pension payments – by reference to market yields at the end of the reporting period on high-quality fixed-rate corporate bonds in the respective markets. For very long maturities, there are no high-quality corporate bonds available as a benchmark. The respective discount factors are estimated by extrapolating current market rates along the yield curve.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in profit or loss when the curtailment or settlement occurs.

Provisions for other risks

Provisions are recognized when a obligation to third parties has been incurred, an outflow of resources is probable and the amount of the obligation can be reasonably estimated. The amount recognized as a provision represents the best estimate of the obligation at the reporting date. Provisions with an original maturity of more than one year are discounted to the present value of the expenditures expected to settle the obligation at the end of the reporting period.

If the recognition criteria of provisions are not fulfilled and the possibility of a cash outflow upon settlement is not unlikely, the item is to be presented as a contingent liability, insofar as it is adequately measurable. The amount disclosed as a contingent liability represents the best estimate of the possible obligation at the reporting date. Provisions and contingent liabilities are regularly reviewed and adjusted as further information becomes available or circumstances change.

A provision for expected warranty costs is recognized when a product is sold or when a new warranty programme is initiated. Estimates for accrued warranty costs are particularly based on historical experience. Other assumptions include, but are not limited to, the amount of potential repair costs. The provisions are regularly adjusted to reflect new information.

Restructuring provisions are set up in connection with programmes that materially change the scope of business performed by a segment or business unit or the manner in which business is conducted. In most cases, restructuring expenses include termination benefits and compensation payments due to the termination of agreements with suppliers and dealers. Benefits on termination of employment are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

Contract and refund liabilities

Contract liabilities
A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Refund liabilities
A refund liability occurs if the Mercedes-Benz Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. A refund liability is measured at the amount of consideration received for which the Mercedes-Benz Group does not expect to be entitled and is thus not included in the transaction price.

Share-based payment

Share-based payment comprises cash-settled liability awards.

Liability awards are measured at fair value at each balance sheet date until settlement and are classified as provisions under consideration of vesting conditions. The profit or loss of the period equals the addition to and/or the reversal of the provision during the reporting period and the dividend equivalent paid during the period, and is included in functional costs.

Presentation in the Consolidated Statement of Cash Flows

Cash-effective government grants are shown in cash flow from operating activities. In addition, interest paid as well as interest and dividends received are allocated to cash flow from operating activities. To the extent that the reverse factoring agreements entered into by the Mercedes-Benz Group do not result in a change in the presentation of the original trade payables, the cash flows from these agreements are also presented in cash flow from operating activities. Furthermore all cash flows of receivables from financial services in the Consolidated Statement of Cash Flows are also classified as cash flow from operating activities.

The cash flows from short-term marketable debt securities with high turnover rates and significant amounts are offset and presented within cash flow from investing activities.

Consideration of sustainability related aspects in connection with the recognition and measurement of assets and liabilities

With “Ambition 2039” the Mercedes-Benz Group has set itself the target of net carbon-neutrality[1] for the new vehicle fleet by 2039 in its business strategy. The Mercedes-Benz Group is aiming to shape the transformation into a software-driven and all-electric future. The Group is creating the necessary conditions to become all-electric. The pace of the transformation is determined by market conditions and the wishes of customers. Recognition and measurement of the Group’s assets and liabilities take into account climate-related risks and developments associated with the transformation, which also include the climate targets set in the Paris Climate Agreement.

Accounting estimates and management judgements in connection with sustainability-related aspects are taken into consideration in particular in the accounting of assets and liabilities described below:

The determination and review of the useful lives of the capitalized development costs are based on the expected product life cycle. Changes in the originally envisaged product life cycles can result from the transformation to all-electric vehicles. Due to the resolutions regarding the accelerated transformation new developments in the area of conventional powertrains are reduced and already capitalized development expenditure will partly be used for longer.

In the same way, the useful lives of property, plant and equipment assets are regularly reviewed in the light of the transformation to all-electric vehicles. This did not require any material adjustments of the useful lives up to the reporting date as the production facilities of the Group are basically flexible in use.

In the context of production network management, efforts are also being made to secure sites affected by the transformation by enhancing them. No significant obligations to dismantle or remove production facilities and plants that would give rise to a provision existed on the reporting date.

1 Net carbon-neutral means that no CO_2 emissions are created or any resulting CO_2 emissions are offset by certified compensation projects.

The recoverability of leased vehicles classified as operating leases is reviewed regularly. When determining recoverability, the expected residual value of the leased vehicles is particularly relevant. Due to the transformation to all-electric vehicles, residual values can be influenced by changing customer behavior, new regulatory requirements and further technological developments. Although the currently expected residual values of all-electric vehicles were lower than originally expected, no significant impairment losses were required for conventionally powered or all-electric vehicles in the reporting year.

The expected proceeds from the disposal of vehicles pledged as collateral were taken into account in the determination of expected credit losses for receivables from financial services. The expected proceeds from the disposal were based on an estimate of the market value at the expected time of a possible default. There were no indications of a reduction of these estimated market values that could be traced to effects of climate change or of changing customer behaviour as of the reporting date.

In addition to traditional energy supply contracts, which are usually only recorded as pending transactions upon delivery, the Group has concluded contracts to secure purchase quantities and prices for renewable energies (in particular electricity from wind and solar energy). These are contracts that provide for a fixed remuneration per unit of energy and are mainly recognized either as derivatives or leases.

The impairment test on the level of the cash-generating units is based on the corporate planning and strategy of the Mercedes-Benz Group. This provides for a step by step substitution of vehicles with combustion engines by electric vehicles.

For the purposes of the impairment test, further risks (e.g. sales risks, price risks and risks regarding the future price of raw materials) were also taken into account. Additional corporate planning parameters in connection with the transformation affect the investment requirements and the currently higher variable costs of all-electric vehicles in comparison with vehicles with conventional powertrains. The simultaneous development, model refinement and production of electric and conventionally powered vehicles results in a high investment requirement, particularly in the detail planning period until 2028. No growth was assumed in the derivation of the terminal value, due in part to the not yet completely predictable effects of the competitive situation and customer behaviour in the course of the transition to electric mobility. The impairment test carried out taking into account the transformation effects described did not result in any impairment requirement for the cash-generating units.

2. Accounting estimates and management judgements

In the Consolidated Financial Statements, it is to a certain degree necessary to make estimates and management judgements which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date, and the income and expense reported for the period. The major items affected by such estimates and management judgements are described as follows. Actual amounts may differ from the estimates. Changes in the estimates and management judgements can have a material impact on the Consolidated Financial Statements.

Recoverable amounts of cash-generating units and equity-method investments

In the context of impairment tests for non-financial assets, estimates have to be made to determine the recoverable amounts of cash-generating units. Assumptions have to be made in particular with regard to future cash inflows and outflows for the planning period and the following periods. The estimates mainly refer to future unit sales, growth in the respective markets and the profitability of the products, which are also highly dynamic and thus uncertain as a result of the transition to electric mobility. Therefore, a risk assessment and sensitivity analyses are performed when deriving the value in use. On the basis of the impairment tests carried out in 2023, the recoverable amounts are larger than the net assets of the Group's cash-generating units.

When objective evidence of impairment or impairment reversal is present, estimates and assessments also have to be made to determine the recoverable amount of an equity-method investment. The determination of the recoverable amount is based on assumptions regarding future business developments for the determination of the expected future cash flows of that investment. On the balance sheet date, the carrying amount of equity-method investments was €13,104 million (31 December 2022: €13,530 million).

Recoverable amount of equipment on operating leases

The Mercedes-Benz Group regularly reviews the factors determining the values of its leased vehicles (carrying amount as of 31 December 2023: €41,712 milllion; 31 December 2022: €41,552 million). In particular, it is necessary to estimate the residual values of vehicles, which constitute a substantial part of the expected future cash flows from equipment on operating leases. In this context, assumptions are made regarding major influencing factors, such as the expected number of returned vehicles, the latest remarketing results and future vehicle model changes. Those assumptions are determined either by qualified estimates or by publications provided by expert third parties. Qualified estimates are based, as far as publicly available, on external data with consideration of internally available additional information such as historical experience of price developments and sale prices. The residual values thus determined serve as a basis for depreciation; changes in residual values lead either to prospective adjustments of the depreciation or, in the case of a significant decline in expected residual values, to an impairment. If depreciation is prospectively adjusted, changes in estimates of residual values do not have a direct effect but are equally distributed over the remaining term of the lease contract.

Collectability of receivables from financial services

The Group regularly estimates the risk of default on receivables from financial services (carrying amount as of 31 December 2023: €88,211 million; 31 December 2022: €85,549 million). Many factors are taken into consideration in this context including historical loss experience, the size and composition of certain portfolios, current economic events and conditions and the current fair values and adequacy of collaterals. In addition to historical and current information on losses, appropriate and reliable forward-looking information on factors is also included. This information includes macroeconomic factors (e.g. gross domestic product growth, unemployment rate, cost performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are performed using a scenario analysis (basic scenario, optimistic scenario and pessimistic scenario). Further external information which cannot be depicted in the scenarios, is - as far as necessary - included in the assessment through subsequent adjustments. Changes to the estimation and assessment of these factors influence the allowance for credit losses with a resulting impact on the Group's net profit.

Product warranties

The Group provides various types of product warranties, depending on the type of product and market conditions. Provisions for product warranties (carrying amount as of 31 December 2023: €6,399 million; 31 December 2022: €6,576 million) are generally recognized at the time of vehicle sale. In order to determine the extent of these provisions, assumptions have to be made concerning the type and extent of future warranty claims and goodwill cases, as well as on possible recall campaigns for each model series. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information.

Liability and litigation risks and governmental proceedings

Various legal proceedings, claims and governmental investigations are pending against Mercedes-Benz Group AG and its subsidiaries on a wide range of topics. If the outcome of such legal proceedings is detrimental to the Mercedes-Benz Group, the Group may be required to pay substantial compensatory and punitive damages, to undertake service actions or recall campaigns, to pay fines or to carry out other costly actions. Litigation and governmental investigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether an obligation exists on the balance sheet date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated, largely depends on estimations by the management. The Mercedes-Benz Group regularly evaluates the current stage of legal proceedings, also with the involvement of external legal counsel. It is therefore possible that the amounts of provisions for pending or threatened proceedings will have to be regularly restated due to new expected developments. As of 31 December 2023, the carrying amounts of provisions for liability and litigation risks are €2,104 million (31 December 2022: €2,755 million). Changes in estimates and assumptions can have a material effect on the Group's future profitability, liquidity and capial resources and financial position. It is also possible that provisions recognized for some legal proceedings may turn out to be insufficient once such

proceedings have ended. The Mercedes-Benz Group may also become liable for payments in legal proceedings for which no provisions were established. Although the final resolution of any such proceedings could have a material effect on the Mercedes-Benz Group's earnings and cash flows for a particular reporting period, from the current assessment, the Mercedes-Benz Group does not expect this to result in any sustained impact on the Group's financial position.

Pensions and similar obligations

The calculation of provisions for pensions and similar obligations and the related pension cost are based on various actuarial valuations. The calculations are subject to various assumptions on matters such as current actuarially developed probabilities (e.g. discount factors and cost-of-living increases), future fluctuations with regard to age and period of service, and experience with the probability of occurrence of pension payments, annuities or lump sums. As a result of changed market or economic conditions, the probabilities caused by the influencing factors may differ from current developments. The financial effects of deviations of the main factors are calculated with the use of sensitivity analyses. As of 31 December 2023 provisions for pensions and similar obligations are €1,090 million (31 December 2022: €1,021 million).

Income taxes

The calculation of income taxes of Mercedes-Benz Group AG and its subsidiaries is based on the legislation and regulations applicable in the various countries. Due to their complexity, the tax items presented in the Consolidated Financial Statements are possibly subject to different judgements by taxpayers on the one hand and local tax authorities on the other hand. Different judgements can occur especially in connection with the recognition and measurement of balance sheet items as well as in connection with the tax assessment of expenses and income. Carrying amount of liabilities for income taxes as of 31 December 2023 are €2,421 million (31 December 2022: €2,648 million).

3. Consolidated Group

Composition of the Group

The following table shows the composition of the Group. A detailed list of the companies included in the Consolidated Financial Statements and of the equity investments of the Mercedes-Benz Group pursuant to Section 313 of the German Commercial Code (HGB) is provided in the statement of investments. Further information is provided in Note 41.

The aggregate totals in the statement of financial position of the subsidiaries, associated companies, joint ventures and joint operations accounted for at amortized cost whose business is non-active or of low volume and which are not material for the Group and the fair presentation of its profitability, liquidity and capital resources, and financial position would amount at most 1% of the Group's total assets; the aggregate revenue and the aggregate net profit would amount at most 1% of the Group's revenue and net profit.

Composition of the Group

	At 31 December	
	2023	2022
Consolidated subsidiaries	**251**	262
Germany	**50**	48
International	**201**	214
Unconsolidated subsidiaries	**63**	64
Germany	**26**	27
International	**37**	37
Joint operations accounted for using proportionate consolidation	**1**	1
Germany	**-**	-
International	**1**	1
Joint ventures accounted for using the equity method	**7**	8
Germany	**2**	3
International	**5**	5
Associated companies accounted for using the equity method	**10**	11
Germany	**3**	4
International	**7**	7
Joint operations, joint ventures, associated companies accounted for at (amortized) cost and substantial other investments recognized at fair value	**29**	24
Germany	**16**	13
International	**13**	11
Total	**361**	370

The overall number of subsidiaries has decreased slightly. Consolidated subsidiaries and an equity-method associated company were established for the charging activities of electric vehicles. The main disposals are described in the following sections.

Structured entities

The structured entities of the Group are mainly asset-backed-securities (ABS) companies and special funds. The ABS companies are primarily used for the Group's refinancing. The receivables transferred to structured entities usually result from the leasing and sales-financing business. Those entities refinance the purchase price by issuing securities. The special funds are set up in particular in order to diversify the capital-investment strategy.

At the reporting date, the Group has business relationships with 34 (2022: 33) controlled structured entities, of which all are fully consolidated. In addition, as in the previous year the Group has relationships with one non-controlled structured entity.

Shares in subsidiaries

Sale of the shares in the Russian subsidiaries

On 2 March 2022, the Mercedes-Benz Group decided to stop exporting cars and vans to Russia and to cease local production in Russia until further notice. At the end of October 2022, the Mercedes-Benz Group signed contracts with the Russian car dealer Avtodom AO for the sale of the shares in the Russian subsidiaries.

A degree of discretion has been exercised in the consideration and subsequent derivation of the effects of the sanctions and counter-sanctions on the business activities.

The recognition and valuation of the assets and liabilities due to the discontinuation of the business activities in Russia, in particular the processing of existing transactions, resulted in expenses of around €0.7 billion in the automotive segments in 2022. Total expenses of around €0.2 billion resulted from the measurement of credit default risks and increased refinancing expenses in the segment Mercedes-Benz Mobility. The bulk of the expenses were included in cost of sales.

As of 31 December 2022, completion of the transaction was still subject to authorities' approval and the implementation of the contractually agreed conditions.

With the closing of the transaction on 19 April 2023, the shares of Russian subsidiaries were deconsolidated.

The sale of the Russian subsidiaries resulted in no significant cash inflow. This led to a cash outflow in the amount of the disposed cash and cash equivalents of €91 million, which is mainly attributable to the Mercedes-Benz Mobility segment.

The assets of €976 million disposed of with the deconsolidation essentially include property, plant and equipment of €290 million and receivables from financial services of €280 million. In addition, cash and cash equivalents of €91 million are included. The disposed liabilities of €1,065 million include in particular provisions of €636 million and financing liabilities of €347 million. The Group had issued a global guarantee for the financing liabilities to financial institutions, which ended when the transaction was completed. The contingent liabilities reported as of 31 December 2022 in connection with the cessation of business activities in Russia were also derecognized upon completion of the transaction.

The transaction costs amounted to €3 million. After realizing the currency reserve of €291 million, a loss on disposal of €205 million resulted. This was reported in other operating expenses. Expenses of €276 million were attributable to the Mercedes-Benz Mobility segment; the Mercedes-Benz Cars and Mercedes-Benz Vans segments generated income of €66 million and €5 million, respectively.

Sale of Daimler's commercial vehicle business

With the completion of the spin-off and hive-down of the Daimler commercial vehicle business substantial parts of the former Daimler commercial vehicle business including the associated financial services business were deconsolidated on 9 December 2021.

The initially remaining financial services of the Daimler commercial vehicle business were sold to Daimler Truck Holding AG or its subsidiaries in 2022. At the Mercedes-Benz Mobility segment, assets of €3,191 million and liabilities of €746 million were disposed of on or before 31 December 2022.

In addition, in individual countries, investments in operating entities or business operations of the former commercial vehicle business were sold to external third parties in 2022. Assets of €149 million and liabilities of €106 million, mainly allocated to the Mercedes-Benz Cars segment, were disposed of on or before 31 December 2022.

The Group received €2,355 million from the (in the prior year partially still preliminary) purchase prices in 2022, including the repayment of the existing intra-Group financing liabilities of the companies and business activities within the Mercedes-Benz Group.

The valuation and sale and the transfer of the Mercedes-Benz Mobility companies resulted in net expenses of €184 million in 2022 (excluding transaction

costs), which were reported in the reconciliation in the segment reporting. Income of €32 million was realized for the operating investments and business activities disposed of in 2022, in particular in the Mercedes-Benz Cars segment. In total, expenses from the realization of the currency reserve of €58 million were recognized.

In 2023 there were no significant effects on the profitability, liquidity and capital resources, and financial position.

Sale of foreign retail activities and other sales companies

Agreements on the sale of further sales activities in other European countries were concluded in 2023. The disposals are to take place successively over the course of 2024. The criteria for classification as assets and liabilities held for distribution or sale are met as of 31 December 2023. The assets of €0.8 billion and liabilities of €0.2 billion are therefore reported as assets and liabilities held for sale in the Consolidated Statement of Financial Position of 31 December 2023 in accordance with IFRS 5. Of the assets, €0.7 billion is attributable to the Mercedes-Benz Cars segment and €0.1 billion to the Mercedes-Benz Vans segment. Assets mainly comprise inventories of €0.3 billion, property, plant and equipment of €0.2 billion and trade receivables of €0.1 billion. The liabilities, which are almost entirely attributable to the Mercedes-Benz Cars segment, mainly include financing liabilities to financial institutions of €0.1 billion.

In January 2024, the Group divested its retail activities in Italy. There were no significant effects on the profitability, liquidity and capital resources, and financial position.

The sales company in Greece and other dealers in Europe were already sold in the course of 2023. The disposals resulted in income of €186 million. The cash inflow amounted to a total of €315 million. The effects are mainly allocated to the Mercedes-Benz Cars segment.

In addition, further retail activities in various countries, in particular those allocated to the Mercedes-Benz Cars segment, were sold in 2022. The disposals resulted in income of €107 million and cash inflows of €362 million.

In December 2021, the contractual arrangements on the sale of the retail activities in Canada were concluded. The transaction became effective in February 2022 and the Group recognized other operating income of €514 million, which was mainly allocated to the Mercedes-Benz Cars segment. The cash inflow amounted to €608 million and was also mainly allocated to the Mercedes-Benz Cars segment. Parts of the purchase price were financed by Mercedes-Benz Financial Services in Canada and led to a cash outflow of €393 million at the Mercedes-Benz Mobility segment.

Sale of Indonesian sales and production entities

The Mercedes-Benz Group sold its subsidiaries in Indonesia to a local investor with effect from 29 September 2023. The sale of both companies resulted in an income of €89 million and a cash inflow of €140 million which are allocated to the Mercedes-Benz Cars segment. Assets decreased by €141 million and liabilities by €88 million as a result of deconsolidation.

Shares in associated companies

Sale of interests in Mercedes-Benz Grand Prix Ltd.

In the fourth quarter of 2021, the Mercedes-Benz Group signed the contractual agreements with Motorsports Invest Ltd. and INEOS Industries Holdings Ltd. on the sale of shares of Mercedes-Benz Grand Prix Ltd. Some of the agreements concluded already took effect in 2021. When the other agreements became effective in January 2022, the Group lost control over Mercedes-Benz Grand Prix Ltd. and included the remaining 33.3% interest in the company in the Consolidated Financial Statements using the equity method. The sale of the shares resulted in other operating income of €385 million in the Mercedes-Benz Cars segment in the first quarter of 2022. The purchase price payment agreed for 2023 resulted in a cash inflow of €144 million.

4. Revenue

Revenue in 2023 was slightly above the previous year's level. The increase in revenue was primarily due to higher unit sales and improved pricing at the Mercedes-Benz Vans segment. Revenue in the Mercedes-Benz Cars segment was also higher, primarily due to a further improvement in pricing. However, negative exchange-rate effects had an opposing effect, causing a reduction in revenue.

Revenue disclosed in the Consolidated Statement of Income includes revenue from contracts with customers, which are in the scope of IFRS 15 (revenue according to IFRS 15), and other revenue not in the scope of IFRS 15. The composition of the revenue in the Consolidated Statement of Income is shown by region in Note 34.

Revenue according to IFRS 15 is disaggregated by the two categories - type of products and services and geographical regions. The category type of products and services corresponds to the reported segments.

Revenue according to IFRS 15 includes revenue that was included in contract liabilities at 31 December 2022 in an amount of €2,903 million (2022: €2,965 million) and revenue from performance obligations fully (or partially) satisfied in previous periods in an amount of €467 million (2022: €442 million). Revenue related to performance obligations that were unsatisfied (or partially unsatisfied) by the end of the reporting period that is expected to be recognized within three years amounted to €6,663 million at 31 December 2023 (2022: €6,437 million). This revenue is mainly derived from long-term service and maintenance contracts and extended warranties. It does not include performance obligations from customer contracts that have initial expected durations of one year or less. The number of vehicles, for which the expected original delivery time will exceed twelve months, was immaterial and is therefore not part of the disclosed amount. Long-term performance obligations of minor importance to the overall contract value of a bundled contract are not considered in assessing the initial duration of the bundled contract.

Other revenue primarily comprises revenue from the rental and leasing business of €10,870 million (2022: €10,973 million), interest from the financial services business at Mercedes-Benz Mobility recognized using the effective-interest method in an amount of €5,161 million (2022: €4,533 million) and effects from currency hedging. Interest from the financial services business includes financial income on the net investment in leases of €1,027 million (2022: €783 million).

Revenue

	Mercedes-Benz Cars		**Mercedes-Benz Vans**		**Mercedes-Benz Mobility**		**Total segments**		**Reconciliation[1]**		**Mercedes-Benz Group**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
In millions of euros												
Europe	**38,890**	36,498	**12,934**	10,733	**5,762**	5,219	**57,586**	52,450	**-3,737**	-3,146	**53,849**	49,304
North America	**26,021**	25,216	**4,281**	3,594	**5,252**	6,361	**35,554**	35,171	**-250**	-82	**35,304**	35,089
Asia	**39,759**	42,996	**985**	1,091	**142**	136	**40,886**	44,223	**-7**	-9	**40,879**	44,214
Other markets	**5,125**	5,722	**1,744**	1,599	**86**	80	**6,955**	7,401	**-**	-	**6,955**	7,401
Revenue according to IFRS 15	**109,795**	110,432	**19,944**	17,017	**11,242**	11,796	**140,981**	139,245	**-3,994**	-3,237	**136,987**	136,008
Other revenue	**2,961**	1,169	**344**	200	**15,476**	15,158	**18,781**	16,527	**-2,550**	-2,518	**16,231**	14,009
Total revenue	**112,756**	111,601	**20,288**	17,217	**26,718**	26,954	**159,762**	155,772	**-6,544**	-5,755	**153,218**	150,017

1 The reconciliation includes eliminations of intra-Group revenue between the segments.

5. Functional costs

Cost of sales

Cost of sales

In millions of euros	**2023**	2022
Expense of goods sold	**-102,416**	-100,385
Depreciation of equipment on operating leases	**-7,022**	-7,360
Refinancing costs at Mercedes-Benz Mobility	**-3,226**	-1,863
Impairment losses on receivables from financial services	**-382**	-536
Other cost of sales	**-5,793**	-5,853
	-118,839	-115,997

In 2023, the cost of sales were primarily affected by expenses paid to suppliers due to additional costs relating to inflation and supply chains. In contrast, lower raw material prices had a positive impact on the cost of sales. Refinancing costs at Mercedes-Benz Mobility are rising due to higher interest rates compared to the previous year. In the prior year, cost of sales were impacted by expenses in connection with the discontinuation of the business activities in Russia.

The amortization expense of capitalized development costs in the amount of €2,139 million (2022: €2,052 million) is presented in expense of goods sold.

Selling expenses

In 2023, selling expenses amounted to €9,728 million (2022: €9,482 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

General administrative expenses

General administrative expenses amounted to €2,688 million in 2023 (2022: €2,584 million). They consist of expenses which are not attributable to production, sales or research and development functions, and include personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs.

Research and non-capitalized development costs

Research and non-capitalized development costs were €6,230 million in 2023 (2022: €5,602 million) and primarily comprise personnel expenses and material costs.

Personnel expenses and average number of employees

Personnel expenses included in the Consolidated Statement of Income for 2023 amounted to €16,633 million (2022: €16,501 million). Personnel expenses comprise wages and salaries in the amount of €13,848 million (2022: €13,684 million), social-security contributions in the amount of €2,376 million (2022: €2,239 million) and expenses from pension obligations in the amount of €409 million (2022: €578 million).

The average number of people employed in the reporting year are shown in the following table.

Average number of employees[1,2]

	2023	2022
Mercedes-Benz Cars[3]	**134,673**	137,942
Mercedes-Benz Vans	**19,179**	19,247
Mercedes-Benz Mobility	**9,945**	9,724
Central Functions & Services	**4,539**	4,469
	168,336	171,382

1 Average number for the active workforce including holiday workers.
2 With the implementation of the European Sustainability Reporting Standards as of 2024, the number of employees becomes a further criterion for the inclusion of an entity within the scope of consolidation. The average number of employees of non-consolidated subsidiaries is 15,448 employees. They will therefore be included within the scope of consolidation from the year 2024, but are not included in the above figure.
3 Proportionally including 2,345 (2022: 2,107) employees from a proportionately consolidated company.

6. Other operating income and expense

The composition of **other operating income** is shown in the following table.

Other operating income

In millions of euros	**2023**	2022
Income from costs recharged	**1,131**	1,258
Government grants	**59**	63
Gains on sales of property, plant and equipment	**29**	771
Rental income not relating to sales financing	**139**	83
Income from company transactions	**285**	576
Other miscellaneous income	**563**	572
	2,206	3,323

Income from costs recharged to third parties includes IT and logistics costs as well as other costs recharged to third parties, with related expenses primarily within functional costs.

The decrease in other operating income in 2023 was mainly due to the income from the sale of the retail activities in Canada (€514 million) reported in the comparative period. It is included in gains on sales of property, plant and equipment. In addition, income from corporate transactions in connection with the sale of the shares in Mercedes-Benz Grand Prix Ltd. was included in 2022 (€385 million).

The composition of **other operating expense** is shown as follows.

Other operating expense

In millions of euros	**2023**	2022
Losses on sales of property, plant and equipment	**-60**	-138
Loss from deconsolidation	**-207**	-214
Other miscellaneous expense	**-249**	-937
	-516	-1,289

The decrease in other operating expense was primarily due to lower expenses in connection with ongoing official and legal proceedings and measures relating to Mercedes-Benz diesel vehicles. They are included in other miscellaneous expense.

Other miscellaneous expense also includes expenses from hyperinflation accounting and other operating expense charged to third parties.

The loss of €205 million from the deconsolidation of the shares in the Russian subsidiaries booked in other operating expense in 2023 is mainly attributable to the Mercedes-Benz Mobility segment.

In 2022, the valuation and disposal of operating investments and business activities of the Mercedes-Benz Mobility segment's commercial vehicle business included net expense of €184 million (excluding transaction costs), which was reported in the reconciliation.

7. Other financial income/expense

The following table shows the components of other financial income/expense, net.

Other financial income/expense, net

In millions of euros	**2023**	2022
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	**-437**	545
Income from equity instruments	**283**	192
Expense from equity instruments	**-106**	-255
Miscellaneous other financial income/expense, net	**368**	-142
	108	340

Miscellaneous other financial income/expense mainly includes net income (previous year: net expenses) from the measurement of financial assets and liabilities.

8. Interest income and interest expense

The following table shows the components of interest income and interest expense.

Interest income and interest expense

In millions of euros	**2023**	2022
Interest income		
Net interest income on the net assets of defined benefit pension plans	**32**	12
Interest and similar income	**646**	261
	678	273
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	**-42**	-60
Interest and similar expense	**-212**	-367
	-254	-427

Due to the global increase in interest rates, net interest income/expense improved in 2023.

9. Income taxes

The following table shows the components of income tax expense.

Components of income tax expense

	2023	2022
In millions of euros		
Current taxes	**-5,344**	-5,520
Deferred taxes	**-209**	25
Deferred taxes due to temporary differences	**-227**	287
Deferred taxes due to tax-loss carryforwards and tax credits	**18**	-262
	-5,553	-5,495

The current tax expense includes tax benefits recognized for prior periods at German and foreign companies of €341 million (2022: €504 million).

The following table shows a reconciliation of expected income tax expense to actual income tax expense in the financial year. In order to determine the expected income tax expense, the German combined statutory tax rate of 29.825% applicable in the financial year is multiplied by the profit before taxes.

Reconciliation of expected income tax expense to actual income tax expense

	2023	2022
In millions of euros		
Expected income tax expense	**-5,990**	-6,056
Foreign tax-rate differential	**238**	311
Trade tax-rate differential	**12**	-22
Tax-law changes	**27**	87
Change of unrecognized deferred tax assets including write-down of deferred tax assets	**-16**	3
Tax-free income and non-deductible expenses	**622**	393
Other	**-446**	-211
Actual income tax expense	**-5,553**	-5,495

Tax-free income and non-deductible expenses include all reconciling items of German and foreign companies relating to tax-free income and non-deductible expenses, e.g. tax-free results of the equity-method investments. The increase compared to the previous year is due, among other things, to the increase in tax-free equity-method earnings in 2023.

The other items include, among other things, effects from withholding taxes on dividends, patents and licenses which increased compared to the prior year.

Deferred tax assets and deferred tax liabilities are offset if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and if there is the right to set off current tax assets against current tax liabilities. In the presentation of deferred tax assets and liabilities in the Consolidated Statement of Financial Position, no difference is made between current and non-current.

In respect of each type of temporary difference and in respect of each type of unutilized tax-loss carryforwards and unutilized tax credits at 31 December, the deferred tax assets and liabilities presented in the Consolidated Statement of Financial Position before offset are summarized in the following table.

At 31 December 2023, unrecognized deferred tax assets in the Consolidated Statement of Financial Position relate, among other things, to corporate income tax-loss carryforwards and tax credits of €83 million.

Thereof, €67 million relates to tax-loss carryforwards which can be carried forward indefinitely, €12 million relates to tax-loss carryforwards which expire by the year 2028 and €4 million relates to tax-loss carryforwards and tax credits which can be carried forward by the year 2043.

A large proportion of the unrecognized deferred tax assets relates to tax-loss carryforwards for state and local taxes at the US companies as well as temporary differences.

The Mercedes-Benz Group believes that it is more likely than not that it will be unable to utilize those deferred tax assets.

Split of deferred tax assets and liabilities

	At 31 December **2023**		At 31 December 2022	
In millions of euros	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets, mainly development costs	**175**	**-4,709**	78	-4,116
Property, plant and equipment	**431**	**-2,591**	201	-2,533
Equipment on operating leases	**3,465**	**-3,939**	2,368	-3,413
Inventories	**1,379**	**-18**	1,326	-29
Receivables from financial services	**795**	**-2,178**	360	-1,549
Miscellaneous assets, mainly other financial assets	**4,396**	**-1,583**	4,615	-687
Tax-loss carryforwards and unused tax credits	**386**	**-**	368	-
Provisions for pensions and similar obligations	**152**	**-2,832**	178	-2,940
Other Provisions	**886**	**-461**	802	-221
Miscellaneous liabilities, mainly liabilities	**3,267**	**-407**	2,728	-507
	15,332	**-18,718**	13,024	-15,995
Unrecognized deferred tax assets	**-201**	**-**	-214	-
thereof on temporary differences	**-29**	**-**	-23	-
thereof on tax-loss carryforwards and tax credits	**-172**	**-**	-191	-
Deferred tax assets and liabilities (unbalanced)	**15,131**	**-18,718**	12,810	-15,995
Balance sheet amounts of deferred tax assets and liabilities (balanced)	**4,127**	**-7,714**	3,725	-6,910
Deferred tax assets/deferred tax liabilities, net		**-3,587**		-3,185

The development of deferred tax assets and deferred tax liabilities, net, is shown in the following table.

Changes in deferred tax assets/deferred tax liabilities, net

	2023	2022
In millions of euros		
Deferred tax assets/deferred tax liabilities, net as of 1 January	**-3,185**	-1,054
Deferred tax expense/benefit in the Consolidated Statement of Income	**-209**	25
Change in deferred tax assets/liabilities on equity instruments included in other comprehensive income/loss	**-3**	13
Change in deferred tax assets/liabilities on debt instruments included in other comprehensive income/loss	**-6**	44
Change in deferred tax assets/liabilities on derivative financial instruments included in other comprehensive income/loss	**-218**	-688
Change in deferred tax assets/liabilities on actuarial gains/losses from defined benefit pension plans included in other comprehensive income/loss	**201**	-1,240
Other changes[1]	**-167**	-285
Deferred tax assets/deferred tax liabilities, net as of 31 December	**-3,587**	-3,185

1 The other changes primarily relate to changes due to the effects of currency translation.

From the current perspective, the retained earnings of non-German subsidiaries are largely intended to be reinvested in those operations. The Group did not recognize deferred tax liabilities on retained earnings which are intended to be reinvested at non-German subsidiaries of €27,529 million (2022: €27,469 million). If those earnings were paid out as dividends, an amount of 5% would be taxed under German taxation rules and, if applicable, with non-German withholding tax. Additionally, other income tax consequences might arise if the dividends first have to be distributed by a non-German subsidiary to a non-German holding company. Normally, the distribution would lead to an additional income tax expense. Estimating the amount of taxable temporary differences for these undistributed foreign earnings would require a disproportionate effort.

The Group has various unresolved issues concerning open tax years. The Mercedes-Benz Group believes that it has recognized adequate liabilities for any future income taxes that may be owed for all open tax years. Nevertheless, it cannot be ruled out that tax payments might exceed the liabilities recognized in the financial statements.

As a result of future adjudications or changes in the opinions of the fiscal authorities, it cannot be ruled out that the Mercedes-Benz Group might receive tax refunds for previous years. In particular, from 2012 to 2021, Mercedes-Benz Group AG incurred currency exchange-rate related losses from the financing of Group companies based abroad totalling €2.1 billion, which were compensated by corresponding hedging instruments. For the years until 2021, the German tax authorities consider that exchange-rate related losses from the financing of Group companies are generally not to be recognized, while the compensating profits from the hedging activities remain taxable. In 2021, the German Modernization of Corporate Income Tax Act stipulated that such exchange-rate losses are generally deductible. However, this only applies from 2022 onwards. The Company does not share the legal opinion represented by the tax authorities for the years up to 2021. In the meantime, a lawsuit has also been filed with the Finance Court.

10. Intangible assets

Intangible assets developed as shown on the following page.

At 31 December 2023, goodwill of €389 million (2022: €389 million) relates to the Mercedes-Benz Mobility segment, goodwill of €335 million (2022: €337 million) relates to the Mercedes-Benz Cars segment and goodwill of €21 million (2022: €23 million) relates to the Mercedes-Benz Vans segment.

Non-amortizable intangible assets primarily relate to goodwill and development costs for projects which have not yet been completed (carrying amount at 31 December 2023: €6,131 million; 2022: €4,496 million). The increase in capitalized development costs is mainly due to development services for the new platform generations geared to electromobility. In addition, other intangible assets with a carrying amount of €262 million (2022: €190 million) are not amortizable. These non-amortizable intangible assets are distribution rights in the vehicle segments with indefinite useful lives. The Group plans to continue to use these assets unchanged.

The following table shows the line items of the Consolidated Statement of Income in which total amortization expense for intangible assets is included.

Amortisation expense for intangible assets in the Consolidated Statement of Income

In millions of euros	**2023**	2022
Cost of sales	**2,339**	2,265
Selling expenses	**49**	54
General administrative expenses	**67**	69
Research and non-capitalized development costs	**16**	21
	2,471	2,409

Intangible assets

In millions of euros	Goodwill (acquired)	Development costs (internally generated)[2]	Other intangible assets (acquired)	Total
Acquisition/manufacturing costs				
Balance at 1 January 2022	894	19,155	3,875	23,924
Additions	-	2,983	497	3,480
Disposals	-4	-360	-186	-550
Other changes[1]	-14	-45	10	-49
Balance at 31 December 2022	876	21,733	4,196	26,805
Additions	**-**	**3,812**	**701**	**4,513**
Disposals	**-2**	**-776**	**-331**	**-1,109**
Other changes[1]	**-10**	**-**	**-142**	**-152**
Balance at 31 December 2023	**864**	**24,769**	**4,424**	**30,057**
Depreciation/impairment				
Balance at 1 January 2022	130	6,458	2,331	8,919
Additions	-	2,061	348	2,409
Disposals	-1	-317	-68	-386
Other changes[1]	-2	-6	2	-6
Balance at 31 December 2022	127	8,196	2,613	10,936
Additions	**-**	**2,152**	**319**	**2,471**
Disposals	**-**	**-727**	**-173**	**-900**
Other changes[1]	**-8**	**-1**	**-34**	**-43**
Balance at 31 December 2023	**119**	**9,620**	**2,725**	**12,464**
Carrying amount at 31 December 2022	749	13,537	1,583	15,869
Carrying amount at 31 December 2023	**745**	**15,149**	**1,699**	**17,593**

1 Mainly relates to changes due to currency translations, changes in the scope of consolidation, reclassifications and reclassification to the balance sheet item Assets held for sale.
2 Including capitalized borrowing costs on development costs of €113 million (2022: €79 million). Amortization amounted to €12 million (2022: €9 million).

11. Property, plant and equipment

Property, plant and equipment as shown in the Consolidated Statement of Financial Position with a carrying amount of € 26,090 (2022: €27,250) million also includes right-of-use assets, that the Group received as lessee. Property, plant and equipment, including right-of-use assets, developed as shown on the following page.

In 2023, government grants of €69 (2022: €96) million were deducted from the carrying amount of property, plant and equipment.

The following tables show additional disclosures related to lessee accounting.

Expenses related to lessee accounting

In millions of euros	**2023**	2022
Interest expense from lease transactions	**57**	54
Expenses from short-term leases	**17**	20
Expenses from leases of low-value assets	**11**	11
Expenses from variable lease payments	**24**	27

Cash outflows related to lessee accounting

In millions of euros	**2023**	2022
Total cash outflow for lease contracts	**765**	625
Future cash outflows that are not reflected in the lease liabilities	**4,144**	1,985

Further information on lessee accounting is provided in Notes 24 and 33.

Property, plant and equipment

In millions of euros	Land, land rights and buildings, including buildings on land owned by others	thereof right-of-use assets from leasing	Technical equipment and machinery	thereof right-of-use assets from leasing	Other equipment, factory and office equipment	thereof right-of-use assets from leasing	Advance payments and construction in progress	Total	thereof right-of-use assets from leasing
Acquisition/manufacturing costs									
Balance at 1 January 2022	18,952	3,547	23,335	517	28,479	85	2,195	72,961	4,149
Additions	788	675	695	228	1,394	20	1,467	4,344	923
Reclassifications	165	-	893	-	972	-	-2,030	-	-
Disposals	-879	-490	-988	-4	-1,186	-21	-130	-3,183	-515
Other changes[1]	-7	-43	-19	5	124	-	15	113	-38
Balance at 31 December 2022	19,019	3,689	23,916	746	29,783	84	1,517	74,235	4,519
Additions	**545**	**449**	**570**	**1**	**1,135**	**19**	**1,937**	**4,187**	**469**
Reclassifications	**138**	**-**	**549**	**91**	**551**	**-**	**-1,147**	**91**	**91**
Disposals	**-503**	**-299**	**-1,403**	**-7**	**-797**	**-16**	**-105**	**-2,808**	**-322**
Other changes[1]	**-805**	**-234**	**-198**	**-4**	**-387**	**-2**	**25**	**-1,365**	**-240**
Balance at 31 December 2023	**18,394**	**3,605**	**23,434**	**827**	**30,285**	**85**	**2,227**	**74,340**	**4,517**
Depreciation/impairment									
Balance at 1 January 2022	8,407	1,226	14,518	162	22,177	50	-	45,102	1,438
Additions	814	482	1,631	134	1,658	21	18	4,121	637
Reclassifications	-	-	7	-	-7	-	-	-	-
Disposals	-361	-244	-851	-3	-1,045	-21	-1	-2,258	-268
Other changes[1]	-69	-16	-10	2	99	-	-	20	-14
Balance at 31 December 2022	8,791	1,448	15,295	295	22,882	50	17	46,985	1,793
Additions	**757**	**450**	**1,647**	**196**	**1,800**	**19**	**-**	**4,204**	**665**
Disposals	**-325**	**-160**	**-1,289**	**-7**	**-722**	**-13**	**-**	**-2,336**	**-180**
Other changes[1]	**-258**	**-77**	**-117**	**-**	**-269**	**-2**	**41**	**-603**	**-79**
Balance at 31 December 2023	**8,965**	**1,661**	**15,536**	**484**	**23,691**	**54**	**58**	**48,250**	**2,199**
Carrying amount at 31 December 2022	10,228	2,241	8,621	451	6,901	34	1,500	27,250	2,726
Carrying amount at 31 December 2023	**9,429**	**1,944**	**7,898**	**343**	**6,594**	**31**	**2,169**	**26,090**	**2,318**

1 Mainly relates to changes due to currency translations, changes in the scope of consolidation and reclassification to the balance sheet item Assets held for sale.

12. Equipment on operating leases

The development of equipment on operating leases is shown in the table Equipment on operating leases.

The carrying amount of the equipment on operating leases includes leased right-of-use assets from recognized head leases with the Daimler Truck Group of €0.3 billion (2022: €0.5 billion).

The revenue received from the sale of Group products to external dealers is estimated by the Group as being of the magnitude of the respective addition to leased equipment at Mercedes-Benz Mobility. These vehicles generate revenue from lease payments and subsequent resale on the basis of the separate leasing contracts. In 2023, additions to leased equipment from these vehicles at Mercedes-Benz Mobility amounted to approximately €10 billion (2022: approximately €9 billion).

At 31 December 2023, equipment on operating leases with a carrying amount of €8,187 million was pledged as security for liabilities from ABS transactions (2022: €9,663 million). These liabilities related to a securitization transaction of future lease payments on leased vehicles (see also Note 24).

Equipment on operating leases

In millions of euros	
Acquisition/manufacturing costs	
Balance at 1 January 2022	57,607
Additions	17,263
Disposals	-20,200
Other changes[1]	1,356
Balance at 31 December 2022	56,026
Additions[2]	**21,124**
Reclassifications	**-1**
Disposals	**-21,766**
Other changes[1]	**-563**
Balance at 31 December 2023	**54,820**
Depreciation/impairment	
Balance at 1 January 2022	13,136
Additions	7,360
Disposals	-6,341
Other changes[1]	319
Balance at 31 December 2022	14,474
Additions	**7,022**
Disposals	**-8,006**
Other changes[1]	**-382**
Balance at 31 December 2023	**13,108**
Carrying amount at 31 December 2022	41,552
Carrying amount at 31 December 2023	**41,712**

1 Primarily changes from currency translation and in 2023 reclassifications to Assets held for sale.
2 The additions include €8,353 million that were not acquired from external dealers.

Lease payments

Maturities of lease payments under operating lease agreements to be paid by lessees to the Mercedes-Benz Group in the future, are as follows:

Maturity of undiscounted lease payments for equipment on operating leases

	At 31 December	
	2023	2022
In millions of euros		
Maturing		
Within one year	**7,565**	7,307
Between one and two years	**5,434**	5,390
Between two and three years	**2,547**	2,170
Between three and four years	**1,116**	861
Between four and five years	**284**	222
Later than five years	**146**	122
Total lease payments	**17,092**	16,072

13. Equity-method investments

Summarized carrying amounts and gains/losses on equity-method investments

	Associated companies		Joint ventures		Total	
	2023	2022	**2023**	2022	**2023**	2022
In millions of euros						
Equity-method carrying amount[1]	**12,378**	12,539	**726**	991	**13,104**	13,530
Equity-method gains/losses[1]	**2,271**	1,934	**-142**	-202	**2,129**	1,732

1 Including investor-level adjustments.

Key figures on interests in associated companies accounted for using the equity method

	Daimler Truck[3]		BBAC		Other		Total	
In millions of euros	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Equity interest (in %)	**30.7**	30.0	**49.0**	49.0	**-**	-	**-**	-
Stock-market price[1]	**8,401**	7,149	**-**	-	**-**	-	**-**	-
Equity-method carrying amount[2]	**8,425**	8,199	**2,578**	2,973	**1,375**	1,367	**12,378**	12,539
Equity-method gains/losses[2]	**797**	226	**1,457**	1,711	**17**	-3	**2,271**	1,934

1 Proportionate stock-market prices.
2 Including investor-level adjustments.
3 The information on the amount of the share (in %) in the year 2023 represents the share relevant for accounting purposes as of the reporting date.

Associated companies

Daimler Truck

The Daimler Truck Group is one of the world's largest commercial vehicle manufacturers. Its product portfolio comprises light-, medium- and heavy-duty trucks, city buses and intercity buses, coaches and bus chassis. In addition financial services aligned to the product portfolio are offered. The investment is reported in the reconciliation of the reportable segments of the Group.

The result in financial year 2023 amounted to €797 million (2022: €226 million). In 2022, the earnings included income of €59 million from the contribution of approximately 5% of the shares in Daimler Truck to the Mercedes-Benz Pension Trust.

With the approval of the Supervisory Board, the Board of Management of Daimler Truck resolved a share buyback programme on 10 July 2023. The acquisition of the treasury shares on the stock exchange began on 2 August 2023. During the share buyback programme, the Mercedes-Benz Group did not sell any of its Daimler Truck shares. The shareholding remains unchanged 30.00%, while a shareholding of 30.66% is assumed for the development of the equity-method carrying amount as of 31 December 2023. In June 2023, the Annual General Meeting of Daimler Truck resolved a dividend of €1.30 per share. The distribution led to a cash inflow of €321 million and reduced the carrying amount of the investment accordingly.

Beijing Benz Automotive Co., Ltd.

Beijing Benz Automotive Co., Ltd. (BBAC) produces and distributes Mercedes-Benz cars and spare parts in China. The investment and the proportionate share in the results of BBAC are allocated to the Mercedes-Benz Cars segment.

In the second quarter of 2023, the shareholders of BBAC resolved the distribution of a dividend of €903 million. A further distribution of €767 million was resolved in the fourth quarter of 2023. The distributions reduced the shareholding's carrying amount and caused a cash inflow of €1,595 million.

The Mercedes-Benz Group plans to contribute additional equity of approximately €0.2 billion in accordance with the shareholding ratio at BBAC.

There Holding B.V.

There Holding B.V. (THBV) owns shares of HERE International B.V. (HERE). HERE is one of the world's largest manufacturers of digital road maps for navigation systems. The high-resolution maps provide one of the foundations for autonomous driving. THBV is accounted for as an associated company in the Consolidated Financial Statements of Mercedes-Benz Group AG using the equity method and is assigned to the Mercedes-Benz Cars segment.

As part of a strategic realignment and refinancing of HERE, the Mercedes-Benz Group, along with other shareholders of the associated company THBV, contributed additional equity of €118 million into THBV through Mercedes-Benz AG in the first half of 2023. The capital increases led to a corresponding increase in the equity-method carrying amount. The funds from the capital injection were transferred by THBV to HERE in order to increase HERE's liquidity.

The strategic repositioning led to a reassessment of the business development of HERE in the second quarter of 2023. Due to this THBV recognized an impairment on the carrying amount of HERE. The proportionate expenses attributable to the Group from the impairment of €92 million are included in the line item gains/losses on equity-method investments and reported in the Mercedes-Benz Cars segment.

The following table shows summarized aggregated financial information according to IFRS for the significant associated companies accounted for using the equity method after purchase price allocation, which was the basis for equity-method accounting in the Group's Consolidated Financial Statements.

Summarized IFRS financial information on significant associated companies accounted for using the equity method

	Daimler Truck[1]		BBAC[1]	
	2023	2022	**2023**	2022
In millions of euros				
Information on the statement of income				
Revenue	**55,890**	50,945	**22,484**	24,820
Profit after taxes	**3,971**	2,763	**2,999**	3,649
Other comprehensive income/loss	**-622**	1,320	**-2**	52
Total comprehensive income/loss	**3,349**	4,083	**2,997**	3,701
Information on the statement of financial position and reconciliation to the equity-method carrying amounts				
Non-current assets	**39,494**	38,957	**6,504**	7,101
Current assets	**37,559**	32,371	**7,839**	9,361
Non-current liabilities	**26,275**	22,451	**920**	1,122
Current liabilities	**22,749**	21,150	**7,499**	8,592
Equity (including non-controlling interests)	**28,029**	27,727	**5,924**	6,748
Equity (excluding non-controlling interests) attributable to the Group	**8,331**	8,107	**2,903**	3,306
Unrealized profit (-)/loss (+) on sales to/purchases from	**-**	-	**-321**	-332
Other reconciliation effects including equity-method goodwill and impairments on the investment	**94**	92	**-4**	-1
Equity-method carrying amount	**8,425**	8,199	**2,578**	2,973

1 Figures for the statement of income relate to the period of 1 January to 31 December.
Figures for the statement of financial position and the reconciliation to the equity-method carrying amounts relate to the balance sheet date of 31 December and include investor level adjustments.

Joint ventures

YOUR NOW Holding GmbH

YOUR NOW Holding GmbH (YOUR NOW) is a company based in Munich, Germany and is assigned to the Mercedes-Benz Mobility segment. The purpose of YOUR NOW Holding is to hold shares in mobility service providers.

In 2023, YOUR NOW's gains/losses on equity-method investments include impairments of €117 million (2022: €102 million).

The following table shows summarized aggregated financial information for the other minor equity-method investments after purchase-price allocation and on a pro-rata basis.

Further information on equity-method investments is provided in Note 37.

Summarized aggregated financial information on minor equity-method investments

	Associated companies		Joint ventures	
	2023	2022	**2023**	2022
In millions of euros				
Summarized aggregated financial information (pro rata)				
Profit/loss after taxes	**2**	13	**-213**	-193
Other comprehensive income/loss	**-**	-60	**-8**	-
Total comprehensive income/loss	**2**	-47	**-221**	-193
Unrecognized losses	**-**	-11	**-55**	-

14. Receivables from financial services

Types of receivables

Receivables from sales financing with customers include receivables from credit financing for non-Group third parties who purchased their vehicle either from a dealer or directly from the Mercedes-Benz Group.

Receivables from sales financing with dealers represent loans for floor financing programmes for vehicles purchased from the Mercedes-Benz Group. In addition, these receivables also relate to the financing of other assets that the dealers purchased from third parties, in particular used vehicles or property.

Receivables from finance lease contracts consist of receivables from leasing contracts for which all substantial risks and rewards incidental to the leasing objects are transferred to the lessee.

In 2023, the Mercedes-Benz Group recognized a gain of €538 million (2022: €177 million) from the difference between the additions to receivables from finance lease contracts and the carrying amounts of the underlying assets.

At 31 December 2023, receivables from financial services with a carrying amount of €11,139 million (2022: €11,931 million) were pledged mostly as collateral for liabilities from ABS transactions (see also Note 24).

Receivables from financial services

	At 31 December **2023**			At 31 December 2022		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Sales financing with customers	**17,578**	**31,940**	**49,518**	19,188	32,223	51,411
Sales financing with dealers	**14,261**	**4,824**	**19,085**	11,198	3,504	14,702
Finance lease contracts	**6,744**	**12,781**	**19,525**	7,009	12,296	19,305
Residual-value receivables	**302**	**836**	**1,138**	439	890	1,329
Gross carrying amount	**38,885**	**50,381**	**89,266**	37,834	48,913	86,747
Loss allowances	**-416**	**-639**	**-1,055**	-522	-676	-1,198
Net carrying amount	**38,469**	**49,742**	**88,211**	37,312	48,237	85,549

The following table shows the maturities of the future contractual lease payments and the development of lease payments to the carrying amounts of receivables from finance lease contracts.

Development of the receivables from finance lease contracts

	At 31 December	
	2023	2022
In millions of euros		
Contractual future lease payments	**17,716**	17,426
thereof due		
within one year	**6,455**	6,527
between one and two years	**5,515**	5,168
between two and three years	**2,649**	2,699
between three and four years	**1,925**	1,776
between four and five years	**949**	1,044
later than five years	**223**	212
Unguaranteed residual values	**3,922**	3,663
Gross investment	**21,638**	21,089
Unearned finance income	**-2,113**	-1,784
Gross carrying amount	**19,525**	19,305
Loss allowances	**-291**	-454
Net carrying amount	**19,234**	18,851

Loss allowances

The loss allowances for receivables from financial services due to expected credit losses are shown in the table Development of loss allowances for receivables from financial services due to expected credit losses.

The carrying amounts of receivables from financial services based on modified contracts that are shown in stages 2 and 3, amounted to €463 million at 31 December 2023 (2022: €223 million). In addition, carrying amounts of €86 million in connection with contractual modifications were reclassified at 31 December 2023 from stages 2 and 3 into stage 1 (2022: €135 million).

Credit risks

Information on credit risks included in receivables from financial services is shown in the table Credit risks included in receivables from financial services.

Longer overdue periods regularly lead to higher loss allowances.

At the beginning of the contracts, collaterals of usually at least 100% of the carrying amounts were agreed, which are backed by the vehicles based on the underlying contracts. Over the contract terms, the amounts of the collaterals are included in the calculation of the risk provisioning, so the net carrying amounts of the credit-impaired contracts are essentially backed by the underlying vehicles.

Further information on loss allowances, financial risks and types of risks is provided in Note 33.

Development of loss allowances for receivables from financial services due to expected credit losses

	12-month expected credit loss		Lifetime expected credit loss				Total	
			Not credit impaired		Credit impaired			
	(Stage 1)		(Stage 2)		(Stage 3)			
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
In millions of euros								
Balance at 1 January	**364**	339	**170**	142	**664**	556	**1198**	1,037
Additions	**141**	158	**48**	39	**123**	215	**312**	412
Remeasurement changes	**-23**	39	**115**	89	**216**	330	**308**	458
Utilization	**-4**	-2	**-19**	-14	**-107**	-104	**-130**	-120
Reversals	**-177**	-174	**-72**	-58	**-226**	-250	**-475**	-482
Transfer to stage 1	**56**	61	**-42**	-41	**-14**	-20	**-**	-
Transfer to stage 2	**-27**	-25	**88**	41	**-61**	-16	**-**	-
Transfer to stage 3	**-3**	-5	**-33**	-25	**36**	30	**-**	-
Exchange-rate effects and other changes	**2**	-27	**-15**	-3	**-145**	-77	**-158**	-107
Balance at 31 December	**329**	364	**240**	170	**486**	664	**1,055**	1,198

Credit risks included in receivables from financial services

	12-month expected credit loss		Lifetime expected credit loss				Total	
			Not credit impaired		Credit impaired			
	(Stage 1)		(Stage 2)		(Stage 3)			
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
In millions of euros								
Gross carrying amount at 31 December	**80,879**	80,852	**7,109**	4,277	**1,278**	1,618	**89,266**	86,747
thereof								
not past due	**80,071**	80,192	**5,442**	3,061	**254**	268	**85,767**	83,521
past due 30 days and less	**806**	631	**658**	537	**52**	239	**1,516**	1,407
past due 31 to 60 days	**2**	20	**704**	464	**50**	46	**756**	530
past due 61 to 90 days	**-**	9	**305**	215	**60**	42	**365**	266
past due 91 to 180 days	**-**	-	**-**	-	**335**	425	**335**	425
past due more than 180 days	**-**	-	**-**	-	**527**	598	**527**	598

15. Marketable debt securities and similar investments

The marketable debt securities and similar investments amount to €6,858 million (2022: €7,060 million). When a short-term liquidity requirement is covered with quoted securities, those securities are presented as current assets. Further information on marketable debt securities and similar investments is provided in Note 32.

16. Other financial assets

The line item other financial assets presented in the Consolidated Statement of Financial Position is comprised as shown in the following table. Further information on other financial assets is provided in Note 32.

At 31 December 2023, other financial assets included receivables with a carrying amount of €450 million (2022: €461 million) that were pledged as collateral for liabilities.

Other financial assets

	At 31 December 2023			At 31 December 2022		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Equity instruments and debt instruments	**-**	**1,507**	**1,507**	-	1,439	1,439
recognized at fair value through profit or loss	**-**	**649**	**649**	-	671	671
recognized at fair value through other comprehensive income	**-**	**858**	**858**	-	768	768
Derivative financial instruments used in hedge accounting	**1,038**	**1,622**	**2,660**	468	1,995	2,463
Other financial assets recognized at fair value through profit or loss	**232**	**115**	**347**	442	142	584
Other receivables and miscellaneous other financial assets	**2,329**	**1,096**	**3,425**	2,543	902	3,445
	3,599	**4,340**	**7,939**	3,453	4,478	7,931

17. Other assets

Non-financial other assets are comprised as shown in the following table.

Other expected reimbursements predominantly relate to recovery claims against our suppliers in connection with issued product warranties.

Other assets

	At 31 December 2023			At 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Reimbursements due to income tax refunds	**798**	**318**	**1,116**	577	402	979
Reimbursements due to other tax refunds	**2,621**	**37**	**2,658**	2,509	37	2,546
Other expected reimbursements	**184**	**151**	**335**	174	153	327
Prepaid expenses	**445**	**169**	**614**	451	83	534
Asset from defined benefit pension plans	**-**	**643**	**643**	-	738	738
Other	**425**	**265**	**690**	761	264	1,025
	4,473	**1,583**	**6,056**	4,472	1,677	6,149

18. Inventories

Inventories are comprised as shown in the following table.

Inventories

	At 31 December	
	2023	2022
In millions of euros		
Raw materials and manufacturing supplies	**2,651**	2,909
Work in progress	**3,070**	3,491
Finished goods, spare parts and products held for resale	**21,216**	19,058
Advance payments to suppliers	**357**	163
	27,294	25,621

Inventories increased compared to 31 December 2022 due to the introduction of the direct sales model in additional markets and ramp-ups in production due to new model years. Additionally the finished goods include, on average, more expensive vehicles.

The amount of write-down of inventories to net realizable value recognized as an expense in cost of sales was €620 million in 2023 (2022: €543 million). The carrying amounts of inventories that are expected to be recovered or settled after more than twelve months amounted to €812 million at 31 December 2023 (2022: €724 million) and are related primarily to finished goods.

To secure obligations from partial retirement and long-term working accounts, a number of company cars and demonstration vehicles included in inventories of Mercedes-Benz AG in the amount of €1,195 million is pledged as collateral to Mercedes-Benz Pension Trust e.V. as of 31 December 2023 (2022: €854 million). The increase in carrying amount is due to the significantly higher inventory levels as well as the on average more expensive vehicle prices.

19. Trade receivables

Trade receivables are primarily receivables from contracts with customers within the scope of IFRS 15 and are shown in the following table.

Trade receivables

	At 31 December	
	2023	2022
In millions of euros		
Gross carrying amount	**7,419**	8,290
Loss allowances	**-138**	-190
Net carrying amount	**7,281**	8,100

At 31 December 2023, €33 million of the trade receivables mature after more than one year (2022: €48 million).

Loss allowances

The development of loss allowances due to expected credit losses for trade receivables is shown in the following table.

Development of loss allowances for trade receivables due to expected credit losses

	Lifetime expected credit loss				Total	
	not credit impaired (Stage 2)		credit impaired (Stage 3)			
	2023 [1]	2022	**2023** [1]	2022	**2023** [1]	2022
In millions of euros						
Balance at 1 January	**70**	56	**120**	89	**190**	145
Additions	**26**	32	**51**	87	**77**	119
Remeasurement changes	**1**	2	**9**	6	**10**	8
Utilisation	**-11**	-4	**-12**	-21	**-23**	-25
Reversals	**-22**	-16	**-55**	-38	**-77**	-54
Transfer to stage 2	**-**	-	**-**	-	**-**	-
Transfer to stage 3	**-2**	-4	**2**	4	**-**	-
Exchange-rate effects and other effects	**-25**	4	**-11**	-7	**-36**	-3
Balance at 31 December	**37**	70	**104**	120	**141**	190

1 Including the part of the gross carrying amount that was reclassified to the Assets held for sale item of the Consolidated Statement of Financial Position.

Credit risks

Information on credit risks included in trade receivables is shown in the following table. Further information on financial risk and types of risk is provided in Note 33.

Credit risks included in trade receivables

	not credit impaired (Stage 2)		Lifetime expected credit loss credit impaired (Stage 3)		Total	
	At 31 December	At 31 December	At 31 December	At 31 December	At 31 December	At 31 December
	2023[1]	2022	**2023**[1]	2022	**2023**[1]	2022
In millions of euros						
Gross carrying amount	**7,449**	7,923	**110**	367	**7,559**	8,290
thereof						
not past due	**5,365**	6,691	**2**	41	**5,367**	6,732
past due 30 days and less	**1,108**	659	**-**	5	**1,108**	664
past due 31 to 60 days	**224**	224	**-**	-	**224**	224
past due 61 to 90 days	**188**	108	**1**	-	**189**	108
past due 91 to 180 days	**159**	108	**30**	39	**189**	147
past due more than 180 days	**405**	133	**77**	282	**482**	415

1 Including the part of allowances that was reclassified to the Assets held for sale item of the Consolidated Statement of Financial Position.

20. Equity

Share capital

The share capital (authorized capital) is €3,070 million at 31 December 2023, unchanged compared to 31 December 2022. It is still divided into 1,070 million no-par-value shares. All shares are fully paid up. Each no-par-value share confers the right to one vote at the Annual General Meeting of Mercedes-Benz Group AG and, if applicable, with the exception of any new shares potentially not entitled to dividends, to an equal portion of the profits as defined by the dividend distribution decided upon at the Annual General Meeting. Each share represents a proportionate amount of approximately €2.87 of the share capital.

The number of shares issued on 31 December 2023 was 1,070 million, the same as on 31 December 2022 and unchanged since 1 January 2022.

The number of shares outstanding decreased by 29 million shares to 1,041 million shares as at 31 December 2023, compared to 31 December 2022 (1,070 million shares) due to the share buyback programme that has been running since March 2023. The number of shares outstanding had remained unchanged at 1,070 million between 1 January 2022 and 31 December 2022.

Approved capital

The Annual General Meeting held on 3 May 2023 authorized the Board of Management again to increase the share capital by up to a total of €1.0 billion by 2 May 2028 with the approval of the Supervisory Board against cash and/or non-cash contributions (Approved Capital 2023). The authorization enables the exclusion of shareholders' subscription rights under certain conditions and within defined limits subject to the consent of the Supervisory Board.

No use has been made of the Approved Capital 2018, for which the authorization period ended on 4 April 2023, and no use has been made of the Approved Capital 2023 to date.

Conditional capital

By resolution of the Annual General Meeting on 8 July 2020, the Board of Management is authorized, with the consent of the Supervisory Board, until 7 July 2025 to issue convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Mercedes-Benz Group AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include warranty obligations or conversion obligations. The bonds can be issued once or several times, wholly or in instalments, or simultaneously in various tranches as well as by subsidiaries of the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management was also authorized to exclude shareholders' subscription rights for the bonds under certain conditions and within defined limits subject to the consent of the Supervisory Board.

In order to fulfil the conditions of the above-mentioned authorization, the Annual General Meeting on 8 July 2020 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2020).

No use was made of this authorization to issue convertible and/or warrant bonds during the reporting period.

Treasury shares

By resolution of the Annual General Meeting on 8 July 2020, the Board of Management is authorized, with the consent of the Supervisory Board, until 7 July 2025 to acquire treasury shares in a volume up to 10% of the share capital issued as of the day of the resolution or — if this is lower — of the share capital existing at the time of the authorization being exercised, to be used for all permissible purposes. The shares can be used, among other things, with the exclusion of shareholders' subscription rights, for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares can also be used to fulfil obligations from issued convertible bonds and/or bonds with warrants and to be issued to employees of the Company and employees and board members of the Company's subsidiaries pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be cancelled.

In a volume up to 5% of the share capital issued as of the day of the resolution of the Annual General Meeting, the Board of Management is authorized, with the consent of the Supervisory Board, to acquire treasury shares also by using derivatives (put options, call options, forward purchases or a combination of these instruments), whereby the term of a derivative must not exceed 18 months and must not end later than 7 July 2025.

Share buyback programmes

On the basis of the authorization to acquire the Company's own shares given by the Annual General Meeting on 8 July 2020, the Board of Management, with the approval of the Supervisory Board, resolved a share buyback programme on 16 February 2023. The acquisition of treasury shares worth up to €4 billion (not including incidental costs) on the stock exchange over a period of up to two years began on 3 March 2023. The repurchased shares are to be cancelled at a later date. Mercedes-Benz Group AG has separately agreed with Beijing Automotive Group Co., Ltd. and Geely Group that they will each keep their share in all voting shares of Mercedes-Benz Group AG below 10% by divesting their shares on a pro-rata basis concurrently with the share buyback programme.

From March to December 2023, as part of the share buyback programme, 29 million of the Company's own shares were repurchased at a purchase price of €1,887 million, representing €83 million or 2.70% of the share capital. The purchase price was recorded under treasury shares together with a liability of €369 million for buyback obligations.

On 21 February 2024, Mercedes-Benz Group AG has resolved to implement a share buyback policy. Based on such policy, the future Free Cash Flow from the industrial business (as available post potential small-scale M&A) generated beyond the approximately 40% dividend payout ratio of Group net profit shall be used to fund share buybacks with the purpose of redeeming shares.

In this context, Mercedes-Benz Group AG moreover has resolved to conduct a further share buyback programme, through which it is intended to acquire own shares worth up to €3 billion (not including incidental costs) on the stock exchange and to then cancel them. The further share buyback programme will be based on the authorization by the Annual General Meeting of Mercedes-Benz Group AG on 8 July 2020, authorizing the Board of Management to acquire, with the approval of the Supervisory Board, own shares up to a maximum of 10% of the share capital until 7 July 2025. It is scheduled to commence immediately after the conclusion of the ongoing share buyback programme announced on 16 February 2023, and is expected to be completed before the expiry of the Annual General Meeting's above-mentioned authorization.

Future share buyback programmes are subject to the necessary resolutions of the company's corporate bodies required in each individual case.

Employee share purchase plan

In the first quarter of 2023, as in the previous year, Mercedes-Benz Group AG purchased 0.9 million shares of Mercedes-Benz Group AG for the employee share purchase plan pursuant to Section 71 Subsection 1 No. 2, of the German Stock Corporation Act (AktG). The purchase was carried out without utilizing the authorization to acquire treasury shares granted by the Annual General Meeting on 8 July 2020. The shares, which were reissued to group employees, were purchased for a price of €66 million and represented €2.7 million or 0.09% of the share capital (2022: 0.7 million shares of Mercedes-Benz Group AG representing €1.9 million or 0.06% of the share capital were purchased for a price of €48 million).

Capital reserves

Capital reserves primarily comprise premiums arising on the issue of shares as well as expenses relating to the exercise of the up to 2014 exercisable stock option plans and the issue of employee shares, effects from changes in ownership interests in consolidated entities and directly attributable related transaction costs.

Retained earnings

Retained earnings comprise the accumulated net profits and losses of all companies included in Mercedes-Benz Group's Consolidated Financial Statements, less any profits distributed. In addition, the remeasuring of defined benefit plans and the corresponding effects arising from equity-method investments and the respective related deferred taxes are presented within retained earnings.

In other comprehensive income/loss 2023, gains/losses on equity-method investments that will not be reclassified to profit/loss in the statement of income includes a loss of €10 million (2022: gain of €289 million) from effects of remeasuring of defined benefit plans.

Dividend

Under the German Stock Corporation Act (AktG), the dividend is paid out of the distributable profit reported in the Annual Financial Statements of Mercedes-Benz Group AG (parent company only) in accordance with the German Commercial Code (HGB). The management will propose to the shareholders at the Annual General Meeting the payment of €5,517 million of the distributable profit of Mercedes-Benz Group AG for the 2023 financial year as a dividend to the shareholders, equivalent to €5.30 per no-par-value share entitled to a dividend and the transfer of €532 million to retained earnings. A portion of €153 million of the amount proposed for allocation to retained earnings is attributable to 28.9 million treasury shares not entitled to dividends held directly or indirectly by the company on 31 December 2023. As the number of treasury shares held directly or indirectly by the Company will change before the Annual General Meeting due to the ongoing share buyback programme, a proposal for a correspondingly adjusted resolution will be submitted to the Annual General Meeting. With an unchanged dividend of €5.30 per no-par-value share entitled to a dividend the portion of the distributable profit to be transferred into retained earnings and the total distribution amount will be adjusted accordingly.

For the 2022 financial year, in accordance with the adjusted proposal for the appropriation of profits, the Annual General Meeting resolved that €5,556 million (€5.20 per no-par-value share entitled to a dividend) be distributed to the shareholders from the distributable profit and the portion of €7 million from the distributable profit attributable to the 1.3 million treasury shares not entitled to dividends held by Mercedes-Benz Group AG at the time of the 2023 Annual General Meeting be allocated to retained earnings.

Other reserves

Other reserves comprise accumulated unrealized gains/losses from currency translation of the financial statements of the consolidated foreign companies and accumulated unrealized gains/losses on financial assets, derivative financial instruments and equity-method investments.

The changes in other reserves are included in other comprehensive income/loss and are presented in the Consolidated Statement of Comprehensive Income/Loss.

In other comprehensive income/loss 2023, gains/losses on equity-method investments that may be reclassified to profit/loss in the statement of income in the future includes a loss of €247 million (2022: gain of €141 million) from accumulated unrealized gains/losses from currency translation.

21. Share-based payment

At 31 December 2023, the Group has the 2020-2023 Performance Phantom Share Plans (PPSP) outstanding. As instruments of share-based payment with cash settlement, the PPSP are measured at their fair values on the balance sheet date. They are paid out at the end of their contractually defined periods; an earlier, proportionate payout is only possible under certain conditions when a beneficiary leaves the company. PPSP 2019 was paid out as planned in the first quarter of 2023.

Moreover, 50% of the annual bonus of the members of the Board of Management is paid out after a waiting period of one year. The actual payout is determined by the development of Mercedes-Benz Group shares compared to an automobile-related index (Auto-STOXX). The fair value of this medium-term annual bonus, which depends on that development, is measured by using the intrinsic value at the reporting date.

The pre-tax effects of share-based payment arrangements for the executives of the Group and the members of the Board of Management of Mercedes-Benz Group AG on the Consolidated Statement of Income and Consolidated Statement of Financial Position are shown in the following table.

The details shown in the table do not represent any paid or committed remuneration, but refer to expenses calculated according to IFRS.

Effects of share-based payment

	Expense		Provision	
			At 31 December	
	2023	2022	**2023**	2022
In millions of euros				
PPSP	**248**	233	**596**	654
thereof PPSP of the members of the Board of Management	**16**	17	**36**	43
Medium-term component of annual bonus of the members of the Board of Management	**8**	8	**15**	15
	256	241	**611**	669

Performance Phantom Share Plans

In 2023, as in previous years, the Group issued a Performance Phantom Share Plan (PPSP), under which eligible board members and employees of the Mercedes-Benz Group are granted phantom shares entitling them to receive cash payments after four years. During the four-year period between the allocation of the preliminary phantom shares and the payout of the plan after the end of the term, the phantom shares earn a dividend equivalent to the amount of the actual dividend paid on real Mercedes-Benz Group shares in the respective year. The amount of cash paid after the end of the holding period is based on the final number of vested phantom shares (determined after three years according to the degree of target achievement of specific performance indicators) multiplied by the quoted price of the Mercedes-Benz Group's ordinary shares (calculated as an average price over a specified period after the end of the four-year plan period). The vesting period is therefore four years. For the existing plans, the quoted price of the phantom shares to be used for the payout is limited to 2.5 times the phantom share price at the date of grant. Furthermore, in the case of the plans PPSP 2020 to 2022, the payout for the members of the Board of Management is also limited to 2.5 times the allotment value used to determine the preliminary number of phantom shares. The limitation of the payout for the members of the Board of Management also includes the dividend equivalents.

For the issued PPSP 2020 to 2022, the degree of target achievement is determined on the basis of the relative share performance, which measures the performance development of the Mercedes-Benz Group share compared with the development of a performance index based on a group of competitors including the Mercedes-Benz Group, and the return on sales (RoS) of the Mercedes-Benz Group compared with the average revenue-weighted RoS of a group of competitors. PPSP 2023 includes environmental, social and governance (ESG) targets in the achievement of objectives in order to promote the sustainable realignment and long-term, sustainable development of the Group. From PPSP 2023, overall target achievement will be determined based on the weighted achievement of the financial targets (relative share performance and RoS) and the ESG targets over the three-year performance period. The achievement of the financial targets accounts for 80% and the achievement of the ESG targets for 20% of the overall target achievement of the PPSP.

In the case of plans PPSP 2020 to 2022, special rules apply for the members of the Board of Management: the Mercedes-Benz Group's RoS must be not only equal to but higher than that of the competitors in order to obtain the same target achievement as the other plan participants. Furthermore, an additional limit on target achievement was agreed upon for the reference parameter RoS for the members of the Board of Management. In the case of target achievement between 195% and 200%, an additional comparison is made on the basis of the RoS achieved in absolute terms. If the actual RoS for the automotive business is below the strategic target in the third year of the performance period, target achievement is limited to 195%.

The Group recognizes a provision for awarding the PPSP in the Provisions for other risks in the Consolidated Statement of Financial Position. Since payment per vested phantom share depends on the quoted price of Mercedes-Benz Group's share, that quoted price essentially represents the fair value of each phantom share at the balance sheet date. The proportionate remuneration expenses from the PPSP recognized in the individual years are measured based on the price of Mercedes-Benz Group shares and the estimated target achievement.

22. Pensions and similar obligations

Commitments specific to various countries for defined benefit pension plans and defined contribution pension plans exist at the Mercedes-Benz Group.

Furthermore, certain foreign subsidiaries, mainly in the United States, provide their employees with post-employment healthcare benefits with defined entitlements, which have to be accounted for as defined benefit plans.

The following table shows the composition of provisions for pensions and similar obligations.

Composition of provisions for pensions and similar obligations

	At 31 December	
	2023[1]	2022
In millions of euros		
Provisions for pension benefits	**760**	683
Provisions for post-employment healthcare benefits	**330**	338
	1,090	1,021

1 Including the part of pension obligations that was reclassified to the balance sheet item liabilities held for sale.

Defined benefit pension plans

Provisions for pension obligations are made for defined benefit pension commitments to active and former employees of the Mercedes-Benz Group and their survivors. The defined benefit pension plans provided by the Group generally vary according to the economic, tax and legal circumstances of the country concerned. Most of the defined benefit pension commitments also provide benefits in the case of invalidity and death.

Pension plans and pension plan assets

Most employees in Germany have defined benefit pension commitments; most of the pension commitments for the active workforce are based on individual retirement benefit accounts, to which the Company makes annual contributions. The amount of the contributions for non-exempt employees depends on the tariff classification in the respective year or on their respective income; for executives it depends on their respective income. For the commitments to retirement benefits made prior to 2011, the contributions continue to be converted into capital components and credited to the individual pension accounts with the application of fixed factors related to each employee's age. The conversion factors include a fixed value increase. For the commitments to retirement benefits made as of 2011, the Company guarantees at a minimum the value of the contributions paid into a cash-balance plan. Pension payments are made either as a life annuity, twelve annual instalments, or a single lump sum.

In addition, previously concluded defined benefit plans exist which primarily depend on employees' wage-tariff classification upon transition into the benefit phase and which foresee a life annuity.

As well as the employer-financed pension plans granted by German companies, the employees of some companies are also offered various earnings-conversion models.

Most of the pension obligations in Germany relating to defined benefit pension commitments are funded by investment funds. Contractual trust arrangements (CTA) exist between Mercedes-Benz Group AG as well as some subsidiaries in Germany and the Mercedes-Benz Pension Trust e. V. The Mercedes-Benz Pension Trust e. V. acts as a collateral trust fund.

In 2018, Mercedes-Benz Group AG transferred certain pension obligations and plan assets of retired employees and their survivors to Mercedes-Benz Pensionsfonds AG (previously Daimler Pensionsfonds AG; pension fund). These benefits are administrated by that non-insurance-like pension fund, which falls under the scope of the Act on the Supervision of Insurance Undertakings and is therefore subject to the oversight of the Federal Financial Supervisory Agency (BaFin).

Insofar as in the future, BaFin rules that a deficit has occurred in the pension fund, a supplementary contribution will be required from Mercedes-Benz Group AG.

In Germany, there are normally no statutory or regulatory minimum funding requirements.

Outside Germany, there are plans relating to final salaries as well as plans relating to salary-based components. Most of the international obligations from defined benefit pension commitments are funded by investment funds.

The funded status of pension obligations with the split between German and international plans is shown in the following table.

Development of funded status

	At 31 December **2023**			At 31 December 2022		
	Total	Germany	International	Total	Germany	International
In millions of euros						
Present value of the defined benefit obligations	**21,992**	**20,660**	**1,332**	20,444	19,137	1,307
Fair value of plan assets	**21,890**	**20,646**	**1,244**	20,526	19,268	1,258
Funded status	**-102**	**-14**	**-88**	82	131	-49
Actuarial loss due to asset ceiling	**-15**	**-**	**-15**	-27	-	-27
Net defined benefit asset	**-117**	**-14**	**-103**	55	131	-76
thereof recognised in other assets	**643**	**513**	**130**	738	609	129
thereof recognised in provisions for pensions and similar obligations	**-760**	**-527**	**-233**	-683	-478	-205

Risks from defined benefit pension plans and pension plan assets

The general requirements with regard to retirement benefit models are included in policies with Group-wide validity. Accordingly, the committed benefits are intended to contribute to additional financial security during retirement, and in the case of death or invalidity to be capable of being planned and fulfilled by the respective company of the Group and to have a low-risk structure. In addition, a committee exists that approves new pension plans and amendments to existing pension plans as well as policies relating to company retirement benefits.

The obligations from defined benefit pension commitments and the pension plan assets can be subject to fluctuations over time. This can have a negative or a positive effect on the funded status. Fluctuations in the defined benefit pension obligations result at the Mercedes-Benz Group in particular from changes in financial assumptions such as discount rates and increases in the cost of living, but also from changes in demographic assumptions such as adjusted life expectancies. With most of the German plans, expected long-term wage and salary increases do not have an impact on the amount of the obligation.

The fair value of the plan assets is predominantly determined by the situation on the capital markets. Unfavourable developments, especially of equity prices and fixed-interest securities, could reduce that fair value. The diversification of investment funds, the engagement of asset managers using quantitative and qualitative analyses, and the continual monitoring of performance and risk help to reduce the associated investment risk. As long as the commitments of the defined benefit pension plans remain overfunded by the plan assets, the Mercedes-Benz Group will only make additional pension contributions when legally and economically necessary.

As a general principle, it is the Group's objective to design new pension commitments as defined benefit plans based on capital components or on contributions, or as defined contribution plans.

Reconciliation of the defined benefit obligations and the fair value of the plan assets

Present value of the defined benefit obligations and fair value of the plan assets

	2023	2022
In millions of euros		
Present value of the defined benefit obligations at 1 January	**20,444**	28,504
Current service cost	**351**	522
Interest cost	**742**	324
Contributions by plan participants	**39**	41
Actuarial gains (-)/losses from changes in demographic assumptions	**-8**	-50
Actuarial gains (-)/losses from changes in financial assumptions	**1,316**	-7,860
Actuarial gains (-)/losses	**1,308**	-7,910
Past service cost, curtailments and settlements	**-**	-1
Pension benefits paid	**-937**	-933
Currency exchange-rate changes and other changes	**45**	**-103**
Present value of the defined benefit obligations at 31 December	**21,992**	20,444
Fair value of plan assets at 1 January	**20,526**	24,212
Interest income from plan assets	**751**	291
Actuarial gains/ losses (-)	**1,280**	**-4,507**
Actual profit/loss on plan assets	**2,031**	-4,216
Contributions by the employer	**122**	1,448
Contributions by plan participants	**39**	40
Pension benefits paid	**-898**	-890
Currency exchange-rate changes and other changes	**70**	**-68**
Fair value of plan assets at 31 December	**21,890**	20,526

Composition of plan assets

Plan assets are used solely to fulfil pension obligations and to cover the administration costs of the plan assets. The composition of the Group's pension plan assets is shown in the following table**.**

Composition of plan assets

	At 31 December	
	2023	2022
In millions of euros		
Equity instruments[1]	**7,611**	6,733
Government bonds	**3,174**	2,569
Corporate bonds	**8,729**	8,588
Securitized bonds	**140**	140
Bonds	**12,043**	11,297
Other exchange-traded instruments	**117**	106
Exchange-traded instruments	**19,771**	18,136
Alternative investments and other non-exchange-traded instruments	**642**	609
Real estate	**642**	642
Cash and cash equivalents	**835**	1,139
Non-exchange-traded instruments	**2,119**	2,390
Fair value of plan assets	**21,890**	20,526

1 Including the shares in Daimler Truck in the amount of €1,398 million (2022: €1,190 million) and in Nissan Motor Co., Ltd. in the amount of €526 million (2022: €434 million).

Market prices are usually available for equity instruments and bonds due to their listing in active markets. Most of the bonds have investment grade ratings. They include government bonds of very good creditworthiness.

The investment strategy is reviewed regularly and adjusted if deemed necessary. The investment strategy is determined by Investment-Committees, which are generally composed of representatives of the Finance and Human Resources departments. The investment strategy for the pension plan assets is generally oriented towards the structure of the pension obligations.

Pension costs

The components of pension costs included in the Consolidated Statement of Income are shown in the following table.

Pension costs

	2023	2022
In millions of euros		
Current service cost	**-351**	-522
Past service cost, curtailments and settlements	**-**	1
Net interest expense	**-23**	-45
Net interest income	**32**	12
	-342	-554

Measurement assumptions

The measurement date for the defined benefit pension obligations and plan assets is generally 31 December. The measurement date for the periodic pension cost is generally 1 January. The assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the countries in which the pension plans are situated.

Calculation of the pension obligations uses life expectancy for the German plans based on the Heubeck 2018 G mortality tables. Comparable country-specific calculation methods are used for international plans.

The following significant weighted average measurement factors are used to calculate pension benefit obligations.

Significant factors for the calculation of pension benefit obligations

	At 31 December		At 31 December	
	2023	2022	**2023**	2022
	Germany	Germany	International	International
in %				
Discount rates	**3.2**	3.8	**5.0**	5.3
Expected increase in cost of living[1]	**2.2**	2.2	-	-

1 For German plans — depending on the design of the specific plan — expected increases in cost of living may affect the obligation to the Group's active employees as well as to retirees and their survivors. For most international plans, expected increases in cost of living do not have a material impact on the amount of the obligation.

Sensitivity analysis

The calculations carried out by actuaries were done in isolation for the evaluation parameters regarded as important. This means that if there is a simultaneous change in several parameters, the individual results cannot be summed due to correlation effects. With a change in the parameters, the sensitivities shown cannot be used to derive a linear development of the defined benefit obligation.

An increase or decrease in the main actuarial assumptions would have the following effects on the present value of the defined benefit pension obligations.

Sensitivity analysis for the present value of defined benefit obligations

		At 31 December	
		2023	2022
In millions of euros			
Sensitivity to			
discount rates	+ 0.25%	**-617**	-569
discount rates	- 0.25%	**649**	597
expected increases in cost of living	+ 0.10%	**58**	54
expected increases in cost of living	- 0.10%	**-58**	-53
life expectancy	+ 1 year	**359**	304
life expectancy	- 1 year	**-320**	-271

Calculation of the sensitivity of life expectancy by means of fixed (non-age-dependent) factors for a reference person results in a life expectancy one year higher or one year lower.

Effect on future cash flows

For the year 2024, the Group plans to make contributions of €0.1 billion to the plan assets; the final amount is usually set in the fourth quarter of a year. The pensions benefits paid are expected to amount to €1.1 billion in 2024.

The weighted average duration of the defined benefit obligations amounts to 13 years (2022: 13 years).

Defined contribution pension plans

Under defined contribution pension plans, the Mercedes-Benz Group makes defined contributions to external insurance policies or investment funds. There are fundamentally no further contractual obligations or risks for the Mercedes-Benz Group in excess of the defined contributions. The Group also pays contributions to governmental pension schemes. In 2023, the total costs from defined contribution plans amounted to €1.0 billion (2022: €1.0 billion). Of those payments, €1.0 billion (2022: €1.0 billion) was related to state pension plans.

23. Provisions for other risks

Product warranties

The Mercedes-Benz Group issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period. The provision for these product warranties covers expected costs for legal and contractual warranty claims as well as expected costs for goodwill concessions and recall campaigns. This also includes measures relating to Mercedes-Benz diesel vehicles in various regions as well as recalls, in particular for an extended recall of Takata airbags. The utilization date of product warranties depends on the incidence of the warranty claims and can span the entire term of the product warranties and the goodwill period. The cash outflows in relation to non-current provisions are primarily expected within a period until 2026.

Personnel and social costs

Provisions for personnel and social costs primarily comprise expected expenses of the Group for employee anniversary bonuses, profit-sharing bonuses for non-exempt employees and variable remuneration for management as well as early-retirement and partial-retirement plans. The additions recorded to the provisions for profit-sharing bonuses and variable remuneration in the reporting year usually result in cash outflows in the following year. The cash outflows for non-current provisions for personnel and social costs are primarily expected within a period until 2032.

Liability and litigation risks and regulatory proceedings

Provisions for liability and litigation risks and regulatory proceedings comprise costs for various legal proceedings, claims and governmental investigations, which can lead in particular to payments of compensation, punitive damages or other costly actions. They primarily include risks from litigation and regulatory proceedings in relation to Mercedes-Benz diesel vehicles. The cash outflows in relation to non-current provisions are primarily expected within a period until 2026.

Further information on liability and litigation risks and regulatory proceedings is provided in Note 30.

Other

Provisions for other risks primarily comprise expected costs for provisions for environmental protection, other taxes and charges related to income taxes as well as obligations from outstanding commission. They also include provisions for anticipated losses on pending transactions and various other risks which cannot be allocated to any other class of provision.

The development of provisions for other risks is as follows.

Provisions for other risks

In millions of euros	Product warranties	Personnel and social costs	Litigation risks and regulatory proceedings	Others	Total
Balance at 31 December 2022	6,576	4,613	2,755	2,079	16,023
thereof current	3,204	2,422	2,217	1,742	9,585
thereof non-current	3,372	2,191	538	337	6,438
Additions	**3,483**	**2,308**	**567**	**1,454**	**7,812**
Utilizations	**-3,377**	**-2,242**	**-206**	**-1,106**	**-6,931**
Reversals	**-357**	**-78**	**-502**	**-286**	**-1,223**
Compounding and effects from changes in discount rates	**217**	**142**	**68**	**10**	**437**
Exchange-rate effects and other changes	**-143**	**-71**	**-578**	**-26**	**-818**
Balance at 31 December 2023	**6,399**	**4,672**	**2,104**	**2,125**	**15,300**
thereof current	**2,980**	**2,580**	**675**	**1,720**	**7,955**
thereof non-current	**3,419**	**2,092**	**1,429**	**405**	**7,345**

24. Financing liabilities

The composition of financing liabilities is as follows.

Financing liabilities

	At 31 December 2023			At 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Bonds	**12,062**	**43,454**	**55,516**	12,104	41,995	54,099
Commercial paper	**3,452**	**18**	**3,470**	2,174	10	2,184
Liabilities to financial institutions	**15,619**	**9,698**	**25,317**	17,488	7,250	24,738
Deposits in the direct banking business	**5,625**	**134**	**5,759**	9,529	1,009	10,538
Liabilities from ABS transactions	**7,172**	**8,497**	**15,669**	7,433	9,452	16,885
Lease liabilities	**453**	**1,713**	**2,166**	598	2,047	2,645
Loans, other financing liabilities	**531**	**210**	**741**	460	288	748
	44,914	**63,724**	**108,638**	49,786	62,051	111,837

Information on the maturities of lease liabilities as of 31 December 2023 is provided in Note 33.

25. Other financial liabilities

The composition of other financial liabilities is shown in the following table.

Further information on other financial liabilities is provided in Note 32.

Other financial liabilities

	At 31 December 2023			At 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Derivative financial instruments used in hedge accounting	**317**	**798**	**1,115**	672	1,611	2,283
Financial liabilities recognized at fair value through profit or loss	**120**	**68**	**188**	25	146	171
Liabilities from residual value guarantees	**519**	**238**	**757**	475	258	733
Liabilities from wages and salaries	**864**	**6**	**870**	946	6	952
Accrued interest expenses	**810**	**-**	**810**	663	-	663
Deposits received	**248**	**454**	**702**	230	424	654
Other	**2,598**	**78**	**2,676**	2,393	79	2,472
Miscellaneous other financial liabilities	**5,039**	**776**	**5,815**	4,707	767	5,474
	5,476	**1,642**	**7,118**	5,404	2,524	7,928

26. Deferred income

The composition of deferred income is as follows.

Deferred income

	At 31 December 2023			At 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Deferred income resulting from repurchase agreements that are accounted for as operating leases	**125**	**138**	**263**	95	141	236
Deferral of advance rental payments received from operating lease arrangements	**1,097**	**995**	**2,092**	985	962	1,947
Other deferred income	**256**	**90**	**346**	311	131	442
	1,478	**1,223**	**2,701**	1,391	1,234	2,625

27. Contract and refund liabilities

Following table shows the composition of contract and refund liabilities.

Contract and refund liabilities

	At 31 December	
	2023	2022
In millions of euros		
Service and maintenance contracts and extended warranties	**4,147**	4,161
Other contract liabilities	**1,678**	1,672
Contract liabilities	**5,825**	5,833
Obligations from sales transactions	**4,236**	4,481
Other refund liabilities	**330**	240
Refund liabilities	**4,566**	4,721
Contract and refund liabilities	**10,391**	10,554
thereof non-current	**3,514**	3,656
thereof current	**6,877**	6,898

28. Other liabilities

Other liabilities are composed as follows.

Other liabilities

	At 31 December 2023			At 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Income tax liabilities	**948**	**1,473**	**2,421**	1,416	1,232	2,648
Other tax liabilities	**1,565**	**8**	**1,573**	1,564	4	1,568
Miscellaneous other liabilities	**169**	**39**	**208**	155	2	157
	2,682	**1,520**	**4,202**	3,135	1,238	4,373

29. Consolidated Statement of Cash Flows

Calculation of funds

At 31 December 2023, cash and cash equivalents included restricted funds of €91 million (2022: €187 million). The restricted funds representing cash and cash equivalents were related to subsidiaries where foreign exchange controls apply, so that the Group has restricted access to the funds.

Cash flow from operating activities

Other operating assets and liabilities changed as follows.

Changes in other operating assets and liabilities

	2023	2022
In millions of euros		
Provisions	**487**	355
Financial instruments	**-55**	-104
Miscellaneous other assets and liabilities	**1,192**	107
	1,624	358

The increase in miscellaneous other assets and liabilities compared with the previous year was primarily related to miscellaneous other financial assets, liabilities from accrued interest and deferred income.

In the prior year, significant positive effects resulted from assets in connection with the securitization of receivables and from contractual liabilities for price discounts. This was partially offset by lower negative effects in miscellaneous other financial liabilities and the contract liabilities for service and maintenance agreements.

The following cash flows are included in Cash flow from operating activities.

Cash flows included in Cash flow from operating activities

	2023	2022
In millions of euros		
Interest paid	**-306**	-486
Interest received	**630**	231
Dividends received from equity-method investments	**2,056**	1,605
Dividends received from other shareholdings	**307**	130

The other non-cash expense and income shown in the reconciliation of profit before income taxes to cash flow from operating activities in the reporting year primarily comprised the Group's share of gains/losses on equity-method investments and the result from the fair value measurement of debt instruments.

In the previous year, this item was affected in particular by the Group's share in the gains/losses on equity-method investments, the result from the fair value measurement of equity instruments and the result of the remeasurement of the shares of Mercedes-Benz Grand Prix Ltd., that the Mercedes-Benz Group continues to hold. In addition, the other non-cash expense and income was impacted by the depreciation of the remaining financial services volumes of the Daimler commercial vehicle business, sold to Daimler Truck Holding AG or its subsidiaries in 2022.

Cash flow from financing activities

Cash flow from financing activities includes cash flows from hedging the currency risks of financing liabilities. Cash flow from financing activities includes payments for the reduction of outstanding leasing liabilities of €640 million (2022: €565 million).

Liabilities arising from financing activities, divided into cash and non-cash components, changed as follows.

Changes in liabilities arising from financing activities

	2023	2022
In millions of euros		
Cash flows	**-697**	-13,344
Change of control in subsidiaries	**-384**	-596
Changes in foreign exchange-rates	**-2,787**	580
Fair value changes	**46**	145
Other changes	**865**	-1,211

The lower cash outflow relative to the same period of the prior year is primarily due to the significantly higher repayments of liabilities from financing activities in the prior year.

30. Legal proceedings

Mercedes-Benz Group AG and its subsidiaries are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights (including but not limited to patent infringement actions), warranty claims, environmental matters, antitrust matters (including actions for damages) as well as investor litigation. Product-related litigation involves, among other things, claims alleging faults in vehicles. Some of these claims are asserted by way of class actions. If the outcome of such legal proceedings is detrimental to the Mercedes-Benz Group or such legal proceedings are settled, the Group may encounter substantial financial burdens, e.g. from damages payments or service actions, recall campaigns, monetary penalties or other costly actions, which would adversely affect the earnings of Mercedes-Benz Group AG. Legal proceedings and related settlements may also have an impact on the company's reputation.

Diesel emission behaviour: governmental proceedings

The Mercedes-Benz Group is continuously subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to various laws and regulations in connection with diesel exhaust emissions.

The corresponding activities of various authorities worldwide, which were already reported in the past, are partly ongoing, as described below. These activities particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or the interactions of the Mercedes-Benz Group with the relevant authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal, consumer protection and antitrust laws.

In the United States, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in the third quarter of 2020 with various authorities to settle civil environmental claims regarding the emission control systems of certain diesel vehicles. These agreements have become final and effective. The authorities took the position that the Mercedes-Benz Group had failed to disclose Auxiliary Emission Control Devices (AECDs) in certain of its US diesel vehicles and that several of these AECDs were illegal defeat devices.

As part of these settlements, the Mercedes-Benz Group has denied the allegations by the authorities and has not admitted liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for the affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. In the first quarter of 2021, the Mercedes-Benz Group paid the civil penalties; provisions have been recognized for the emission modification programme and other measures.

As already reported, in April 2016, the U.S. Department of Justice (DOJ) requested that the Mercedes-Benz Group conduct an internal investigation. The Mercedes-Benz Group conducted such an internal investigation in cooperation with the DOJ‘s investigation; the DOJ‘s investigation remains open. In addition, further US state authorities have opened investigations pursuant to both local environmental and consumer protection laws and have requested documents and information.

In Canada, the environmental regulator Environment and Climate Change Canada (ECCC) is conducting an investigation in connection with diesel exhaust emissions based on the suspicion of potential violations of, amongst others, the Canadian Environmental Protection Act, as well as undisclosed AECDs and defeat devices. The Mercedes-Benz Group continues to cooperate with the investigating authorities.

In Germany, the Stuttgart public prosecutor’s office issued a fine notice against Mercedes-Benz in September 2019 based on a negligent violation of supervisory duties, thereby concluding the related administrative offense proceedings against Mercedes-Benz. In July 2021, the local court of Böblingen issued penal orders against three Mercedes-Benz employees based on, amongst others, fraud, which have become final. The criminal investigation proceedings of the Stuttgart public prosecutor’s office against further Mercedes-Benz employees on the suspicion of, amongst others, fraud have meanwhile been discontinued.

Between 2018 and 2020, the German Federal Motor Transport Authority (KBA) issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and ordered mandatory recalls as well as, in some cases, stops of the first registration. In autumn 2022 and in December 2023, the KBA issued further decisions regarding vehicles equipped with various EU6 or EU5 diesel engines. In each of those cases, it held that certain calibrations of specified functionalities are to be qualified as impermissible defeat devices. Mercedes-Benz has a contrary legal opinion on this question and has filed timely objections against the KBA’s administrative orders and determinations mentioned above. Insofar as the KBA has not remedied the objections, Mercedes-Benz has filed lawsuits with the competent administrative court to have the controversial questions at issue clarified in a court of law. Irrespective of such objections and the lawsuits that are now pending, the Mercedes-Benz Group continues to cooperate fully with the KBA. To a large extent, the remedial actions requested by the KBA were developed by the Mercedes-Benz Group and assessed and approved by the KBA; the necessary recalls were initiated. For some of the vehicles affected by the KBA’s decision from December 2023, developments, examinations and approvals of the remedial measures are still pending. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by the company as a precautionary measure, also with regard to the used car, leasing and financing businesses. In the course of its regular market supervision, the KBA routinely conducts further reviews of Mercedes-Benz vehicles and asks questions about technical elements of the vehicles. In addition, the Group continues to be in a dialogue with the German Federal Ministry for Digital and Transport (BMDV) to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the KBA and the

BMDV, it cannot be ruled out completely that additional administrative orders may be issued in the course of the ongoing and/or further investigations. Since 1 September 2020, this also applies to other responsible authorities of other member states and the European Commission, which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval, and also to the British market surveillance authority DVSA (Driver and Vehicle Standards Agency).

In addition to the aforementioned authorities, authorities of various foreign states, particularly the South Korean Ministry of Environment and the South Korean competition authority (Korea Fair Trade Commission) are conducting various investigations and/or procedures in connection with diesel exhaust emissions. In this context, these South Korean authorities have made determinations and imposed sanctions against Mercedes-Benz which Mercedes-Benz has appealed. In the same context, national antitrust authorities of various countries are also conducting investigations, including the South Korean antitrust authority, which has made certain findings and imposed fines on some car manufacturers. In February 2024, the criminal proceeding in South Korea was concluded.

The Mercedes-Benz Group continues to fully cooperate with the authorities and institutions.

Diesel emission behaviour: consumer actions and other lawsuits in the United States, Germany and other states

In a lawsuit filed by the Environmental Protection Commission of Hillsborough County, Florida in September 2020, the plaintiff claimed that, amongst others, Mercedes-Benz Group AG and MBUSA had violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emission control systems. The lawsuit was dismissed in the third quarter of 2022. The plaintiff's appeal to this decision was dismissed in the third quarter of 2023. The decision is final, and the proceedings are concluded.

Consumer class actions were filed against Mercedes-Benz Group AG in Israel in February 2019 as well as against Mercedes-Benz Group AG and further Group companies in the United Kingdom since May 2020, in the Netherlands since June 2020, in Portugal as well as since November 2022 in Australia. The plaintiffs inter alia assert that the Mercedes-Benz Group had used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NOx) emissions and which cause excessive emissions from vehicles with diesel engines. Furthermore, they claim that Mercedes-Benz Group AG deceived consumers in connection with advertising Mercedes-Benz diesel vehicles. The proceedings in England and Wales consist of several individual lawsuits that have been consolidated into a class action. A class action lawsuit is also pending in Scotland. In these proceedings, allegedly injured parties must actively register for the enforcement of claims (opt-in). The plaintiffs in the consumer class action in England and Wales also allege, among other things, anti-competitive behaviour relating to technology for the treatment of diesel exhaust emissions.

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high emission or consumption values. They refer in particular to the KBA's recall orders (see above). Although the number of pending cases is declining, a future increase cannot be ruled out. Based on similar allegations, the Federation of German Consumer Organizations (Verbraucherzentrale Bundesverband e. V.) filed a model declaratory action (Musterfeststellungsklage) against Mercedes-Benz Group AG with the Stuttgart Higher Regional Court in July 2021. Such an action seeks a ruling that certain preconditions of alleged consumer claims are met. Following a decision of the European Court of Justice in the first quarter of 2023, the German Federal Court of Justice ruled in the second quarter of 2023 that vehicle purchasers are entitled to claim damages against the manufacturer if it intentionally or negligently used an inadmissible defeat device.

Mercedes-Benz Group AG and the respective other affected companies of the Group regard the pending lawsuits set out above as being without merit and continue to defend themselves against the claims.

In addition, investors from Germany and abroad have filed lawsuits for damages with the Stuttgart Regional Court alleging the violation of disclosure requirements (main proceedings) and also raised out-of-court claims for damages. The investors allege that Mercedes-Benz Group AG did not immediately disclose inside information in connection with the emission behaviour of its diesel vehicles and that it had made false and misleading public statements. They further claim that the purchase price of the financial instruments acquired by them (in particular Mercedes-Benz Group shares, formerly Daimler AG shares) would have been lower if Mercedes-Benz Group AG had complied with its disclosure obligations. Mercedes-Benz Group AG regards these allegations and claims as being without merit and will defend itself against them. In this context, the Stuttgart Higher Regional Court initiated model case proceedings under the German Act on Model Case Proceedings in Disputes under Capital Markets Law (KapMuG) in December 2021 (model case proceedings). The purpose of the model case proceedings is to reach a decision that is binding for the main proceedings regarding common factual and legal questions. The main proceedings before the Stuttgart Regional Court will be suspended until a decision is reached on the questions submitted, insofar as they cannot be dismissed independently of the questions to be decided in the model case proceedings. The decision in the model case proceedings is binding for the suspended main proceedings. Multiple investors have used the possibility to register claims in a considerable amount with the model case proceedings in order to suspend the period of limitation. Mercedes-Benz Group AG remains of the view to have duly fulfilled its disclosure obligations under capital markets law and defends itself against the investors' allegations also in these model case proceedings.

Accounting assessment of the legal proceedings in connection with diesel emission behaviour

With respect to the legal proceedings described in the two preceding chapters, in accordance with IAS 37.92 no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed, so as not to prejudice the Mercedes-Benz Group's position. For recognized provisions, this does not apply to the extent that a settlement has been reached or a proceeding has been concluded.

Other legal proceedings

Starting in July 2017, a number of class action suits were filed in the United States and Canada against Mercedes-Benz Group AG and other manufacturers of automobiles as well as a number of their North American subsidiaries. Plaintiffs allege to have suffered damages because defendants engaged in anticompetitive behaviour relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology, since the 1990s. In June 2022, the proceedings in the United States were dismissed with final effect in favour of the concerned Mercedes-Benz Group companies. Furthermore, in 2023, several class actions in Canada were finally dismissed as the plaintiffs discontinued their claims. The Mercedes-Benz Group also expects the

remaining lawsuit pending in Canada to be discontinued and it will continue to defend itself against it until the discontinuance is final. This development leads to a material reduction of the risk associated with the class actions. They therefore no longer qualify for separate reporting, which is why the Mercedes-Benz Group will no longer report on them in the future.

As already reported, class actions in connection with Takata airbags are pending in the United States, Canada and Israel. The lawsuits are based on allegations that, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, Mercedes-Benz Group companies and others were allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to warn consumers about a potential defect and/or to provide an adequate replacement airbag inflator. One of the lawsuits in the United States also asserted claims by automotive recyclers who alleged injury because they were not able to re-sell salvaged airbag inflators that are subject to the Takata recall. This claim has since then been finally dismissed. Also, the remaining consumer class action in the United States was dismissed against Mercedes-Benz Group AG in its entirety, and against MBUSA in part. The plaintiffs have appealed the dismissal of Mercedes-Benz Group AG and the proceedings against MBUSA are still pending. Since February 2023, the class actions in Canada were discontinued by the plaintiffs; one of the class actions was finally dismissed and the formal court dismissal for the other class action is still pending. Mercedes-Benz Group AG continues to regard the pending claims as being without merit, and the affected Group companies will continue to defend themselves against the claims. Contingent liabilities were disclosed to a low extent for this topic.

In October 2021, a number of Australian Mercedes-Benz dealers lodged a claim against Mercedes-Benz Australia/Pacific Pty Ltd (MBAuP) with a Federal Court in Australia. They allege that MBAuP forced the dealers to accept a change in their business model from a dealership model to an agency model and thus deprived them of the goodwill they created through their investments in the Australian Mercedes-Benz dealership network. They seek reinstatement of the dealership model or, alternatively, compensation for the damage they allegedly incurred. In August 2023, the court dismissed the claims in their entirety. In January 2024, the plaintiffs appealed the decision. MBAuP considers those claims to be without merit and continues to defend itself against the claims.

Since 2022, a class action has been pending in the United States alleging claims based on a voluntary recall of certain Mercedes-Benz ML-, GL- and R-Class vehicles produced during the 2004–2015 model years for potentially corroded brake boosters. Among other things, the plaintiffs allege that the brake boosters in such vehicles can corrode and lead to reduced braking force. They allege failure to disclose the claimed defect and assert various claims. A similar class action was filed in Israel. The Mercedes-Benz Group considers the lawsuits to be without merit and defends itself against them.

Accounting estimates and management judgements relating to all legal proceedings

Mercedes-Benz Group AG and its subsidiaries recognize provisions in connection with pending or threatened proceedings to the extent an obligation is probable and can be reasonably estimated. Such provisions are recognized in the Group's Consolidated Financial Statements and are based on estimates. If quantifiable, contingent liabilities in connection with legal proceedings are disclosed in the Group's Consolidated Financial Statements. Risks resulting from legal proceedings sometimes cannot be assessed reliably or only to a limited extent. Consequently, provisions recognized for some legal proceedings may turn out to be insufficient once such proceedings have ended. The Mercedes-Benz Group may also become liable for payments in legal proceedings for which no provisions were recognized and/or contingent liabilities were disclosed. Uncertainty exists with regard to the amounts or due dates of possible cash outflows. Although the final result of any such proceedings could materially affect the Group's operating results and cash flows for a particular reporting period, the Mercedes-Benz Group believes that it should not exert a sustained influence on the Group's financial position.

31. Contingent liabilities and other financial obligations

Contingent liabilities

At 31 December 2023, the best estimate for obligations from **contingent liabilities** was €2,553 million (2022: €4,122 million). The other contingent liabilities are mainly related to the legal proceedings and product warranties described in Note 30. Compared to the previous year, the decrease in contingent liabilities is a result of discontinuing the business activities in Russia and the disposal of contingent liabilities with the realization of the transaction.

Other financial obligations

At 31 December 2023, other financial obligations exist from the **acquisition of intangible assets, property, plant and equipment and lease property** of €5,684 million (2022: €5,729 million).

In addition, the Mercedes-Benz Group issued **irrevocable loan commitments** at 31 December 2023. These loan commitments had not been utilized as of that date. Further information with respect to these irrevocable loan commitments is provided in Note 33.

32. Financial instruments

Carrying amounts and fair values of financial instruments

The table Carrying amounts and fair values of financial instruments shows the carrying amounts and fair values of the respective classes of the Group's financial instruments and contain the Group amounts, including assets and liabilities held for sale. The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The following methods and assumptions were used.

Receivables from financial services

The fair values of receivables from financial services with variable interest rates are estimated to be equal to the respective carrying amounts, because the agreed upon interest rates and those available in the market do not significantly differ. The fair values of receivables from financial services with fixed interest rates are determined on the basis of discounted expected future cash flows. Discounting is based on the current interest rates at which similar loans with identical terms could have been obtained at 31 December 2023 and 31 December 2022.

Trade receivables and cash and cash equivalents

Due to the short terms and the fundamentally lower credit risk of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

Marketable debt securities and similar investments, other financial assets

Marketable debt securities are recognized at fair value through other comprehensive income or at fair value through profit or loss. Similar investments are measured at amortized cost and are not included in the measurement hierarchy, as their carrying amounts are a reasonable approximation of fair value due to the short terms of these financial instruments and the fundamentally low credit risk.

Equity instruments are recognized at fair value through other comprehensive income or at fair value through profit or loss. Equity instruments recognized at fair value through other comprehensive income are included in the table Carrying amounts and fair values of financial instruments and primarily comprise the shares in Sila Nanotechnologies Inc., Momenta Global Limited and Aston Martin Lagonda Global Holdings Plc. The remaining investments recognized at fair value through other comprehensive income comprise further investments not material on an individual basis.

Marketable debt securities and equity instruments recognized at fair value were measured using quoted market prices at the end of the reporting period. If quoted market prices are not available for these debt and equity instruments, fair value measurement is based on inputs that are either directly or indirectly observable in active markets. Fair values are calculated using recognized financial valuation models such as discounted cash flow models or multiples.

Other financial assets recognized at fair value through profit or loss relate to derivative financial instruments not used in hedge accounting. These financial instruments as well as derivative financial instruments used in hedge accounting comprise:

– derivative currency hedging contracts; the fair values of cross-currency interest rate swaps are determined on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) using the market interest rates appropriate to the remaining terms of the financial instruments. The measurement of currency forwards is based on market quotes of forward curves. Currency options are measured with option-pricing models using market data.

– derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) using the

market interest rates appropriate to the remaining terms of the financial instruments.

– derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts and default risks.

Other financial receivables and other financial assets are carried at amortized cost. Because of the predominantly short maturities and the fundamentally lower credit risk of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

Financing liabilities

Financing liabilities are measured at amortized cost. The fair values of bonds, loans, commercial paper, deposits in the direct banking business and liabilities from ABS transactions are calculated as present values of the estimated future cash flows (taking account of credit premiums and credit risks). Market interest rates for the appropriate terms are used for discounting.

Trade payables

Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

Reverse factoring agreements did not change the relevant characteristics of a trade payable for the Group for the liabilities concerned. As a result, there were no reclassifications of these trade payables to financing liabilities.

Contract and refund liabilities

Contract and refund liabilities include obligations from sales transactions that qualify as financial instruments. Obligations from sales transactions should generally be regarded as current. Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

Other financial liabilities

Financial liabilities recognized at fair value through profit or loss comprise derivative financial instruments not used in hedge accounting. For information regarding these financial instruments as well as derivative financial instruments used in hedge accounting, see the notes above under Marketable debt securities and similar investments, other financial assets.

Miscellaneous other financial liabilities are carried at amortized cost. Because of the predominantly short maturities of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

See Note 1 for further qualitative descriptions of accounting for and presentation of financial instruments (including derivative financial instruments).

Carrying amounts and fair values of financial instruments

	At 31 December **2023**		At 31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Receivables from financial services	**88,211**	**89,847**	85,549	86,343
Trade receivables	**7,419**	**7,419**	8,100	8,100
Cash and cash equivalents	**15,972**	**15,972**	17,679	17,679
Marketable debt securities and similar investments	**6,858**	**6,858**	7,060	7,060
Recognized at fair value through profit or loss	**5,611**	**5,611**	4,460	4,460
Recognized at fair value through other comprehensive income	**1,155**	**1,155**	1,641	1,641
Measured at cost	**92**	**92**	959	959
Other financial assets				
Equity instruments and debt instruments	**1,507**	**1,507**	1,439	1,439
Recognized at fair value through profit or loss	**649**	**649**	671	671
Recognized at fair value through other comprehensive income	**858**	**858**	768	768
Other financial assets recognized at fair value through profit or loss	**347**	**347**	584	584
Derivative financial instruments used in hedge accounting	**2,660**	**2,660**	2,463	2,463
Other receivables and miscellaneous other financial assets	**3,013**	**3,013**	3,113	3,113
Financial assets	**125,987**	**127,623**	125,987	126,781
Financing liabilities	**106,517**	**106,007**	109,192	107,417
Trade payables	**12,850**	**12,850**	12,204	12,204
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	**188**	**188**	171	171
Derivative financial instruments used in hedge accounting	**1,115**	**1,115**	2,283	2,283
Miscellaneous other financial liabilities	**5,852**	**5,852**	5,454	5,454
Contract and refund liabilities				
Obligations from sales transactions	**4,236**	**4,236**	4,481	4,481
Financial liabilities	**130,758**	**130,248**	133,785	132,010

Offsetting of financial instruments

The Group concludes derivative transactions in accordance with the master netting arrangements (framework agreement) of the International Swaps and Derivatives Association (ISDA) and comparable national framework agreements. However, these arrangements do not meet the criteria for netting in the Consolidated Statement of Financial Position, as they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counterparties.

The following table shows the carrying amounts of the derivative financial instruments subject to the described arrangements as well as the possible financial effects of netting in accordance with the master netting arrangements.

Disclosure for recognized derivative financial instruments that are subject to an enforceable master netting arrangement or similar agreement

	At 31 December		At 31 December	
	2023	2022	**2023**	2022
	Other financial assets[1]		Other financial liabilities[2]	
In millions of euros				
Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position	**3,007**	3,047	**1,303**	2,454
Amounts subject to a master netting arrangement	**-1,104**	-2,045	**-1,104**	-2,045
Net amounts	**1,903**	1,002	**199**	409

1 The other financial assets which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial assets recognized at fair value through profit or loss (see Note 16).
2 The other financial liabilities which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial liabilities recognized at fair value through profit or loss (see Note 25).

Measurement hierarchy

The following table provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognized at fair value (according to IFRS 13).

At the end of the reporting period, the Group reviews whether reclassifications between the measurement hierarchies are necessary compared to 31 December of the previous year.

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 measurement hierarchy, portfolios managed on the basis of net exposure are applied.

Measurement hierarchy of financial assets and liabilities recognized at fair value

	At 31 December 2023				At 31 December 2022			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Marketable debt securities	**6,766**	**6,712**	**54**	**-**	6,101	5,849	252	-
Recognized at fair value through profit or loss	**5,611**	**5,607**	**4**	**-**	4,460	4,457	3	-
Recognized at fair value through other comprehensive income	**1,155**	**1,105**	**50**	**-**	1,641	1,392	249	-
Equity instruments and debt instruments	**1,507**	**417**	**406**	**684**	1,439	457	339	643
Recognized at fair value through profit or loss	**649**	**59**	**214**	**376**	671	116	124	431
Recognized at fair value through other comprehensive income	**858**	**358**	**192**	**308**	768	341	215	212
Other financial assets recognized at fair value through profit or loss	**347**	**-**	**339**	**8**	584	-	578	6
Derivative financial instruments used in hedge accounting	**2,660**	**-**	**2,660**	**-**	2,463	-	2,463	-
Financial assets recognized at fair value	**11,280**	**7,129**	**3,459**	**692**	10,587	6,306	3,632	649
Financial liabilities recognized at fair value through profit or loss	**188**	**-**	**188**	**-**	171	-	171	-
Derivative financial instruments used in hedge accounting	**1,115**	**-**	**1,115**	**-**	2,283	-	2,283	-
Financial liabilities recognized at fair value	**1,303**	**-**	**1,303**	**-**	2,454	-	2,454	-

1 Fair value measurement is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement is based on inputs, that are observable on an active market either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3 Fair value measurement is based on inputs, for which no observable market data is available.

The following table shows into which measurement hierarchies (according to IFRS 13) the fair values of the financial assets and liabilities are classified, which are not recognized at fair value in the Consolidated Statement of Financial Position.

Measurement hierarchy of financial assets and liabilities not recognized at fair value

	At 31 December **2023**				At 31 December 2022			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Fair values of financial assets measured at cost								
Receivables from financial services	**89,847**	**-**	**89,847**	**-**	86,343	-	86,343	-
Fair values of financial liabilities measured at cost								
Financing liabilities	**106,007**	**49,437**	**56,570**	**-**	107,417	38,729	68,688	-
thereof bonds	**55,046**	**49,437**	**5,609**	**-**	52,668	38,729	13,939	-
thereof liabilities from ABS transactions	**15,696**	**-**	**15,696**	**-**	16,839	-	16,839	-
thereof other financing liabilities	**35,265**	**-**	**35,265**	**-**	37,910	-	37,910	-

1 Fair value measurement is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement is based on inputs that are observable on an active market either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3 Fair value measurement is based on inputs for which no observable market data is available.

Measurement categories

Carrying amounts of financial instruments according to measurement categories[1]

	At 31 December	
	2023	2022
In millions of euros		
Financial assets measured at (amortized) cost	**95,472**	96,549
Receivables from financial services[2]	**68,976**	66,698
Trade receivables	**7,419**	8,100
Cash and cash equivalents	**15,972**	17,679
Marketable debt securities and similar investments	**92**	959
Other receivables and miscellaneous other financial assets	**3,013**	3,113
Financial assets recognized at fair value through other comprehensive income	**2,013**	2,409
Marketable debt securities and similar investments	**1,155**	1,641
Equity instruments and debt instruments	**858**	768
Financial assets recognized at fair value through profit or loss	**6,607**	5,715
Marketable debt securities and similar investments	**5,611**	4,460
Equity instruments and debt instruments	**649**	671
Other financial assets recognized at fair value through profit or loss[3]	**347**	584
Financial liabilities measured at (amortized) cost	**129,451**	131,324
Trade payables	**12,850**	12,204
Financing liabilities[4]	**106,517**	109,192
Miscellaneous other financial liabilities[5]	**5,848**	5,447
Obligations from sales transactions	**4,236**	4,481
Financial liabilities recognized at fair value through profit or loss[3]	**188**	171

1 The carrying amounts of derivative financial instruments used in hedge accounting are not included in the table as these financial instruments are not assigned to a measurement category.
2 This does not include lease receivables of €19,235 million (2022: €18,851 million) as these are not assigned to a measurement category.
3 These amounts relate to derivative financial instruments that are not included in hedge accounting.
4 This does not include liabilities from lease transactions of €2,207 million (2022: €2,645 million) as these are not assigned to a measurement category.
5 This does not include financial guarantees of €4 million (2022: €7 million) as these are not assigned to a measurement category.

Net gains or losses

The following table shows the net gains/losses on financial instruments included in the Consolidated Statement of Income (excluding derivative financial instruments used in hedge accounting).

Net gains/losses

In millions of euros	**2023**	2022
Equity and debt instruments recognized at fair value through profit or loss	**-21**	-173
Other financial assets and financial liabilities recognized at fair value through profit or loss[1]	**-49**	94
Equity instruments recognized at fair value through other comprehensive income	**4**	4
Other financial assets recognized at fair value through other comprehensive income	**-**	-7
Financial assets measured at (amortized) cost	**-760**	-651
Financial liabilities measured at (amortized) cost	**109**	-172

1 The amounts relate to derivative financial instruments that are not used in hedge accounting.

Net gains/losses on equity and debt instruments recognized at fair value through profit or loss primarily comprise gains and losses attributable to changes in the fair values of these instruments.

Net gains/losses on other financial assets and liabilities recognized at fair value through profit or loss comprise gains and losses attributable to changes in their fair values.

Net gains/losses on equity instruments recognized at fair value through other comprehensive income comprise dividend payments.

Net gains/losses on other financial assets recognized at fair value through other comprehensive income are primarily attributable to exchange-rate effects.

Net gains/losses on financial assets measured at (amortized) cost (excluding the interest income/expense shown below) primarily comprise impairment losses (including reversals of impairment losses) of minus €406 million (2022: minus €610 million) that are charged to cost of sales, selling expenses and other financial income/expense, net. Foreign currency gains and losses are also included.

Net gains/losses on financial liabilities measured at (amortized) cost (excluding the interest income/expense shown below) primarily comprise exchange-rate effects.

Total interest income and total interest expense

Total interest income and total interest expense for financial assets or financial liabilities that are not recognized at fair value through profit or loss are shown in the following table.

Total interest income and total interest expense

In millions of euros	**2023**	2022
Total interest income	**5,528**	4,571
thereof from financial assets and liabilities measured at (amortized) costs	**5,458**	4,550
thereof from financial assets recognized at fair value through other comprehensive income	**70**	21
Total interest expense	**-2,936**	-1,980
thereof from financial assets and liabilities measured at (amortized) costs	**-2,936**	-1,980
thereof from financial assets recognized at fair value through other comprehensive income	**-**	-

Information on derivative financial instruments

Use of derivatives

The Mercedes-Benz Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operating or refinancing activities or from its liquidity management. These are mainly currency risks; interest rate risks and commodity price risks, which have been defined as risk categories. For these hedging purposes, the Group mainly uses currency forward transactions, cross-currency interest rate swaps, interest rate swaps, options and commodity forwards.

The following table shows the amounts for the transactions designated as hedging instruments.

Most of the transactions for which the effects from the measurement of the hedging instrument and the underlying transaction to a large extent offset each other in the Consolidated Statement of Income were mostly not included in the hedge accounting.

Even if derivative financial instruments do not or no longer qualify for hedge accounting, these instruments still serve to hedge financial risks from business operations. A hedging instrument is terminated when the hedged transaction no longer exists or is no longer expected to occur.

Explanations of the hedging of exchange-rate risks, interest rate risks and commodity price risks can be found in Note 33 in the sub-item Finance market risk.

Amounts for the transactions designated as hedging instruments

	Currency risk				Interest rate risk		Commodity price risk	
	Cash flow hedges[1]		Cash flow hedges[2]		Fair-value hedges[2]		Cash flow hedges[1]	
	At 31 December		At 31 December		At 31 December		At 31 December	
In millions of euros	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Carrying amount of the hedging instruments								
Other financial assets current	**904**	442	**100**	23	**33**	2	**1**	1
Other financial assets non-current	**760**	456	**858**	1,539	**4**	-	**-**	-
Other financial liabilities current	**265**	629	**7**	7	**45**	36	**-**	-
Other financial liabilities non-current	**181**	376	**44**	44	**573**	1,191	**-**	-
Fair value changes[3]	**1,877**	1,321	**-628**	1,334	**625**	-1,820	**-**	5

1 Includes the following hedging instruments: currency forwards, currency options, currency swaps and commodity forwards.
2 Includes the following hedging instruments: interest rate swaps, cross-currency interest rate swaps.
3 Gains and losses from hedging instruments used for recognizing hedge ineffectiveness.

Cash flow hedges and hedges of net investments in foreign operations

The Mercedes-Benz Group uses cash flow hedges for hedging currency risks, interest rate risks and commodity price risks. The amounts related to items designated as cash flow hedges are shown in the following table.

The Group also partially hedges the currency risk of selected investments with the application of derivative or non-derivative financial instruments. Neither in the reporting year nor in the previous year were there any active hedges of net investments in foreign operations.

Cash flow hedges and hedges of net investments in foreign operations

	2023			2022		
	Currency risk	Interest rate risk	Commodity price risk	Currency risk	Interest rate risk	Commodity price risk
In millions of euros						
Fair-value changes of the hedged items[1]	**-1,879**	**628**	**-**	-1,319	-1,334	-5
Balance of the reserves for derivative financial instruments (before taxes)						
Continuing hedges	**1,858**	**870**	**-**	1,339	1,501	1
Discontinued/terminated hedges	**42**	**-**	**-**	-229	-4	-
thereof hedges of net investments in foreign operations	**-270**			-270		

1 Fair-value changes of the hedged items used for recognizing hedge ineffectiveness.

The gains and losses on items designated as cash flow hedges are shown in the following table.

Expenses of €2 million (2022: income of €2 million) were attributable to the hedge ineffective portion of the hedges.

During 2022, shifts in delivery dates and volumes occurred in various markets, making some planned vehicle sales in specific currencies unlikely, with the consequence that hedge accounting for these sales had to be terminated.

This particularly affected the currency CNY as a consequence of the Covid-19 pandemic. The reclassification from the reserves for derivative financial instruments to the Consolidated Statement of Income did not result in any material effects.

Gains and losses on cash flow hedges and hedges of net investments in foreign operations

	Currency risk		Interest rate risk		Commodity price risk
In millions of euros					
Line item in the Statement of Income in which the reclassifications are included	Revenues	Cost of sales	Cost of sales	Interest expense	Cost of sales
2023					
Gains and losses recognized in other comprehensive income	**1,979**	**-100**	**-100**	**-528**	**-**
Reclassification of gains and losses from reserves for derivative financial instruments to the statement of income					
For hedges for which the hedged future cash flows are no longer expected to occur	**-70**	**3**	**-1**	**-**	**-**
For hedges that have been transferred because the hedged item has affected profit or loss	**-1,111**	**-**	**-13**	**29**	**-**
2022					
Gains and losses recognized in other comprehensive income	1,313	6	152	1,183	5
Reclassification of gains and losses from reserves for derivative financial instruments to the statement of income					
For hedges for which the hedged future cash flows are no longer expected to occur	6	-2	-	-	-
For hedges that have been transferred because the hedged item has affected profit or loss	1,045	-	-20	31	-

Fair-value hedges

The Group uses fair-value hedges primarily for hedging interest rate risks. The amounts of the items hedged with fair-value hedges are included in the following table.

Fair-value hedges

	Interest rate risk	
	2023	2022
In millions of euros		
Carrying amounts of the hedged items		
Financing liabilities current	**4,203**	3,395
Financing liabilities non-current	**14,177**	17,943
thereof hedge adjustments		
Financing liabilities current	**-44**	-33
Financing liabilities non-current	**-599**	-1,192
Fair-value changes of the hedged items[1]	**-625**	1,820
Accumulated amount of hedge adjustments from inactive hedges remaining in the statement of financial position	**8**	8

1 Fair-value changes of the hedged items used for recognizing hedge ineffectiveness.

Neither in the current year nor in the previous year were there any results attributable to the ineffective portion of the hedge with fair-value hedges.

Reserves for derivative financial instruments

The following table shows the reconciliation of the reserves for derivative financial instruments (excluding reserves for hedges of net investments in foreign operations).

At 31 December 2023, the balance of reserves for hedges of net investments in foreign operations amounted to €189 million (2022: €189 million).

Reconciliation of reserves for derivative financial instruments

	Reserves for derivative financial instruments		Thereof reserves for hedge costs	
	2023	2022	**2023**	2022
In millions of euros				
Balance at 1 January	**984**	-642	**-1,048**	-74
Unrealized gains/losses before taxes	**1,168**	878	**-82**	-1,772
Currency risk	**1,799**	-446	**-79**	-1,767
Interest rate risk	**-631**	1,320	**-3**	-5
Commodity price risk — inventory purchases	**-**	4	**-**	-
Reclassification to profit and loss before taxes	**-474**	1,490	**688**	428
Currency risk	**-489**	1,479	**688**	428
Interest rate risk	**15**	11	**-**	-
Reclassification to cost of acquisition of non-financial assets before taxes	**35**	-83	**-51**	-42
Currency risk — procurement	**37**	-74	**-51**	-42
Commodity price risk — inventory purchases	**-2**	-9	**-**	-
Other changes	**-1**	-1	**1**	-1
Taxes on changes in unrealized gains/losses and reclassifications	**-227**	-658	**-166**	413
Balance at 31 December	**1,485**	984	**-658**	-1,048

Nominal values of derivative financial instruments used in hedge accounting

At 31 December 2023, the Mercedes-Benz Group utilized derivative financial instruments with a maximum maturity of 71 and 115 months, respectively, (2022: 57 and 127 months) as hedges for currency risks and interest rate risks.

The following table shows the nominal values of derivative financial instruments used in hedge accounting entered into for the purpose of hedging currency risks, interest rate risks and commodity price risks that arise from the Group's operating and/or financing activities.

The maturities of the derivative financial instruments generally correspond with those of the underlying transactions. The realization of the underlying transactions is expected to correspond with the maturities of the hedging transactions shown in the following table.

Nominal amounts of derivative financial instruments used in hedge accounting

	At 31 December **2023**				At 31 December 2022			
	Maturity of nominal amounts				Maturity of nominal amounts			
In millions of euros	<1 year	1 year up to 5 years	>5 years	Total	<1 year	1 year up to 5 years	>5 years	Total
Currency risk	**24,200**	**18,297**	**50**	**42,547**	27,727	27,945	-	55,672
Interest rate risk	**8,635**	**27,961**	**2,795**	**39,391**	5,764	30,967	6,857	43,588
Fair-value hedges	**4,403**	**13,144**	**1,593**	**19,140**	4,174	15,229	3,521	22,924
thereof major hedging instruments affected by the reform of the interest rate benchmark								
in the currency USD	**-**	**-**	**-**	**-**	1,195	2,813	1,336	5,344
Cash flow hedges	**4,232**	**14,817**	**1,202**	**20,251**	1,590	15,738	3,336	20,664
thereof major hedging instruments affected by the reform of the interest rate benchmark[1]								
in the currency USD	**-**	**-**	**-**	**-**	-	2,578	1,336	3,914
Commodity price risk	**-**	**-**	**-**	**-**	7	-	-	7

1 The volumes of risk exposure in cash flow hedges directly affected by the reform of the interest rate benchmark are generally in line with the reported nominal values of the hedging instruments because of the basic hedging ratio of 1. Further information on the reform of the interest rate benchmark is provided in Note 33.

Average prices of hedging instruments

The following table shows the average prices of hedging instruments by risk category for the major risks.

Average prices of hedging instruments for the major risks

	At 31 December	
	2023	2022
Currency risk		
USD per €	**1.10**	1.10
CNY per €	**7.29**	7.37
GBP per €	**0.88**	0.87
Interest rate risk		
Fair-value hedges		
Average interest rate — €	**-2.95%**	-0.95%
Average interest rate — USD	**-2.99%**	-1.46%
Cash flow hedges		
Average interest rate — €	**3.72%**	2.08%
Average interest rate — USD	**3.21%**	1.87%
Commodity price risk		
Platinum (in USD per troy ounce)	**-**	884

33. Management of financial risks

General information on financial risks

As a result of its businesses and the global nature of its operations, the Mercedes-Benz Group is exposed to market risks from changes in foreign currency exchange-rates and interest rates, while price risks arise from the procurement of raw materials and energy, for example. An equity price risk results from investments in listed companies. In addition, the Group is exposed to credit risks from its leasing and mainly financing activities and from its business operations (trade receivables). Furthermore, the Group is exposed to country and liquidity risks relating to its credit and market risks or a deterioration of its business operations or financial market disturbances. If these financial risks materialize, they could adversely affect the Group's profitability, liquidity and capital resources and financial position.

The Mercedes-Benz Group has established internal policies for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and the related controlling. The guidelines upon which the Group's risk management processes for financial risks are based are designed to identify and analyse these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products.

The Group manages and monitors these risks primarily through its operating and financing activities and, if required, through the use of derivative financial instruments. The Mercedes-Benz Group uses derivative financial instruments exclusively for hedging financial risks that arise from its business operations or refinancing activities or liquidity management. Without these derivative financial instruments, the Group would be exposed to higher financial risks. Additional information on financial instruments and especially on the volumes of the derivative financial instruments used is included in Note 32. The Mercedes-Benz Group regularly evaluates its financial risks with due consideration of changes in key economic indicators and up-to-date market information.

The market sensitive instruments, including equity and debt securities, that the plan assets hold to finance pension and other post-employment healthcare benefits, are not included in the following quantitative and qualitative analysis. See Note 22 for additional information on the Mercedes-Benz Group's pension and post-employment healthcare benefits.

Credit risk

Credit risk describes the risk of financial loss resulting from a counterparty failing to meet its contractual payment obligations. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts at the balance sheet date (without consideration of collateral, if available). There is also a risk of default from irrevocable loan commitments which had not been utilized as of that date, as well as from financial guarantees. The maximum risk position in these cases is equal to the expected future cash outflows.

The following table shows the maximum risk positions at the balance sheet date.

Maximum risk positions of financial assets, irrevocable loan commitments and financial guarantees[1]

		Maximum risk position	
	Note	**2023**	2022
In millions of euros			
Liquid assets		**22,830**	24,739
Receivables from financial services	14	**88,211**	85,549
Trade receivables	19	**7,419**	8,100
Derivative financial instruments used in hedge accounting (assets only)	32	**2,660**	2,463
Derivative financial instruments not used in hedge accounting (assets only)	32	**347**	584
Other receivables and financial assets	32	**3,013**	3,113
Irrevocable loan commitments		**2,476**	3,234
Financial guarantees		**284**	551

1 The maximum exposure information presented in the table refers to Group amounts, including assets and liabilities held for sale.

Liquid assets

Liquid assets consist of cash and cash equivalents and marketable debt securities and similar investments. With the investment of liquid assets, banks and issuers of securities are selected very carefully and diversified in accordance with a limit system. Liquid assets are mainly held at financial institutions within and outside Europe with high creditworthiness, as bonds issued by German federal states and as money market funds. In connection with investment decisions, priority is placed on the borrower's very high creditworthiness and on balanced risk diversification. The limits and their utilization are reassessed continuously. In this assessment, the Mercedes-Benz Group also considers the credit risk assessment of its counterparties by the capital markets. In line with the Group's risk policy, most liquid assets are held in investments with an external rating of "A" or better. Liquid assets are thus not subject to a material credit risk and are allocated to stage 1 of the impairment model under IFRS, which is based on expected credit risk.

Receivables from financial services

The Mercedes-Benz Group's financing and leasing activities are primarily focused on supporting the sales of the Group's automotive products. As a consequence of these activities, the Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. The Mercedes-Benz Group manages its credit risk irrespective of whether it is related to a financing contract or to an operating lease or a finance lease contract. For this reason, statements concerning the credit risk of Mercedes-Benz Mobility refer to the entire financing and leasing business, unless otherwise specified.

Exposure to credit risk from financing and lease activities is monitored based on the portfolio subject to credit risk. The portfolio subject to credit risk consists of wholesale and retail receivables from financial services and the portion of the operating lease portfolio that is subject to credit risk. Receivables from financial services comprise claims arising from finance lease contracts and repayment claims from financing loans. The operating lease portfolio is reported under equipment on operating leases in the Group's Consolidated Statement of Financial Position. Lease payments due from operating lease contracts are recognized in receivables from financial services.

The Mercedes-Benz Mobility segment has policies setting the framework for effective risk management at a global as well as a local level. In particular, these policies deal with minimum requirements for all risk-relevant credit processes, the definition of financing products offered, the evaluation of customer quality, requests for collateral and the treatment of unsecured loans and non-performing claims. The limitation of concentration risks is implemented primarily by means of global limits, which refer to customer exposures. To comply with these limits, Mercedes-Benz Mobility applies approval standards and measures to avoid concentration risks. Only one customer was granted a credit line in the form of a large loan. The Mercedes-Benz Mobility portfolio consists of a large number of small and medium-sized enterprises and private customers from more than 30 countries. At 31 December 2023, this segment accounted for 72% of the portfolio.

With respect to its financing and lease activities, the Group holds collateral for customer transactions limiting actual credit risk through its fair value. The value of collateral generally depends on the amount of the financed assets. The financed vehicles usually serve as collateral. Furthermore, Mercedes-Benz Mobility limits credit risk from financing and lease activities, for example through deposits from customers.

For the assessment of the default risk of retail and small business customers, scoring systems are applied to evaluate their creditworthiness. Corporate customers are evaluated using internal rating instruments. Both evaluation processes use external credit bureau data if available. The scoring and rating results as well as the availability of security and other risk mitigation instruments, such as deposits, guarantees and, to a lesser extent, residual debt insurances, are essential elements for credit decisions.

If, in connection with contracts, a worsening of payment behaviour or other causes of a credit risk are recognized, collection procedures are initiated by claims management to obtain the overdue payments of the customer, to take possession of the asset financed or leased or, alternatively, to renegotiate the impaired contract. Internal restructuring policies and practices for loan and leasing contracts are based on the indicators or criteria which, in the judgement of local management, indicate that repayment will probably continue and that the total proceeds expected to be derived from the renegotiated contract exceed the expected proceeds to be derived from immediate repossession and remarketing. In the case of receivables from financial services, significant modifications of financial assets were only made in rare cases and to an insignificant extent.

The allowance ratio decreased compared to the previous year due to the sale of the Russian Mercedes-Benz Mobility companies for which very high provisions were recorded in 2022. The default rate has increased compared to the very low figures in the previous year, mainly due to a challenging lending environment in the United States.

For information on credit risks included in receivables from financial services, see Note 14. Information on the measurement of expected credit losses is provided in Note 1.

Trade receivables

Trade receivables are mostly receivables from worldwide sales of vehicles and spare parts. The credit risk from trade receivables encompasses the default risk of customers, e.g. dealers and general distribution companies, as well as other corporate and private customers. In order to identify credit risks, the Mercedes-Benz Group assesses the creditworthiness of customers. The Mercedes-Benz Group manages its credit risk from trade receivables using appropriate IT applications and databases on the basis of internal policies which have to be followed Group-wide.

A significant proportion of the trade receivables from each country's domestic business is secured by various country-specific types of collateral. This collateral includes conditional sales, guarantees and sureties, as well as mortgages and deposits from customers.

For trade receivables from the export business, the Mercedes-Benz Group also evaluates its customers' creditworthiness by means of an internal rating process with consideration of the respective country risk.

In this context, the Annual Financial Statements and other relevant information on the general distribution companies, such as payment history, are used and assessed.

Depending on the creditworthiness of the customers, the Mercedes-Benz Group establishes credit limits and limits credit risks with the following types of collateral:

– credit insurances,

– first-class bank guarantees and

– letters of credit.

These procedures are defined in the export credit guidelines, which have Group-wide validity.

For impairments of trade receivables, the simplified approach is applied, according to which these receivables are allocated to stage 2. Credit losses until maturity for these trade receivables are recognized upon initial recognition.

Further information on trade receivables and the status of loss allowances recognized is provided in Note 19.

Derivative financial instruments

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operational business, financing activities or liquidity management. The Mercedes-Benz Group manages its credit risk exposure in connection with derivative financial instruments through a limit system, which is based on the review of each counterparty's financial strength. This system limits and diversifies the credit risk. As a result, the Mercedes-Benz Group is exposed to credit risk only to a small extent with respect to its derivative financial instruments. In accordance with the Group's risk policy, most derivatives are contracted with counterparties which have an external rating of "A" or better.

Other receivables and financial assets

The Mercedes-Benz Group is exposed to credit risk only to a small extent with respect to other receivables and financial assets included in other financial assets in 2023 and 2022.

Irrevocable loan commitments

The Mercedes-Benz Mobility segment in particular is exposed to credit risk from irrevocable loan commitments to end customers and retailers. At 31 December 2023, irrevocable loan commitments amounted to €2,476 million (2022: €3,234 million). These loan commitments had a maturity of less than one year and are not subject to a material credit risk based on the current state of knowledge.

Financial guarantees

The maximum potential obligations resulting from financial guarantees amounted to €284 million at 31 December 2023 (2022: €551 million) and included liabilities recognized at 31 December 2023 in the amount of €4 million (2022: €7 million). Financial guarantees represent contractual arrangements. These guarantees generally provide that in the event of default or nonpayment by the primary debtor, the Group will be required to settle such financial obligations generally up to a contractually agreed amount.

Country risk

Country risk is the risk of economic loss arising from changes of political, economic, legal or social conditions in the respective country, e.g. resulting from sovereign measures such as expropriation or interdiction of foreign currency transfers.

The Mercedes-Benz Group is exposed to country risk mainly resulting from cross-border funding or collateralization of Group companies and customers, from investments in Group companies, associated companies, joint ventures and joint operations as well as from cross-border trade receivables. Country risks also arise from cross-border cash deposits at financial institutions.

The Mercedes-Benz Group manages these risks via country exposure limits (e.g. for hard currency portfolios of financial services entities). An internal rating system serves as a basis for the Mercedes-Benz Group's risk-oriented country exposure management; it assigns all countries to risk classes, with consideration of both external ratings and capital market indications of country risks.

Liquidity risk

Liquidity risk comprises the risk that a company cannot meet its financial obligations in full.

The Mercedes-Benz Group manages its liquidity by holding adequate volumes of liquid assets and by maintaining syndicated credit facilities in addition to the cash inflows generated by its business operations. Additionally, the possibility to securitize receivables of the financial services business (ABS transactions) also reduces the Group's liquidity risk. Liquid assets comprise cash and cash equivalents and marketable debt securities and similar investments. The Group can dispose of these liquid assets at short notice.

Insofar as reverse factoring agreements are entered into, they have no influence on the liquidity risk of the Mercedes-Benz Group, as they relate to a large number of investors and have no impact on the payment terms of the trade payables concerned.

The funds raised are used to finance working capital and capital expenditure as well as the cash needs of the leasing and sales-financing business and unexpected liquidity needs. In accordance with internal policies, the refunding of the leasing and sales-financing business is generally carried out with matching maturities so that financing liabilities have the same maturity profile as the equipment on operating leases and the receivables from financial services.

At 31 December 2023, the liquidity of the Mercedes-Benz Group amounted to €22.8 billion (2022: €24.7 billion). In 2023, significant cash inflows resulted from the business of the Mercedes-Benz Cars and Mercedes-Benz Vans segments. Furthermore, dividends received from Daimler Truck Holding AG and Beijing Benz Automotive Co., Ltd. in particular had a positive effect on liquidity. Cash outflows resulted in particular from investments in intangible assets and property, plant and equipment, income taxes paid, the dividend payment to the shareholders of Mercedes-Benz Group AG and payments made as part of the share buyback programme. Moreover, there were negative effects from the leasing and sales financing business at Mercedes-Benz Mobility.

From an operating point of view, the management of the Group's liquidity exposures is centralized by a daily cash-pooling process. This process enables the Mercedes-Benz Group to manage its liquidity surplus and liquidity requirements according to the actual needs of the Group and of the companies of the Group. The Group's short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations.

In general, the Mercedes-Benz Group makes use of a broad spectrum of financial instruments to cover its funding requirements. Depending on funding requirements and market conditions, the Mercedes-Benz Group issues commercial papers, bonds (including green bonds), debt obligations and financial instruments secured by receivables in various currencies. Bank credit facilities are also used to cover financing requirements. Potential downgrades of the Mercedes-Benz Group's credit ratings could have a negative impact on the Group's financing. Since July 2018, the Mercedes-Benz Group has had at its disposal a syndicated credit facility with a volume of €11 billion from a consortium of international banks. It grants the Mercedes-Benz Group additional financial flexibility until 2025. The credit line was unused as of 31 December 2023. In addition, customer deposits at Mercedes-Benz Bank are used as a further source of refinancing.

Information on the Group's financing liabilities is also provided in Note 24.

The following liquidity runoff shows how the cash flows in connection with liabilities, derivative financial instruments and irrevocable loan commitments and financial guarantees as at 31 December 2023 may affect the Group's future liquidity situation.

Liquidity runoff for liabilities and financial guarantees[1]

In millions of euros	Total	2024	2025	2026	2027	2028	≥ 2029
Financing liabilities[2]	117,383	47,842	26,397	16,673	6,559	4,252	15,660
thereof lease liabilities (undiscounted)	2,444	500	430	341	275	217	681
Derivative financial instruments[3]	951	635	197	78	45	-1	-3
thereof with gross settlement	545	389	111	38	16	-6	-3
Cash outflows	19,129	14,157	2,913	1,161	630	220	48
Cash inflows	-18,584	-13,768	-2,802	-1,123	-614	-226	-51
thereof with net settlement	406	246	86	40	29	5	-
Cash outflows	406	246	86	40	29	5	-
Trade payables[4]	12,828	12,826	1	1	-	-	-
Miscellaneous other financial liabilities excluding accrued interest and liabilities from financial guarantees	5,001	4,225	305	192	142	87	50
Obligations from sales transactions	4,236	4,236	-	-	-	-	-
Irrevocable loan commitments[5]	2,476	2,476	-	-	-	-	-
Financial guarantees[6]	284	284	-	-	-	-	-
	143,159	72,524	26,900	16,944	6,746	4,338	15,707

1 The amounts were calculated as follows:
(a) If the counterparty can request payment at different dates, the liability is included on the basis of the earliest date on which the Mercedes-Benz Group can be required to pay. The customer deposits of Mercedes-Benz Bank are mostly considered in this analysis to mature within the first year.
(b) The cash flows of floating-interest financial instruments are estimated on the basis of forward rates.
2 The stated cash flows of financing liabilities consist of their undiscounted principal and interest payments.
3 The undiscounted sum of the cash flows of the derivative financial liabilities is shown for the respective year.
4 The cash outflows of trade payables are undiscounted.
5 The maximum available amounts are stated.
6 The maximum potential obligations under the issued financial guarantees are stated. It is assumed that the amounts are due within the first year.

Finance-market risks

The global nature of its businesses exposes the Mercedes-Benz Group to significant market risks resulting from fluctuations in foreign currency exchange-rates and interest rates as well as commodity and energy prices. The Group is also exposed to equity price risk in connection with its investments in listed companies.

The Mercedes-Benz Group manages market risks to minimize the impact of fluctuations in foreign exchange-rates and interest rates on the earnings of the Group and its segments. The Group calculates its overall net-exposure to these market risks to provide the basis for hedging decisions, which include the selection of hedging instruments and the determination of hedging volumes and the corresponding periods. The hedging strategy is specified at Group level and uniformly implemented in the segments. Decisions regarding, for example, currencies and asset-liability management (interest rates) are made by a committee that meets regularly. Net-exposures are the basis for the hedging strategies and are updated regularly. The Mercedes-Benz Group usually counteracts the risk of short-term fluctuations in raw-material prices by means of price escalation clauses in the supply contracts. Power purchase agreements are also concluded to reduce electricity price risks. Power purchase agreements are purchase agreements for energy needs, including fixed purchase prices of the electricity generated by a specific plant for generating wind or solar power.

Certain existing benchmark interest rates including those of the London Interbank Offered Rate (for USD, GBP, CHF and JPY) were comprehensively and internationally reformed. As a result, those interest rates were gradually abolished and replaced with alternative risk-free reference rates. Alternative interest rates were developed on a national level in the context of the respective legal systems and currencies; they can therefore vary with regard to their structure, methodology and period of publication.

As the reform for EURIBOR and USD, GBP, CHF and JPY LIBOR has already been implemented, the contractual adjustment of financial instruments has already been made in line with a corresponding interest rate reference.

The conversion of the outstanding reference rates of hedging instruments and their underlying transactions was identical and without any material delay. The Mercedes-Benz Group considered the economic relationship and thus the continuation of hedge accounting to be still existing as of 31 December 2022.

The nominal values of those hedging instruments that were affected in the prior year and are included in a hedging relationship can be found in table Nominal amounts of derivative financial instruments used in hedge accounting in Note 32.

The effect of the application of the new interest rates on the Consolidated Financial Statements is being reviewed on an ongoing basis. In order to conduct financial transactions based on the new indices, the Mercedes-Benz Group is preparing its relevant IT-systems accordingly. Uncertainty still exists about future market standards with interest conventions for individual financial products (cash products and interest derivatives) that reference the new risk-free rates. Contracts not yet converted as part of the IBOR reform in the previous year (USD LIBOR) amounted to €4,790 million in financial liabilities and €9,258 million in derivatives as of 31 December 2022.

As part of its risk management system, the Mercedes-Benz Group employs value-at-risk analyses. In performing these analyses, the Mercedes-Benz Group quantifies its market risk due to changes in foreign currency exchange-rates and interest rates and certain commodity prices on a regular basis by predicting the potential loss over a target time horizon (holding period) and confidence level.

The value-at-risk calculations employed:

– Express potential losses in fair values, and

– assume a 99% confidence level and a holding period of five days.

At the Group level, the Mercedes-Benz Group calculates the value at risk for exchange-rate and interest rate risk according to the variance-covariance approach. The value-at-risk calculation method for commodity hedging instruments is based on a Monte Carlo simulation.

When calculating value at risk using the variance-covariance approach, the Mercedes-Benz Group first computes the current market value of the Group's financial instruments portfolio. Then the sensitivity of the portfolio value to changes in the relevant market risk factors, such as particular foreign currency exchange-rates or interest rates of specific maturities, is quantified. Based on volatilities and correlations of these market risk factors, which are obtained from the RiskMetrics™ dataset, a statistical distribution of potential changes in the portfolio value at the end of the holding period is computed. The loss which is reached or exceeded with a probability of only 1% can be derived from this calculation and represents the value at risk.

The Monte Carlo simulation uses random numbers to generate possible changes in market risk factors consistent with current market volatilities. The changes in market risk factors allow the calculation of a possible change in the portfolio value over the holding period. Running multiple iterations of this simulation leads to a distribution of portfolio value changes. The value at risk can be determined based on this distribution as the portfolio value loss which is reached or exceeded with a probability of 1%.

Exchange-rate risk

Transaction risk and currency risk management

The global nature of the Mercedes-Benz Group's businesses exposes cash flows to risks arising from fluctuations in exchange-rates. These risks primarily relate to fluctuations between the euro and the US dollar, the Chinese renminbi, the British pound and other currencies such as currencies of growth markets. In the operating vehicle business, the Group's exchange-rate risk primarily arises when revenue is generated in a currency that is different from the currency in which the costs of revenue are incurred (transaction risk). It may be inadequate to cover the costs if the value of the currency in which the revenue is generated declined in the interim relative to the value of the currency in which the costs were incurred. The risk exposures serve as a basis for analysing exchange-rate risks at Group level. In addition, the Group is indirectly exposed to a transaction risk from its equity-method investments.

The Group's overall currency exposure is reduced by natural hedging, which consists of the currency exposures of the business operations of different entities and segments partially offsetting each other at Group level. These natural hedges eliminate the need for hedging to the extent of the matched exposures. To provide an additional natural hedge against any remaining transaction risk exposure, the Mercedes-Benz Group generally strives to increase cash outflows in the same currencies in which the Group has a net excess inflow.

In order to mitigate the impact of currency exchange-rate fluctuations for the business operations (future transactions), the Mercedes-Benz Group continually assesses its exposure to exchange-rate risks and hedges a portion of those risks by using derivative financial instruments. A committee manages the Group's exchange-rate risk and its hedging transactions through currency derivatives. The committee consists of representatives of the relevant segments and corporate functions. The Corporate Treasury department aggregates foreign currency exposures from the companies of the Group and the operational units and implements the committee's decisions concerning foreign currency hedging through transactions with international financial institutions. Suitable measures are generally taken without delay to eliminate any over-hedging regarding hedging transactions caused by changes in exposure. Moreover, designated hedging relationships are reviewed with respect to any requirements to discontinue hedge accounting.

The Group's targeted hedge ratios for forecast operating cash flows in foreign currencies are generally determined using a step-by-step method. Depending on the nature of the underlying risks, the hedging rates decrease the further the expected cash flows are in the future. On the one hand, the hedging horizon is naturally limited by uncertainty related to cash flows that lie far in the future; on the other hand, it may also be limited by the fact that appropriate currency contracts are not available. This step-by-step method aims to limit risks for the Group from unfavourable movements in exchange-rates while preserving sufficient flexibility to participate in favourable developments. Based on this step-by-step method and depending on the market outlook, the committee determines the hedging horizon, which usually varies from one to five years, as well as the average hedge ratios. At the end of 2023, the currency management for calendar year 2024 showed an unhedged position in the automotive business of 35% of the underlying forecasted cash flows in US dollars and an unhedged position of 29% of the underlying forecast cash flows in British pounds, while the forecast cash flows in Chinese renminbi were almost fully hedged with an unhedged position of 4%.

To cover foreign currency exposure risks of the vehicle business operations forward foreign exchange contracts and currency options are primarily used. The Mercedes-Benz Group's policies call for a mixture of these financial instruments depending on the assessment of market conditions. Value at risk is used to measure the exchange-rate risk inherent in these derivative financial instruments.

The following table shows the period-end, high, low and average value-at-risk figures of the exchange-rate risks for the 2023 and 2022 portfolios of derivative financial instruments, which were entered into primarily in connection with the vehicle business operations and the trade receivables and payables existing at the end of quarter. Average exposure has been computed on an end-of-quarter basis. The other transactions underlying the derivative financial instruments are not included in the following value-at-risk presentation, since they comprise forecast cash flows. See also table Nominal amounts of derivative financial instruments used in hedge accounting in Note 32.

Hedge accounting

When designating derivative financial instruments, a hedge ratio of 1 is applied. In addition, the respective volume and currency of the hedge and the underlying transaction as well as maturity dates are matched. The Group ensures an economic relationship between the underlying transaction and the hedging instrument by ensuring consistency of currency, volume and maturity. Option premiums and also forward components are not designated into the hedging relationship, but the hedging costs are deferred in other comprehensive income and recognized in profit or loss at the due date of the underlying transaction or recognized as adjustment of acquisition cost of non-financial assets. The effectiveness of the hedge is assessed at the start of and during the hedging relationship. Possible sources of ineffectiveness of the hedging relationship are:

– Changes in the credit risk on the measurement of the used hedging instrument which are not reflected in the change of the hedged currency risk.

– Changes in the timing of the hedged transactions.

Please refer to table Cash Flow Hedges and hedges of a net investment in foreign operations in note 32. There were no material effects on earnings in the years 2022 and 2023.

Value at risk for exchange-rate risk, interest rate risk and commodity price risk

	2023				2022			
	Year-end	High	Low	Average	Year-end	High	Low	Average
In millions of euros								
Exchange-rate risk	**612**	**1,109**	**539**	**711**	814	1,372	814	1,007
Interest rate risk	**189**	**295**	**175**	**214**	275	492	275	351
Commodity price risk	**-**	**-**	**-**	**-**	-	4	-	2

The development of the value at risk from foreign currency hedging in 2023 was primarily shaped by a decrease in the volume of hedging transactions and volatilities.

The Group's investments in liquid assets or refinancing activities are generally selected so that possible currency risks are minimized. Transaction risks arising from liquid assets or payables in foreign currencies that result from the Group's investment or refinancing on money and capital markets are generally hedged against currency risks at the time of investing or refinancing in accordance with the Mercedes-Benz Group's internal policies. The Group uses appropriate derivative financial instruments (e.g. cross-currency interest rate swaps) to hedge against currency risk.

Because currency risks from liquidity investments or liabilities in foreign currencies are generally fully offset due to the Group's investment or refinancing and the derivative financial instruments used in this regard, these financial instruments were not included in the value-at-risk calculation presented.

Effects of currency (translation risk)

For purposes of Mercedes-Benz Group's Consolidated Financial Statements, the income and expenses and the assets and liabilities of subsidiaries located outside the euro zone are converted into euros. Therefore, period-to-period changes in exchange-rates may cause translation effects that have a significant impact on, for example, revenue, segment profit/loss (EBIT) and assets and liabilities of the Group. Unlike exchange-rate transaction risk, currency translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in carrying amounts caused by exchange-rates. In general, the Mercedes-Benz Group does not hedge against currency translation risk.

Interest rate risk

The Mercedes-Benz Group uses a variety of interest rate sensitive financial instruments to manage the liquidity needs of the Group. However, the majority of interest rate sensitive assets and liabilities results from the financial services business operated by Mercedes-Benz Mobility. The Mercedes-Benz Mobility companies enter into transactions with customers that primarily result in fixed-rate receivables. The Mercedes-Benz Group's general policy is to match the refinancing of interest-bearing assets in terms of maturities and interest rates wherever economically feasible. However, for a narrowly limited portion of the receivables portfolio in selected and developed markets, Mercedes-Benz Mobility does not match refinancing in terms of maturities in order to take advantage of market opportunities. This results in the Mercedes-Benz Group being exposed to interest rate risks.

A committee consisting of representatives of the relevant segments and the corporate functions manages the interest rate risk by setting targets for the interest rate risk position. The Corporate Treasury department and the local Mercedes-Benz Group companies are jointly responsible for achieving these targets. As separate functions, the Treasury Controlling and the Mercedes-Benz Mobility Controlling & Reporting department monitor target achievement on a monthly basis. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, the Mercedes-Benz Group also uses derivative financial instruments such as interest rate swaps. The interest rate risk position is assessed by comparing assets and liabilities for corresponding maturities, including the impact of the relevant derivative financial instruments.

Derivative financial instruments are also used in conjunction with the refinancing related to the automotive segments and liquidity management. The Mercedes-Benz Group steers the funding activities of the automotive segments and the financial services business at Group level.

The table Value at risk for exchange risk, interest rate risk and commodity price risk shows the period-end, high, low and average value-at-risk figures of the interest rate risk for the 2023 and 2022 portfolios of interest rate sensitive primary financial instruments and derivative financial instruments of the Group, including the financial instruments of the financial services business. Liabilities from leasing contracts for which the Mercedes-Benz Group acts as a lessee are not included in the value-at-risk of the interest rate risk. Average exposure has been computed on an end-of-quarter basis.

In the course of 2023, changes in the value at risk of interest rate sensitive financial instruments were primarily determined by the development of interest rate volatilities.

Hedge accounting

When designating derivative hedging instruments, the Mercedes-Benz Group generally applies a hedge ratio of 1. The respective volumes, interest curves, currencies and maturity dates of the underlying transaction and the hedging instrument are generally matched. In the case of combined derivative financial instruments for interest currency hedges, the cross-currency basis spread is not designated into the hedge relationship, but deferred as a hedging cost in other comprehensive income and recognized in profit or loss over the hedge term. The Group ensures an economic relationship between the underlying transaction and the hedging instrument by ensuring consistency of interest rates, maturity terms and nominal amounts. In the case of hedging for ABS transactions of private placements, the risk of the market interest rate component is partly protected, which historically covers on average more than 70% of the change in value of the total interest rate. The effectiveness of the hedge is assessed at the beginning and during the hedging relationship using the hypothetical derivative method. Possible sources of ineffectiveness of the hedging relationship are:

– Effects of the credit risk on the fair value of the hedging instruments in use which are not reflected in the change in the hedged interest rate risk.

– No perfect match for individual parameters of the underlying hedged transactions and the hedging instruments used.

– Premiums on hedging instruments for hedging ABS transactions.

There were no material effects on earnings in the years 2022 and 2023.

Commodity-price risk

The Mercedes-Benz Group is exposed to the risk of changes in market prices (e.g. for raw materials and energy) in connection with procuring manufacturing supplies used in production. The Mercedes-Benz Group usually counteracts the risk of short-term fluctuations in market prices by means of short and medium-term price escalation clauses or fixing of purchase prices in the supply contracts. The Mercedes-Benz Group concludes e.g. power purchase agreements for wind and solar energy in order to protect itself from fluctuations in energy prices and ensure long-term, sustainable procurement of electricity.

A small portion of the raw-material price risk relating to the forecast procurement of precious metals was hedged with the use of derivative financial instruments. The Mercedes-Benz Group has decided to suspend these hedging strategies for precious metals until further notice. The previously existing hedges expired in 2023.

The table Value at risk for exchange-rate risk, interest rate risk and commodity price risk shows the period-end, high, low and average value-at-risk figures for the 2022 portfolio of derivative financial instruments used to hedge commodity price risk. Average exposure has been computed on an end-of-quarter basis. The transactions underlying the derivative financial instruments are not included in the value-at-risk presentation.

Derivative financial instruments without hedge accounting

In 2023, the nominal volumes of hedging instruments not designated in a hedging relationship, amounted to €9 billion (2022: €12 billion) for derivatives used to hedge interest rate risks and €13 billion (2022: €15 billion) for derivatives used to hedge exchange-rate risks, as well as €644 million (2022: €644 million) for derivatives used to hedge commodity price risks (energy and raw materials).

Equity-price risk

The Mercedes-Benz Group predominantly holds investments in shares of companies which are classified as long-term investments, some of which are accounted for in the Consolidated Financial Statements using the equity method, such as the share in Daimler Truck Holding AG and BBAC. These investments are not included in a market risk assessment by the Group.

34. Segment reporting

Reported segments

The Group comprises the segments Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility.

The breakdown of the segments corresponds to the internal organizational and reporting structure. The vehicle segments develop and manufacture premium and luxury cars as well as vans. In addition to the Mercedes-Benz brand, the brand portfolio of the Mercedes-Benz Cars segment encompasses the brands Mercedes-AMG and Mercedes-Maybach, as well as the G-Class product brand. Mercedes me provides access to the digital services of Mercedes-Benz Cars. At Mercedes-Benz Vans, the vans are sold under the Mercedes-Benz brand. Corresponding spare parts and accessories are also sold.

The Mercedes-Benz Mobility segment supports the sales of the Mercedes-Benz Group's automotive brands worldwide. The product range primarily includes customized mobility and financial services: from leasing and financing packages for end customers and dealers to insurance solutions, flexible subscription and rental models and fleet management services for business customers, with the latter primarily offered via the Athlon brand. Furthermore, Mercedes-Benz Mobility is active in the area of innovative and digital mobility services, seamless payment methods and the expansion of the charging infrastructure.

Reconciliation

The reconciliation includes functions and services provided by the Group's headquarters as well as by equity investments not allocated to the segments (e.g. Daimler Truck Holding AG). In addition, the reconciliation includes items at the corporate level and the effects on earnings of eliminating intra-Group transactions between the segments.

Internal management and reporting structure

The internal management and reporting structure at the Mercedes-Benz Group is principally based on the accounting policies according to IFRS that are described in Note 1.

The measure of the Group's net profit or loss used by the Mercedes-Benz Group's management and reporting structure is referred to as "EBIT". EBIT comprises gross profit, selling and general administrative expenses, research and non-capitalized development costs, other operating income/expense, and the gains/losses on equity-method investments, as well as other financial income/expense.

In justified individual cases, effects on the Group's Consolidated Statement of Income, Consolidated Statement of Financial Position, and Consolidated Statement of Cash Flows are not allocated to the corresponding segment based on a legal point of view, but the segment report rather follows an economic approach.

Intersegment revenue is principally recorded at prices that approximate market terms.

Transactions between the segments are generally eliminated in the reconciliation. The elimination of effects connected with intra-Group transfers of equity investments principally takes place in the segments involved. The effects on earnings at the Group are normally recognized in the corresponding segment upon completion of the external transaction. Some simplifications have been made in the segment reporting with regard to accounting for leasing agreements in connection with intra-Group transactions.

Segment assets principally comprise all assets. The assets of the Mercedes-Benz Cars and Mercedes-Benz Vans segments exclude income tax assets, assets from defined benefit pension plans and other post-employment benefit plans, and certain financial instruments (including liquidity).

Segment liabilities principally comprise all liabilities. The Mercedes-Benz Cars and Mercedes-Benz Vans reporting segments' liabilities exclude income tax liabilities, liabilities from pensions and similar obligations and certain financial instruments (including financing liabilities).

The residual-value risks associated with the Group's operating leases and receivables from financial services are generally borne by the segments which manufactured the leased vehicles. Risk sharing is based on agreements between Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility; the terms vary by segment and geographic region.

Non-current assets consist of intangible assets, property, plant and equipment, and equipment on operating leases.

Capital expenditures for intangible assets and property, plant and equipment reflect the cash-effective additions to these intangible assets and property, plant and equipment insofar as they do not relate to capitalized borrowing costs or goodwill.

Depreciation and amortization may also include impairments insofar as they do not relate to goodwill impairment according to IAS 36.

Amortization of capitalized borrowing costs is not included in the amortization of intangible assets or depreciation of property, plant and equipment.

The present segment information for the years 2023 and 2022 is as follows.

Segment information

	Mercedes-Benz Cars		**Mercedes-Benz Vans**		**Mercedes-Benz Mobility**		**Total Segments**		**Reconciliation**		**Mercedes-Benz Group**	
In millions of euros	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
External revenue	**107,805**	107,067	**19,661**	16,719	**25,752**	26,231	**153,218**	150,017	**-**	-	**153,218**	150,017
Intersegment revenue	**4,951**	4,534	**627**	498	**966**	723	**6,544**	5,755	**-6,544**	-5,755	**-**	-
Total revenue	**112,756**	111,601	**20,288**	17,217	**26,718**	26,954	**159,762**	155,772	**-6,544**	-5,755	**153,218**	150,017
Segment profit/loss (EBIT)	**14,224**	16,340	**3,138**	1,897	**1,302**	2,428	**18,664**	20,665	**996**	-207	**19,660**	20,458
thereof gains/losses on equity-method investments	**1,355**	1,586	**126**	122	**-155**	-209	**1,326**	1,499	**803**	233	**2,129**	1,732
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	**-338**	457	**-98**	86	**-**	2	**-436**	545	**-1**	-	**-437**	545
Segment assets	**93,435**	91,908	**10,486**	10,036	**145,057**	142,524	**248,978**	244,468	**-8,152**	-8,138	**240,826**	236,330
thereof carrying amounts of equity-method investments	**3,922**	4,479	**325**	328	**208**	271	**4,455**	5,078	**8,649**	8,452	**13,104**	13,530
Segment liabilities	**51,668**	51,964	**9,232**	9,025	**132,043**	128,948	**192,943**	189,937	**-11,813**	-12,290	**181,130**	177,647
Additions to non-current assets	**14,939**	12,687	**1,570**	1,295	**13,541**	11,277	**30,050**	25,259	**-225**	-173	**29,825**	25,086
thereof investments in intangible assets	**4,055**	3,197	**372**	179	**50**	43	**4,477**	3,419	**-9**	-1	**4,468**	3,418
thereof investments in property, plant and equipment	**3,345**	3,265	**351**	199	**49**	18	**3,745**	3,482	**-**	-1	**3,745**	3,481
Depreciation and amortization of non-current assets	**7,386**	7,213	**608**	620	**5,778**	6,130	**13,772**	13,963	**-75**	-72	**13,697**	13,891
thereof amortization of intangible assets	**2,232**	2,143	**159**	186	**64**	68	**2,455**	2,397	**4**	3	**2,459**	2,400
thereof depreciation of property, plant and equipment	**3,893**	3,800	**261**	266	**50**	56	**4,204**	4,122	**-**	-1	**4,204**	4,121

Reconciliation

The following table shows the reconciliation of EBIT according to segment reporting to the Consolidated Statement of Income.

Reconciliation of EBIT to Group figures

In millions of euros	**2023**	2022
Total of segments' profit/loss (EBIT)	**18,664**	20,665
Gains/losses on equity-method investments	**803**	233
Other reconciling items	**55**	-458
Eliminations	**138**	18
EBIT as shown in the Consolidated Statement of Income/Loss	**19,660**	20,458

The **gains/losses on equity-method investments** includes the positive profit contribution of €797 million (2022: €226 million) from Daimler Truck Holding AG.

The line item **Other reconciling items** includes further items at the corporate level. In the prior year, the line item included expenses in connection with the sale of individual investments and business activities to Daimler Truck Holding AG or its subsidiaries.

The reconciliation of segment assets and liabilities to relevant amounts for the Group is shown in the next table.

Reconciliation of segment assets and liabilities to Group figures

In millions of euros	**2023**	2022
Total of segment assets	**248,978**	244,468
Equity-method investment in DTHAG	**8,425**	8,199
Other equity-method investments[1]	**224**	253
Income tax assets[2]	**3,448**	3,107
Other reconciling items and eliminations	**-20,249**	-19,697
Segment assets Group	**240,826**	236,330
Unallocated financial instruments (including liquidity) and assets from pensions and similar obligations[2]	**22,196**	23,685
Total assets Group	**263,022**	260,015
Total of segment liabilities	**192,943**	189,937
Income tax liabilities[2]	**8,226**	7,614
Other reconciling items and eliminations	**-20,039**	-19,904
Segment liabilities Group	**181,130**	177,647
Unallocated financial instruments and liabilities from pensions and similar obligations[2]	**-10,924**	-4,172
Total equity Group	**92,816**	86,540
Total equity and liabilities Group	**263,022**	260,015

1 This mainly comprises the equity-method carrying amount of BAIC Motor.
2 Unless these are attributable to Mercedes-Benz Mobility.

Revenue and non-current assets by region

With respect to information on geographical regions, revenue is allocated to countries based on the location of the customer; non-current assets are presented according to the physical location of these assets.

Revenue from external customers and non-current assets by region are shown in the following table.

Revenue and non-current assets by region

	Revenue		Non-current assets	
	2023	2022	**2023**	2022
In millions of euros				
Europe	**61,895**	56,487	**64,719**	61,983
thereof Germany	**25,799**	23,085	**46,511**	45,587
North America	**40,488**	40,091	**18,430**	19,722
thereof United States	**36,041**	35,829	**16,526**	17,883
Asia	**43,382**	45,558	**1,497**	1,625
thereof China	**25,284**	27,324	**507**	537
Other markets	**7,453**	7,881	**749**	1,341
	153,218	150,017	**85,395**	84,671

35. Capital management

Net assets and value added represent the basis for capital management at the Mercedes-Benz Group. Although individual companies in the Mercedes-Benz Mobility segment are subject to the capital requirements of the respective banking supervision, Mercedes-Benz Group AG is not subject to external minimum capital requirements.

The assets and liabilities of the segments in accordance with IFRS provide the basis for the determination of net assets at Group level. Mercedes-Benz Cars and Mercedes-Benz Vans are accountable for the net operating assets; all assets, liabilities and provisions for which they are responsible for in day-to-day operations are therefore allocated to them. Performance measurement at Mercedes-Benz Mobility is on an equity basis, in line with the usual practice in the banking business. Net assets at Group level additionally include assets and liabilities from income taxes as well as other corporate items and eliminations.

Average annual net assets are calculated on the basis of average quarterly net assets. The average quarterly net assets are calculated as an average of the net assets at the beginning and the end of the quarter.

Average net assets

	2023	2022
In millions of euros		
Mercedes-Benz Cars	**41,407**	38,189
Mercedes-Benz Vans	**1,253**	885
Mercedes-Benz Mobility[1]	**13,774**	14,466
Net assets of the segments	**56,434**	53,540
Equity-method investment in DTHAG	**8,221**	8,078
Other equity-method investments[2]	**253**	303
Assets and liabilities from income taxes[3]	**-5,159**	-3,818
Other corporate items and eliminations[3]	**94**	422
Net assets of the Mercedes-Benz Group	**59,843**	58,525

1 Equity.
2 Unless allocated to the segments.
3 To the extent not allocated to Mercedes-Benz Mobility.

The cost of capital of the Group's average net assets is reflected in value added. Value added shows the extent to which the Group achieves or exceeds the minimum return requirements of the shareholders, thus creating additional value. The required rate of return on net assets, and thus the cost of capital rate, is derived from the minimum rates of return that equity investors and lenders expect on their invested capital. In the reporting year, the cost of capital rate used for the internal capital management amounted to 9% after taxes.

The objective of capital management is to increase value added, among other things, by optimizing the cost of capital. This is achieved on the one hand by optimizing the net assets, e.g. working capital, which is within the operational responsibility of the segments. In addition, taking into account legal regulations, the Mercedes-Benz Group strives to optimize the costs and risks of its capital structure, and consequently, the cost of capital rate. An example of this is an appropriate level of liquidity, oriented towards the operational requirements.

36. Earnings per share

The calculation of basic and diluted earnings per share is based on net profit attributable to shareholders of Mercedes-Benz Group AG. The profit attributable to shareholders of Mercedes-Benz Group AG (basic and diluted) amounts to €14,261 million (2022: €14,501 million). The weighted average number of shares outstanding (basic and diluted) amounts to 1,059.6 million issued shares (2022: 1,069.8 million issued shares). The decrease in the weighted average number of shares outstanding is due to the share buyback programme resolved by the Board of Management on 16 February 2023.

37. Related-party disclosures

Related parties (companies or persons) are deemed to be associated companies, joint ventures and unconsolidated subsidiaries as well as persons who exercise a significant influence on the financial and business policy of the Mercedes-Benz Group. The latter category includes all persons in key positions and their close family members.

At the Mercedes-Benz Group, those persons are the members of the Board of Management and of the Supervisory Board and their close family members.

Business transactions with related parties are generally carried out at market terms.

Transactions with related parties

	Income from sales of goods and services and other income		Expense from purchases of goods and services and other expense		Receivables and right-of-use-assets		Liabilities and provisions[1]	
					At 31 December		At 31 December	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
In millions of euros								
Associated companies	**16,800**	18,601	**2,337**	2,653	**4,351**	4,842	**541**	557
thereof Daimler Truck	**943**	1,120	**1,751**	2,120	**1,682**	2,262	**299**	332
thereof LSHAI	**9,257**	9,641	**287**	232	**1,227**	887	**12**	23
thereof BBAC	**6,581**	7,821	**298**	300	**1,396**	1,646	**221**	195
Joint ventures	**469**	639	**31**	32	**223**	93	**17**	1
Companies controlled by related persons	**-**	-	**185**	-	**-**	-	**65**	-

1 Including liabilities from default risks from guarantees for related parties.

Associated companies

The transactions with associated companies mainly relate to Daimler Truck Holding AG (Daimler Truck), which is allocated to the reconciliation, and to LSH Auto International Limited (LSHAI) and Beijing Benz Automotive Co., Ltd. (BBAC), which are allocated to the Mercedes-Benz Cars segment.

There are numerous relationships in the scope of ordinary business between the Mercedes-Benz Group and **Daimler Truck**, for example, the purchase and sale of goods and services and leasing agreements. In addition, there is an interim provision of services by corporate functions that are included under other operating income.

The leased equipment of the Mercedes-Benz Mobility segment includes commercial vehicles produced by Daimler Truck which have been acquired from external dealers or other third parties not related to the Mercedes-Benz Group. Mercedes-Benz Mobility usually receives a residual-value guarantee from Daimler Truck for this leased equipment in connection with the obligation to return the respective commercial vehicles to Daimler Truck. At 31 December 2023 this guarantee was €37 million (31 December 2022: €66 million).

Additionally, the Mercedes-Benz Group will continue the leasing and sales-financing business for Daimler Truck's commercial vehicles in some markets. To this end, Mercedes-Benz Mobility acquires these vehicles from Daimler Truck and leases them to the end customers. Insofar as a mandatory vehicle return to Daimler Truck has been agreed, a leasing contract (head lease) between Mercedes-Benz Mobility and Daimler Truck is shown. The contract between Mercedes-Benz Mobility and the end customer constitutes a sublease in this respect. The receivables and right-of-use assets shown in the table include demands for the repurchase of vehicles of €1,121 million (31 December 2022: €1,312 million) shown in receivables from financial services and right-of-use assets of €268 million (31 December 2022: €548 million) vis-à-vis Daimler Truck shown in equipment on operating leases. These right-of-use assets were depreciated as planned by €217 million in 2023 (2022: €399 million).

In addition, the Mercedes-Benz Group holds a minority interest of €207 million (31 December 2022: €162 million) in real estate companies controlled by Daimler Truck Group, which is shown as debt instruments in other financial assets.

At 31 December 2023, off-balance-sheet obligations to the Daimler Truck Group amounted to €110 million (31 December 2022: €310 million).

Joint ventures

On 12 May 2022, Mercedes-Benz AG signed an agreement with PSA Automobiles SA, Opel Automobile GmbH, Saft EV SAS and Saft Groupe to acquire a 33.33% stake in **Automotive Cells Company SE (ACC)** through a capital contribution of approximately €390 million. The Group also committed itself to the provision of further funds up to €410 million. The investment in the European battery cell manufacturer ACC was made in order to promote the development and production of high-performance battery cells and modules in the course of the transformation to a sustainable business strategy. The shares in the joint venture ACC are included in the Consolidated Financial Statements using the equity method and are allocated to the Mercedes-Benz Cars segment.

In the third quarter of 2023, an additional contract with PSA Automobiles SA, Opel Automobile GmbH, Saft EV SAS, Saft Groupe and Automotive Cells Company SE (ACC) was signed in which the Group committed to providing further funds of up to €457 million to ACC in addition to the commitments agreed in 2022. The other shareholders also confirmed that they are obligated to provide additional funds.

In January 2024, a loan of €110 million issued by the Mercedes-Benz Group was converted into equity. Moreover, in March 2024, ACC drew down €105 million of the total contractually committed funds of €867 million. As a result, the carrying amount of ACC increased accordingly.

As of 31 December 2023, there are off-balance-sheet obligations of €256 million (31 December 2022: €157 million).

On 1 July 2022, an agreement became effective in favour of **smart Automobile Co., Ltd. (smart),** a joint venture of Mercedes-Benz AG and Zhejiang Geely Holding Group Co., Ltd. This agreement obliges the shareholders to provide financial support up to a maximum amount of €573 million each in the event that smart is not able to perform its payment obligations under a syndicated loan agreement. smart is allocated to the Mercedes-Benz Cars segment.

Note 13 provides further details of the business activities of the significant associated companies.

Related persons

Throughout the world, the Group has business relationships with numerous entities that are customers and/or suppliers of the Group. Those customers and/or suppliers include companies that have a connection with some of the members of the Board of Management or of the Supervisory Board and close family members of those board members of Mercedes-Benz Group AG or of its subsidiaries. Board of Management and Supervisory Board members and close family members of those board members may also purchase goods and services from Mercedes-Benz Group AG or its subsidiaries as customers.

Mr. Stefan Pierer has been a member of the Supervisory Board of Mercedes-Benz Group AG and Mercedes-Benz AG since May 2023. The Mercedes-Benz Group maintains supply and service relationships with some companies in the Pierer Group. The Pierer Group includes the SHW Group, a global automotive supplier, as well as other companies. In August 2023, Stefan Pierer also acquired 100% of the shares of Leoni AG, an international automotive supplier. The table Transactions with related parties shows the information on the volume of goods and services supplied by these companies in the line Companies controlled by related persons.

Contributions to plan assets

Mercedes-Benz Pension Trust e.V. manages the plan assets on a fiduciary basis to cover pension obligations in Germany and is therefore a related party of the Mercedes-Benz Group. Another related party is Mercedes-Benz Pensionsfonds AG. Mercedes-Benz Group AG bears non-significant expenses and provides services for both companies. See also Note 22 for further information.

Subsequent liability

In 2019, Mercedes-Benz Group AG hived down assets and liabilities of the former Mercedes-Benz Cars & Vans segment into Mercedes-Benz AG and of the former Daimler Trucks & Buses segment into Daimler Truck AG. As legal entities involved in the hive-down, Mercedes-Benz Group AG, Mercedes-Benz AG and Daimler Truck AG are jointly and severally liable pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (UmwG) for the liabilities of Mercedes-Benz Group AG incurred prior to the effective date of the hive-down. Those of the aforementioned legal entities to which the relevant liabilities are not assigned under the hive-down agreement are, however, only liable for those liabilities if they fall due within five years of the announcement of the entry of the hive-down in the commercial register of Mercedes-Benz Group AG and claims therefrom are established in court or in another manner as described in Section 133 of the German Transformation Act (UmwG). The spin off and hive-down of the Daimler commercial vehicle business in 2021 resulted in a subsequent liability relationship outside the Group.

The stipulations existing in this context, in particular on the procedure for regulating the internal settlements between the participating legal entities, are laid down in the hive-down agreement of 25 March 2019.

The aforementioned period is ten years for pension obligations based on the German Company Pensions Act (BetrAVG) that existed before the hive-down took effect. Mercedes-Benz Group AG and Mercedes-Benz AG do not expect any outflow of liquidity from the respective other legal entity due to the plan assets being available in a sufficient volume.

According to the current appraisal, an actual claim with respect to the subsequent liability relationship between the entities is considered to be unlikely.

38. Remuneration of the members of the Board of Management and the Supervisory Board

The table below shows the remuneration granted during 2023 to the members of the Board of Management and the Supervisory Board who were active in 2023.

Remuneration of the members of the Board of Management and the Supervisory Board in accordance with IAS 24.17

	2023	2022
In millions of euros		
Remuneration of the Board of Management		
Fixed remuneration (base salary)	**10**	9
Short-term variable remuneration (2023: 100 (2022: 50)% of annual bonus)	**16**	8
Mid-term variable remuneration (2022: 50% of annual bonus, “deferral”)	**-**	8
Variable remuneration with a long-term incentive effect (PPSP)	**16**	15
Post-employment benefits (service cost)	**2**	2
Remuneration of the Board of Management	**44**	42
Remuneration of the Supervisory Board	**6**	7
Total	**50**	49

Expenses for variable remuneration of the Board of Management with a long-term incentive effect, as shown in the following table, result from the ongoing measurement at fair value at each balance sheet date of all rights granted and not yet due under the stock-based Performance Phantom Share Plans (PPSP), i.e., for the plans of the years 2020 to 2023 with the fair value at the respective balance sheet date. In 2023, the active members of the Board of Management were granted 181,341 (2022: 137,655) phantom shares in connection with the PPSP; the fair value of these phantom shares at the grant date was €13 million (2022: €8 million). See Note 21 for additional information on share-based payment of the members of the Board of Management.

In accordance with Section 314 Subsection 1 No. 6a of the German Commercial Code (HGB), the overall remuneration granted to the members of the Board of Management (excluding service cost resulting from entitlements to post-employment benefits) amounted to €39 million (2022: €32 million), including the stock-based remuneration with a fair value of €13 million (2022: €8 million).

The members of the Supervisory Board are solely granted short-term fixed remuneration for their board and committee activities amounted to €6 million (2022: €7 million), the amounts of which depend on their functions in the Supervisory Board.

With the exception of the remuneration paid to the members of the Supervisory Board representing the employees in accordance with their contracts of employment, no remuneration was paid to the members of the Supervisory Board for services provided personally beyond their board and committee activities in 2023, in particular for advisory or agency services.

The members of the Board of Management of Mercedes-Benz Group AG do not receive any remuneration for their board activities on the boards of the subsidiaries. These activities are remunerated with the remuneration at Mercedes-Benz Group AG.

No advances or loans were made or abated to members of the Board of Management or the Supervisory Board of Mercedes-Benz Group AG in 2023.

Payments made in 2023 to former members of the Board of Management of Mercedes-Benz Group AG and their survivors amounted to a total of €20 million (2022: €21 million). The pension provisions for former members of the Board of Management and their survivors amounted to €265 million as of 31 December 2023 (2022: €246 million).

Individualized information on the remuneration of the members of the Board of Management and of the Supervisory Board of Mercedes-Benz Group AG is disclosed in the Remuneration Report.

39. Auditor fees

The shareholders of Mercedes-Benz Group AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the external auditor at the Annual General Meeting held on 3 May 2023. The following table shows the fees for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft and the companies of the worldwide KPMG network to Mercedes-Benz Group AG, the consolidated subsidiaries and the proportionately consolidated joint operations.

Audit services relate to the audit of the Mercedes-Benz Group's Consolidated Financial Statements and the Annual Financial Statements, as well as to all services required for the audit including the reviews of interim financial statements, the accounting-related audit of the internal control system and accounting-related audits of IT systems and processes.

Other attestation services were particularly provided for certifications and reviews of IT systems or in connection with the issuance of comfort letters. Other services were mainly commissioned for process consulting not relevant to accounting and for quality assurance.

Auditor fees

In millions of euros	**2023**	2022
Audit services	**39**	38
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**25**	24
Other attestation services	**8**	6
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**7**	4
Tax services	**-**	-
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**-**	-
Other services	**3**	2
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	**2**	2
	50	46

40. Events after the reporting period

Review of future structure of Own Retail in Germany

On 19 January 2024, the Mercedes-Benz Group announced a comprehensive review of the structures of the Group's Own Retail in Germany. The review is open-ended as regards its outcome and will be conducted individually and step-by-step at each retail location. The Company expects the transformation process to take several years. Contract negotiations with potential buyers had not yet taken place as of the balance sheet date. At the present time, it is not possible to reliably estimate the effects on the profitability, financial position and liquidity and capital resources.

41. Additional information

German Corporate Governance Code

The Board of Management and the Supervisory Board of Mercedes-Benz Group AG have issued a declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) and have made it permanently available to their shareholders on the Group's website.

Information on investments

The statement of investments of the Group pursuant to Section 313 Subsection 2 Nos. 1-6 of the German Commercial Code (HGB) is presented in the following table. In general, cooperations without an equity interest are not reported. Information on equity and earnings and information on investments pursuant to Section 313 Subsection 2 No. 4 of the German Commercial Code (HGB) is omitted insofar as, pursuant to Section 313 Subsection 3 Sentence 4 of the HGB, such information is of minor relevance for a fair presentation of the profitability, liquidity and capital resources and financial position of the Group. In addition, the statement of investments indicates which consolidated companies make use of the exemption pursuant to Section 264 Subsection 3 of the HGB and/or Section 264b of the HGB. The Consolidated Financial Statements of Mercedes-Benz Group AG release those subsidiaries from the requirements that would otherwise apply.

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
I. Consolidated subsidiaries			
Accumotive GmbH & Co. KG	Kamenz, Germany	100.00	5
Alpha 1 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 2 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 3 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 4 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 5 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 6 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 7 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
AssetCo, LLC	Wilmington, USA	20.00	3
Athlon Beheer International B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Belgium N.V.	Machelen, Belgium	100.00	
Athlon Car Lease International B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Italy S.R.L.	Rome, Italy	100.00	
Athlon Car Lease Nederland B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Polska Sp. z o.o.	Warsaw, Poland	100.00	
Athlon Car Lease Portugal, lda	Sintra, Portugal	100.00	
Athlon Car Lease Rental Services B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Rental Services Belgium N.V.	Machelen, Belgium	100.00	
Athlon Car Lease S.A.S.	Le Bourget, France	100.00	
Athlon Car Lease Spain, S.A.	Alcobendas, Spain	100.00	
Athlon France S.A.S.	Le Bourget, France	100.00	
Athlon Germany GmbH	Düsseldorf, Germany	100.00	
Athlon Mobility Consultancy N.V.	Machelen, Belgium	100.00	
Athlon Mobility Services UK Limited	Milton Keynes, United Kingdom	100.00	
Athlon Rental Germany GmbH	Düsseldorf, Germany	100.00	
Athlon Sweden AB	Malmö, Sweden	100.00	
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00	5
DAF Investments, Ltd.	Wilmington, USA	100.00	
Daimler Fleet Management GmbH	Stuttgart, Germany	100.00	
Daimler Fleet Management South Africa (Pty.) Ltd. i. L.	Pretoria, South Africa	65.00	4
Daimler Northeast Asia Parts Trading and Services Co., Ltd.	Beijing, China	100.00	
Daimler Vans USA, LLC	Wilmington, USA	100.00	
Daimler Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Delta Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
EHG Elektroholding GmbH	Stuttgart, Germany	100.00	5
Epsilon Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
FOTIC – MB Leasing No. 2 Single Fund Trust	Beijing, China	0.00	3

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
FOTIC – MB Leasing No. 3 Single Fund Trust	Beijing, China	0.00	3
FOTIC – MB Leasing No. 4 Single Fund Trust	Beijing, China	0.00	3
FOTIC – MB Leasing No. 5 Single Fund Trust	Beijing, China	0.00	3
FOTIC – MB Leasing No. 6 Single Fund Trust	Beijing, China	0.00	3
Friesland Lease B.V.	Drachten, Netherlands	51.11	
Interleasing Luxembourg S.A.	Windhof, Luxembourg	100.00	
Koppieview Property (Pty) Ltd	Pretoria, South Africa	100.00	
LBBW AM – Daimler Re Insurance	Luxembourg, Luxembourg	0.00	3
LBBW AM – MBVEXW	Stuttgart, Germany	0.00	3
MBarc Credit Canada Inc.	Mississauga, Canada	100.00	
MDC Power GmbH	Kölleda, Germany	100.00	5
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00	
Mercedes pay GmbH	Stuttgart, Germany	100.00	5
Mercedes-AMG GmbH	Affalterbach, Germany	100.00	5
Mercedes-Benz - Aluguer de Veículos, Lda.	Mem Martins, Portugal	100.00	
Mercedes-Benz (China) Ltd.	Beijing, China	75.00	
Mercedes-Benz (Thailand) Limited	Bangkok, Thailand	100.00	
Mercedes-Benz AG	Stuttgart, Germany	100.00	5
Mercedes-Benz Argentina S.A.U.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Asia GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Assuradeuren B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	
Mercedes-Benz Auto Finance Ltd.	Beijing, China	100.00	
Mercedes-Benz Auto Lease Trust 2021-B	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2023-A	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2020-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2021-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2022-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2023-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2023-2	Wilmington, USA	0.00	3
Mercedes-Benz Automotive Mobility GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Bank AG	Stuttgart, Germany	100.00	
Mercedes-Benz Bank GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Bank Polska S.A. w likwidacji	Warsaw, Poland	100.00	4
Mercedes-Benz Bank Service Center GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Banking Service GmbH	Saarbrücken, Germany	100.00	5
Mercedes-Benz Belgium Luxembourg S.A.	Brussels, Belgium	100.00	
Mercedes-Benz Broker Biztositási Alkusz Hungary Kft.	Budapest, Hungary	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Canada Inc.	Mississauga, Canada	100.00	
Mercedes-Benz Capital Investments B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Cars & Vans Brasil Ltda.	São Paulo, Brazil	100.00	
Mercedes-Benz Cars UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Česká republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Connectivity Services GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Corporate Investments, LLC	Wilmington, USA	100.00	
Mercedes-Benz CPH A/S	Horsholm, Denmark	100.00	
Mercedes-Benz Credit Pénzügyi Szolgáltató Hungary Zrt.	Budapest, Hungary	100.00	
Mercedes-Benz Customer Solutions GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Danmark A/S	Copenhagen, Denmark	100.00	
Mercedes-Benz Dealer Bedrijven B.V.	The Hague, Netherlands	100.00	
Mercedes-Benz Espana, S.A.U.	Alcobendas, Spain	100.00	
Mercedes-Benz ExTra LLC	Wilmington, USA	100.00	
Mercedes-Benz Filo Hizmetleri A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Finance Canada Inc.	Montreal, Canada	100.00	
Mercedes-Benz Finance Co., Ltd.	Tokyo, Japan	95.11	
Mercedes-Benz Finance North America LLC	Wilmington, USA	100.00	
Mercedes-Benz Financial Services Australia Pty. Ltd.	Melbourne, Australia	100.00	
Mercedes-Benz Financial Services Austria GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Financial Services BeLux NV	Brussels, Belgium	100.00	
Mercedes-Benz Financial Services Canada Corporation	Mississauga, Canada	100.00	
Mercedes-Benz Financial Services Ceská republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Financial Services España, E.F.C., S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	
Mercedes-Benz Financial Services Hong Kong Ltd.	Hong Kong, China	80.00	
Mercedes-Benz Financial Services India Private Limited	Chennai, India	100.00	
Mercedes-Benz Financial Services Investment Company LLC	Wilmington, USA	100.00	
Mercedes-Benz Financial Services Italia S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Financial Services Korea Ltd.	Seoul, South Korea	80.00	
Mercedes-Benz Financial Services Nederland B.V.	Nieuwegein, Netherlands	100.00	
Mercedes-Benz Financial Services New Zealand Ltd	Auckland, New Zealand	100.00	
Mercedes-Benz Financial Services Portugal - Sociedade Financeira de Crédito S.A.	Mem Martins, Portugal	100.00	
Mercedes-Benz Financial Services Schweiz AG	Schlieren, Switzerland	100.00	
Mercedes-Benz Financial Services Singapore Ltd.	Singapore, Singapore	100.00	
Mercedes-Benz Financial Services Slovakia s.r.o.	Bratislava, Slovakia	75.00	
Mercedes-Benz Financial Services South Africa (Pty) Ltd	Pretoria, South Africa	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Financial Services Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Financial Services Taiwan Ltd.	Taipei, Taiwan, China	51.00	
Mercedes-Benz Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Financial Services USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Finans Danmark A/S	Copenhagen, Denmark	100.00	
Mercedes-Benz Finans Sverige AB	Malmö, Sweden	100.00	
Mercedes-Benz Finansal Kiralama Türk A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Finansman Türk A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Fleet Management Singapore Pte. Ltd.	Singapore, Singapore	100.00	
Mercedes-Benz Försäljnings AB	Malmö, Sweden	100.00	
Mercedes-Benz France S.A.S.	Montigny-le-Bretonneux, France	100.00	
Mercedes-Benz Group Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	
Mercedes-Benz Group China Ltd.	Beijing, China	100.00	
Mercedes-Benz Grund Services GmbH	Schönefeld, Germany	100.00	5
Mercedes-Benz High Power Charging Europe GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Holdings UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Hong Kong Limited	Hong Kong, China	100.00	
Mercedes-Benz HPC North America LLC	Wilmington, USA	80.00	
Mercedes-Benz India Private Limited	Pune, India	100.00	
Mercedes-Benz Insurance Agency LLC	Wilmington, USA	100.00	
Mercedes-Benz Insurance Broker S.R.L.	Voluntari, Romania	100.00	
Mercedes-Benz Insurance Services GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Insurance Services Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Insurance Services Taiwan Ltd.	Taipei, Taiwan, China	51.00	
Mercedes-Benz Insurance Services UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Intellectual Property GmbH & Co. KG	Stuttgart, Germany	100.00	5
Mercedes-Benz International Finance B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Investment Company LLC	Wilmington, USA	100.00	
Mercedes-Benz Italia S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Japan Co., Ltd.	Tokyo, Japan	100.00	
Mercedes-Benz Korea Limited	Seoul, South Korea	51.00	
Mercedes-Benz Lease Italia S.r.l.	Trent, Italy	100.00	
Mercedes-Benz Leasing Co., Ltd.	Beijing, China	65.00	
Mercedes-Benz Leasing Deutschland GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Leasing GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Leasing IFN S.A.	Bucharest, Romania	100.00	
Mercedes-Benz Leasing Kft.	Budapest, Hungary	100.00	
Mercedes-Benz Leasing Polska Sp. z o.o.	Warsaw, Poland	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Leasing Treuhand GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz LT GmbH	Böblingen, Germany	100.00	5
Mercedes-Benz Ludwigsfelde Anlagenverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00	5
Mercedes-Benz Malaysia Sdn. Bhd.	Puchong, Malaysia	100.00	
Mercedes-Benz Manhattan, Inc.	New York, USA	100.00	
Mercedes-Benz Manufacturing (Thailand) Limited	Bangkok, Thailand	100.00	
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemét, Hungary	100.00	
Mercedes-Benz Manufacturing Poland sp. z o.o.	Jawor, Poland	100.00	
Mercedes-Benz Master Owner Trust	Wilmington, USA	0.00	3
Mercedes-Benz México International, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Mercedes-Benz Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Mobility (Thailand) Co., Ltd.	Bangkok, Thailand	100.00	
Mercedes-Benz Mobility AG	Stuttgart, Germany	100.00	5
MERCEDES-BENZ MOBILITY AUSTRALIA PTY LTD	Melbourne, Australia	100.00	
Mercedes-Benz Mobility Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Mobility Korea Ltd.	Seoul, South Korea	100.00	
MERCEDES-BENZ MOBILITY MEXICO, S. DE R.L. DE C.V.	Mexico City, Mexico	100.00	
Mercedes-Benz Mobility Services GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Mobility & Technology Service (Beijing) Co., Ltd.	Beijing, China	100.00	
Mercedes-Benz Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Nederland Holding B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz New Zealand Ltd	Auckland, New Zealand	100.00	
Mercedes-Benz North America Corporation	Wilmington, USA	100.00	
Mercedes-Benz North America Finance Corporation	Newark, USA	100.00	
Mercedes-Benz Österreich GmbH	Salzburg, Austria	100.00	
Mercedes-Benz Otomotiv Ticaret ve Hizmetler A.S.	Istanbul, Turkey	66.91	
Mercedes-Benz Paris SAS	Port-Marly, France	100.00	
Mercedes-Benz Parts Brand GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Parts Logistics Ibérica, S.L.U.	Azuqueca de Henares, Spain	100.00	
Mercedes-Benz Parts Logistics UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Parts Manufacturing & Services Ltd.	Shanghai, China	100.00	
Mercedes-Benz Polska Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Portugal, S.A.	Sintra, Portugal	100.00	
Mercedes-Benz Real Estate GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Reinsurance S.A. Luxembourg	Luxembourg, Luxembourg	100.00	
Mercedes-Benz Renting, S.A.	Alcobendas, Spain	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Research & Development North America, Inc.	Wilmington, USA	100.00	
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Retail Receivables LLC	Farmington Hills, USA	100.00	
Mercedes-Benz Retail, Unipessoal Lda.	Mem Martins, Portugal	100.00	
Mercedes-Benz Roma S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Romania S.R.L.	Bucharest, Romania	100.00	
Mercedes-Benz Schweiz AG	Schlieren, Switzerland	100.00	
Mercedes-Benz Service Leasing S.R.L.	Bucharest, Romania	100.00	
Mercedes-Benz Services Correduria de Seguros, S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Services Malaysia Sdn Bhd	Selangor, Malaysia	100.00	
Mercedes-Benz Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Singapore Pte. Ltd.	Singapore, Singapore	100.00	
Mercedes-Benz Sosnowiec Sp. z o.o.	Sosnowiec, Poland	100.00	
Mercedes-Benz South Africa Ltd	Pretoria, South Africa	100.00	
Mercedes-Benz Sverige AB	Malmö, Sweden	100.00	
Mercedes-Benz Taiwan Ltd.	Taipei, Taiwan, China	51.00	
Mercedes-Benz Trust Holdings LLC	Farmington Hills, USA	100.00	
Mercedes-Benz Trust Leasing Conduit LLC	Wilmington, USA	100.00	
Mercedes-Benz Trust Leasing LLC	Farmington Hills, USA	100.00	
Mercedes-Benz U.S. International, Inc.	Vance, USA	100.00	
Mercedes-Benz Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz USA, LLC	Wilmington, USA	100.00	
Mercedes-Benz Vans Hong Kong Limited	Hong Kong, China	67.55	
Mercedes-Benz Vans UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Vans, LLC	Wilmington, USA	100.00	
Mercedes-Benz Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Versicherung AG	Stuttgart, Germany	100.00	
Mercedes-Benz Versicherungsservice GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	5
Mercedes-Benz Vietnam Ltd.	Ho Chi Minh City, Vietnam	70.00	
Mercedes-Benz Warszawa Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Wholesale Receivables LLC	Wilmington, USA	100.00	
Movinx Americas Company, Inc.	Schaumburg, USA	100.00	
Movinx GmbH	Berlin, Germany	100.00	7
Movinx UK Ltd.	London, United Kingdom	100.00	
Multifleet G.I.E.	Le Bourget, France	50.10	
Silver Arrow Athlon NL 2021-1	Utrecht, Netherlands	0.00	3
Silver Arrow Australia 2019-1	Melbourne, Australia	0.00	3

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Silver Arrow Australia Trust 2019-1	Melbourne, Australia	0.00	3
Silver Arrow Australia Trust 2020-1	Melbourne, Australia	0.00	3
Silver Arrow Canada GP Inc.	Mississauga, Canada	100.00	
Silver Arrow Canada LP	Mississauga, Canada	100.00	7
SILVER ARROW CHINA 2021-2 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2022-1 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2022-2 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
Silver Arrow China Mercedes-Benz Leasing Co., Ltd. 2021-1	Beijing, China	0.00	3
Silver Arrow China Mercedes-Benz Leasing Co., Ltd. 2021-2	Beijing, China	0.00	3
SILVER ARROW CHINA Mercedes-Benz Leasing Co., Ltd. 2022-1 ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA Mercedes-Benz Leasing Co., Ltd. 2022-2 ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
Silver Arrow China Mercedes-Benz Leasing Co., Ltd. 2023-1	Beijing, China	0.00	3
SILVER ARROW CHINA 2023-1 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2023-2 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
Silver Arrow Japan 2022-1	Tokyo, Japan	0.00	3
Silver Arrow Lease Facility Trust	Wilmington, USA	0.00	3
Silver Arrow Merfina 2021-1 S.r.l.	Milan, Italy	0.00	3
Silver Arrow S.A.	Luxembourg, Luxembourg	0.00	3
Star Assembly SRL	Sebes, Romania	100.00	
Ucafleet S.A.S.	Le Bourget, France	65.00	
Vierzehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	5
Wagenplan B.V.	Almere, Netherlands	60.00	
YASA Limited	Kidlington, United Kingdom	100.00	
Zuidlease B.V.	Sittard, Netherlands	51.00	
II. Unconsolidated subsidiaries[2]			
Accumotive Verwaltungs-GmbH	Kamenz, Germany	100.00	
AEG Olympia Office GmbH	Stuttgart, Germany	100.00	
Anota Fahrzeug Service- und Vertriebsgesellschaft mbH	Berlin, Germany	100.00	
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	62.49	
Cúspide GmbH	Stuttgart, Germany	100.00	
Daimler Unterstützungskasse GmbH	Stuttgart, Germany	100.00	
Dreizehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	
Lapland Car Test Aktiebolag	Arvidsjaur, Sweden	100.00	
LEONIE DMS DVB GmbH	Stuttgart, Germany	100.00	
LICULAR GmbH	Kuppenheim, Germany	100.00	
Li-Tec Battery GmbH	Kamenz, Germany	100.00	
MB GTC GmbH Mercedes-Benz Gebrauchtteile Center	Neuhausen auf den Fildern, Germany	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
MBition GmbH	Berlin, Germany	100.00	
MBition Sofia EOOD	Sofia, Bulgaria	100.00	
Mercedes pay AG	Zug, Switzerland	100.00	
Mercedes pay S.A. – in liquidation	Luxembourg, Luxembourg	100.00	4
Mercedes pay USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Assignment Services Americas, LLC	Wilmington, USA	100.00	
Mercedes-Benz Business Services Sdn Bhd	Puchong, Malaysia	100.00	
Mercedes-Benz Cars Middle East FZE	Dubai, United Arab Emirates	100.00	
Mercedes-Benz Consulting GmbH	Leinfelden-Echterdingen, Germany	100.00	
Mercedes-Benz Customer Assistance Center Maastricht N.V.	Maastricht, Netherlands	100.00	
Mercedes-Benz Digital Tech Ltd.	Shanghai, China	100.00	
Mercedes-Benz Egypt S.A.E.	New Cairo, Egypt	100.00	
Mercedes-Benz Energy GmbH	Kamenz, Germany	100.00	
Mercedes-Benz Financial Services UK (Trustees) Ltd	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz G GmbH	Raaba, Austria	100.00	
Mercedes-Benz Gastronomie GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Group Services Berlin GmbH	Berlin, Germany	100.00	
Mercedes-Benz Group Services Madrid, S.A.U.	San Sebastián de los Reyes, Spain	100.00	
Mercedes-Benz Group Services Phils., Inc.	Cebu City, Philippines	100.00	
Mercedes-Benz Hungária Kft.	Budapest, Hungary	100.00	
Mercedes-Benz IDC Europe S.A.S.	Montigny-le-Bretonneux, France	100.00	
Mercedes-Benz Intellectual Property Management GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Logistics and Distribution Egypt LLC	New Cairo, Egypt	100.00	
Mercedes-Benz Manufacturing and Import Egypt	New Cairo, Egypt	100.00	
Mercedes-Benz Motorsport Limited	Brackley, United Kingdom	100.00	
Mercedes-Benz Heritage GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Parts Logistics Asia Pacific Sdn. Bhd.	Puchong, Malaysia	100.00	
Mercedes-Benz Pensionsfonds AG	Stuttgart, Germany	100.00	6
Mercedes-Benz Purchasing Coordination Corporation	Wilmington, USA	100.00	
Mercedes-Benz Research & Development Tel Aviv Ltd.	Tel Aviv, Israel	100.00	
Mercedes-Benz Research and Development India Private Limited	Bangalore, India	100.00	
Mercedes-Benz Second Life Solutions LLC	Wilmington, USA	100.00	
Mercedes-Benz Slovakia s.r.o.	Bratislava, Slovakia	100.00	
Mercedes-Benz Tech Innovation GmbH	Ulm, Germany	100.00	
Mercedes-Benz Tech Motion GmbH	Böblingen, Germany	100.00	
Mercedes-Benz UK Share Trustee Ltd.	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz UK Trustees Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Vans Manufacturing Poland sp. z o.o.	Jawor, Poland	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Vans Mobility, S.L.U.	Alcobendas, Spain	100.00	
Mercedes-Benz Venezuela S.A.	Valencia, Venezuela	100.00	
Mercedes-Benz.io GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz.io Portugal Unipessoal Lda.	Lisbon, Portugal	100.00	
Montajes y Estampaciones Metálicas, S.L.	Esparraguera, Spain	51.00	
NAG Nationale Automobil-Gesellschaft Aktiengesellschaft	Stuttgart, Germany	100.00	
Porcher & Meffert Grundstücksgesellschaft mbH & Co. Stuttgart OHG	Schönefeld, Germany	100.00	7
PT Mercedes-Benz Consulting Services Indonesia	Bogor, Indonesia	100.00	
Sechste Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	
Star Transmission srl	Cugir, Romania	100.00	
STARKOM, proizvodnja in trgovina d.o.o.	Maribor, Slovenia	100.00	
Zweite Vermögensverwaltung PV GmbH	Stuttgart, Germany	100.00	
Zweite Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	
III. Joint operations accounted for using proportionate consolidation			
Cooperation Manufacturing Plant Aguascalientes, S.A.P.I de C.V.	Aguascalientes, Mexico	54.01	
IV. Joint ventures accounted for using the equity method			
Automotive Cells Company SE	Bruges, France	33.33	
Enbase Power GmbH	Munich, Germany	25.10	
Fujian Benz Automotive Co., Ltd.	Fuzhou, China	50.00	
MB Service Japan Co., Ltd.	Hitachi, Japan	33.40	
SMART MOBILITY PTE. LTD.	Singapore, Singapore	50.00	
Wei Xing Tech. Co., Ltd.	Hangzhou, China	50.00	
YOUR NOW Holding GmbH	Munich, Germany	50.00	
V. Associated companies accounted for using the equity method			
BAIC Motor Corporation Ltd.	Beijing, China	9.55	
Beijing Benz Automotive Co., Ltd.	Beijing, China	49.00	
Blacklane GmbH	Berlin, Germany	30.03	
Bolt Technology OÜ	Tallinn, Estonia	7.41	
Daimler Truck Holding AG	Leinfelden-Echterdingen, Germany	30.00	
IONITY Holding GmbH & Co. KG	Munich, Germany	15.12	
Ionna LLC	Torrance, USA	16.67	
LSH Auto International Limited	Hong Kong, China	15.00	
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	33.33	
There Holding B.V.	Rijswijk, Netherlands	30.59	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
VI. Joint operations, joint ventures, associated companies accounted for at (amortized) cost and substantial other investments recognized at fair value[2]			
ASOCIACIÓN VASCA PARA EL DESARROLLO DE TECNOLOGÍAS DE FABRICACIÓN AVANZADA EN AUTOMOCIÓN	Vitoria, Spain	0.00	
Aston Martin Lagonda Global Holdings Plc	Gaydon, United Kingdom	8.90	
BDF IP Holdings Ltd.	Burnaby, Canada	33.00	
Beijing Mercedes-Benz Sales Service Co., Ltd.	Beijing, China	51.00	
BTV technologies GmbH	Unna, Germany	40.00	
ChargePoint Holdings Inc.	Campbell, USA	2.40	
Earlybird DWES Fund VI GmbH & Co. KG	Munich, Germany	6.45	
Esslinger Wohnungsbau GmbH	Esslingen am Neckar, Germany	26.57	
European Center for Information and Communication Technologies - EICT GmbH	Berlin, Germany	25.00	
Factorial Inc.	Woodbury, USA	9.44	
Gamma 1 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	10.10	7
Gamma 2 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	10.10	7
Gamma 3 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	10.10	7
Gamma 4 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	10.10	7
Grundstücksgesellschaft Schlossplatz 1 mbH & Co. KG	Berlin, Germany	18.37	7
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	10.12	7
hap2U SAS	Pontcharra, France	34.59	
Kamaz PAO	Naberezhnye Chelny, Russian Federation	15.00	
Momenta Global Limited	Grand Cayman, Cayman Islands	5.57	
Ondine Tech Fund 1 L.P.	George Town, Cayman Islands	43.23	
PDB - Partnership for Dummy Technology and Biomechanics GbR	Ingolstadt, Germany	20.00	7
Power Supply Systems GmbH	Stuttgart, Germany	24.90	
Sila Nanotechnologies Inc.	Dover, USA	8.90	
SK Gaming Beteiligungs GmbH	Cologne, Germany	24.17	
smart-BRABUS GmbH i.L.	Bottrop, Germany	50.00	4
STARCAM s.r.o.	Most, Czech Republic	51.00	
The Mobility House AG	Zurich, Switzerland	11.53	
VfB Stuttgart 1893 AG	Stuttgart, Germany	11.61	
Volocopter GmbH	Bruchsal, Germany	5.40	

1 Shareholding pursuant to Section 16 of the German Stock Corporation Act (AktG).
2 For the accounting of unconsolidated subsidiaries, joint operations, joint ventures and associated companies, we refer to Note 1.
3 Control due to economic circumstances.
4 In liquidation.
5 Qualification for exemption pursuant to Section 264 Subsection 3 and Section 264b of the German Commercial Code (HGB).
6 Control over the investment of the assets. No consolidation of the assets due to the contractual situation.
7 Mercedes-Benz Group AG or one or several consolidated subsidiaries is/are the partner(s) with unlimited liability.

The Board of Management

Stuttgart, 15 March 2024

Ola Källenius

Dr. Jörg Burzer

Renata Jungo Brüngger

Sabine Kohleisen

Markus Schäfer

Britta Seeger

Hubertus Troska

Harald Wilhelm

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FURTHER INFORMATION

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Responsibility Statement of the Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the Group, and the Group management report, which has been combined with the management report for Mercedes-Benz Group AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Stuttgart, 15 March 2024

Ola Källenius

Renata Jungo Brüngger

Markus Schäfer

Hubertus Troska

Dr Jörg Burzer

Sabine Kohleisen

Britta Seeger

Harald Wilhelm

Independent Auditor's Report

To Mercedes-Benz Group AG, Stuttgart

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions
We have audited the consolidated financial statements of Mercedes-Benz Group AG, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income/loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2023 as well as notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the report on the situation of the Company and the Group (hereinafter referred to as "the combined management report"), of Mercedes-Benz Group AG for the financial year from January 1 to December 31, 2023.

In accordance with the German legal regulations, we have not audited the content of the elements of the combined management report referred to in the "Other information" section of our auditor's report.

The combined management report includes cross-references not foreseen by law that are marked as unaudited. In accordance with the German legal regulations, we have not audited the content of these cross-references and the information to which these cross-references relate.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023 and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, the combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the elements of the combined management report referred to in the "Other information" section of our auditor's report. The combined management report includes cross-references not foreseen by law that are marked as unaudited. Our opinion does not cover these cross-references and the information to which these cross-references relate.

Pursuant to Section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the opinions
We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as the "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 paragraph 2 letter f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 paragraph 1 of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Note on the emphasis of a particular matter
We refer to the comments of the legal representatives in the section on "EU taxonomy" in the section entitled "non-financial statement" that is included in the combined management report in accordance with Sections 289b paragraph 1, 289c, 315b paragraph 1 and 315c HGB. There it is stated that the EU taxonomy Regulation and the delegated acts promulgated for this includes wording and terms that are subject to considerable uncertainty with regard to their interpretation and for which clarifications have not yet been published in all cases. The legal representatives describe how they have carried out the necessary interpretation of the EU taxonomy Regulation and the delegated acts promulgated for this. On account of the immanent risk that certain abstract legal terms can be interpreted in various ways, the conformity of the interpretation with the law is subject to uncertainty. Our opinions on the on the consolidated financial statements and on the combined management report has not been modified in this regard.

Key audit matters in the audit of the consolidated financial statements
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment Risk on Operating Leases

Please refer with regard to the accounting policies and methods applied to the notes to the consolidated financial statements in Note 1 "Significant accounting policies" and Note 2 "Accounting estimates and management judgements". Further information on the operating leases can be found in the notes to the consolidated financial statements in Note 12 "Equipment on operating leases" and in the comments in the combined management report in the section entitled "Industry and business risks and opportunities".

The risk for the consolidated financial statements
The statement of financial position caption "Equipment on operating leases" (€ 41,712 million) includes among other things Mercedes-Benz passenger cars, which are purchased by non-group dealers or other third parties and are the subject of an operating lease with the Mercedes-Benz Group. An impairment risk exists with regard to these vehicles that is primarily dependent on the residual value achievable at the end of the lease. These future residual values are dependent on the situation in the used vehicle markets prevailing when the vehicles are returned. The future-oriented valuation is based on a number of discretionary assumptions. The risk for the financial statements is that any impairment losses will not be recognised or that the amounts recognised will be inadequate.

Our audit approach
We audited the recoverability of these externally purchased Mercedes-Benz passenger cars in the statement of financial position caption "Equipment on operating leases". We investigated and appraised the indications assumed by the Group for any need for an impairment loss and where necessary obtained an understanding of the write-downs calculated by the Mercedes-Benz Group. We have assessed the Mercedes-Benz Group's evaluation with regard to the residual values achievable by the end of the terms of the leases. In this connection, we in particular critically reviewed the main influencing factors, such as the expected number of returns from leasing, the current marketing results in order to assess the accuracy of the estimates and future vehicle model changes. For the significant US-market we furthermore also audited the consistency of the assumptions made by the Mercedes-Benz Group with residual value forecasts by independent expert third parties.

Our observations
The assumptions and assessments providing the basis for the assessment of the recoverability of the externally purchased Mercedes-Benz passenger cars in the statement of financial position caption "Equipment on operating leases" and the recorded impairment losses are appropriate.

Valuation Allowances on Receivables from Financial Services

Please refer with regard to the accounting policies applied to the notes to the consolidated financial statements in Note 2 "Accounting estimates and management judgements". Further information on allowances on receivables from financial services can be found in the notes to the consolidated financial statements in Note 1 "Significant Accounting Policies", in Note 14 "Receivables from financial services", in Note 33 "Management of financial risks" and in the combined management report in the section entitled "Financial risks and opportunities".

The risk for the consolidated financial statements
Receivables from financial services (€ 88,211 million) resulting from the Group's financing and leasing activities include receivables from sales financing with customers, receivables from sales financing with dealers and receivables from finance lease contracts. The loss allowances on these receivables amounted at the reporting date to € 1,055 million.

The calculation of the loss allowances is based on expected credit losses and therefore also includes expectations regarding the future. Recognition of the expected credit losses is carried out by means of a three-parameter procedure for the determination of loss allowances. At the same time, various factors determining the value, such as the determination of statistical default probabilities and loss rates, the possible amount receivable on default, the parameter transfer criteria that are related to a significant change in the default risk of borrowers, and the calculation of future cash flows. Furthermore, macroeconomic scenarios (basis scenarios, optimistic and pessimistic scenarios) flow into the calculation, the identification of which to a high degree includes discretionary judgements and uncertainties. The risk for the financial statements is that the creditworthiness of customers and future cash flows is misjudged or that the calculation of the risk provision parameters is incorrect so that loss allowances are not recognised or are insufficient.

Our audit approach
We obtained a comprehensive understanding of the development of the portfolios, the associated counterparty default risks and the processes for identifying, managing, monitoring and measuring credit risks by inspecting analyses and risk reports, interrogations, review of guidelines and working instructions, checking the defined methods and their implementation and checking and walking through the validation process and the individual validation reports.

We audited the appropriateness and effectiveness of the internal control system in relation to the risk models as well as the determination of the value-determining factors and the valuation allowances, also in part through recalculation. We also assessed the relevant IT systems and internal processes. In addition to the correctness of the relevant IT systems and associated interfaces to ensure the completeness and accuracy of the data using our IT special lists, the audit also

included the testing of automated controls for data entry and data processing. Our audit focused on assessing the methodology used to determine and to calculate the probabilities of default and loss given default, which are derived from historical data. We took into account the current economic uncertainties in connection with the effects of several geopolitical hotspots when testing the macroeconomic scenarios and the model assumptions made. Based on the results of a validation performed by Mercedes-Benz Mobility, we satisfied ourselves of the appropriateness of key risk provisioning parameters and assessed the parameter adjustments made to reflect current market conditions. In this context, we examined the data underlying the validations.

Our observations
The methodical approach, the procedures and the processes to calculate the loss allowances and the assumptions and risk parameters flowing into the measurement are appropriate to identify the credit risks in good time and to determine the recognition of adequate loss allowances.

Measurement of the Provision for Product Warranties

Please refer with regard to the accounting policies and methods applied to the notes to the consolidated financial statements in Note 1 "Significant accounting policies" and in Note 2 "Accounting estimates and management judgements". Further information on the guarantees and product warranties can be found in the notes to the consolidated financial statements in Note 23 "Provisions for other risks" and in the comments in the combined management report in the section entitled "Company-specific risks and opportunities – Warranty and goodwill cases".

The risk for the consolidated financial statements
The provision for product warranties amounts to € 6,399 million and is included in the provisions for other risks.

Mercedes-Benz Group is exposed to claims arising from various types of product warranty claims or grants various types of product guarantees under which it vouches for the defect-free functioning of a Mercedes-Benz Group product sold or a service provided for a certain period of time. In order to confirm or reassess future warranty, guarantee and goodwill expenses, continuously updated information on the type and volume of damage that has occurred and its rectification is recorded and analysed at the level of division, model series, damage code and sales year.

Significant uncertainty for the calculation of the provision arises with regard to the future loss event. The risk for the consolidated financial statements is that the provision is not properly measured.

Our audit approach
Our audit procedures included among other things the evaluation of the process to calculate the provision for product warranties and the evaluation of the relevant assumptions and their derivation for the measurement of the provision. These include primarily assumptions on expected susceptibility to and the course of damage, and in addition the monetary value of the damage per vehicle based on actual warranty, guarantee and goodwill losses. Based on historical analyses, we assessed the accuracy of the forecasts of past warranty, guarantee and goodwill costs. We also checked that updated assessments of the future repair costs and procedures were taken into account. We obtained an understanding for the underlying numbers of vehicles through the actual unit sales.

Our observations
The calculation methods and the assumptions made are appropriate.

The Accounting Treatment of Legal Proceedings

Please refer to Note 1 "Significant accounting policies" and Note 2 "Accounting estimates and judgments made by management" in the notes to the consolidated financial statements for information on the accounting policies applied. Further information on legal proceedings can be found in Note 23 "Provisions for other risks", in Note 30 "Legal proceedings" in the notes to the consolidated financial statements and in the combined management report in the section "Legal and tax risks and opportunities - Legal risks".

The risk for the consolidated financial statements
Mercedes-Benz Group AG and its subsidiaries face various legal proceedings, claims and governmental investigations and administrative orders (legal proceedings) on a wide range of topics, including for example vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, product warranties, environmental matters, antitrust matters (including actions for damages) and shareholder matters. Product-related proceedings involve, among other things, claims asserted in part by way of a class action due to possible vehicle defects. If the outcome of such legal proceedings is detrimental to the Mercedes-Benz Group, the Group may be required to pay substantial compensatory and punitive damages or fines. In addition, service actions, recall campaigns or other costly actions may have to be undertaken.

Whether the recognition of a provision and, if so, in what amount it is necessary on account of legal proceedings is dependent to a high degree on discretionary estimates and assumptions by the legal representatives. In view of this and the monetary amounts involved with regard to the risks, the following legal proceedings of the Mercedes-Benz Group are in our opinion of particular importance.

a) Diesel emission behaviour: class action and other lawsuits in Germany, United Kingdom and other countries in the Mercedes-Benz Cars and Mercedes-Benz Vans segments

Consumer lawsuits, some of which have been consolidated into a class action, and other lawsuits in various jurisdictions, including the United Kingdom, allege that Mercedes-Benz Group AG and/or individual subsidiaries have used devices that improperly reduce the effectiveness of emission control systems to reduce nitrogen oxide (NOx) emissions and cause excessive emissions from diesel vehicles. In addition, the plaintiffs allege that consumers were deceived in connection with advertising claims for Mercedes-Benz diesel vehicles.

In Germany, a large number of customers of diesel vehicles are suing for damages or cancellation of purchase contracts. They claim that the diesel vehicles were equipped with unauthorised defeat devices and/or had unacceptably high emission or consumption values.

In addition, investors have filed claims for damages in Germany due to the alleged violation of capital market disclosure regulations and have also claimed damages out of court. The investors allege that the Mercedes-Benz Group did not immediately publish insider information in connection with the emissions behaviour of its Mercedes-Benz diesel vehicles and also made false and misleading public statements. They also claim that the purchase price of the financial instruments they acquired (in particular Mercedes-Benz Group shares; formerly Daimler shares) would have been lower if the Mercedes-Benz Group had reported as required.

b) Diesel emissions behaviour: Regulatory proceedings in the Mercedes-Benz Cars und Mercedes-Benz Vans segments

The Mercedes-Benz Group is subject to ongoing governmental inquiries, investigations, examinations, orders and proceedings relating to various laws and regulations in connection with diesel exhaust emissions. The activities of various authorities worldwide relate in particular to test results and emission control systems in Mercedes-Benz diesel vehicles and/or the Mercedes-Benz Group's interactions with the relevant authorities as well as related legal issues and implications, for example under applicable environmental, criminal, consumer protection and antitrust laws.

The Mercedes-Benz Group has recognized provisions for legal proceedings as at December 31, 2023. The prerequisite for the recognition of provisions for legal proceedings is that a current external obligation exists that is likely to lead to an outflow of resources embodying economic benefits and can be reliably estimated. The amount of the provisions is determined on the basis of the best possible estimate of the obligation by the legal representatives as at the balance sheet date. The recognition and measurement of the recognized provisions for the legal proceedings are based on discretionary estimates and assumptions by the legal representatives.

There is a risk for the financial statements that the provisions for the legal proceedings are not recognized or not recognized to a sufficient extent.

Our audit approach

Our audit procedures included, on the one hand, an assessment of the process established by the company to ensure the identification of risks, the assessment of the outcome of the proceedings and the presentation of the legal proceedings in the financial statements. Secondly, we held discussions with the internal legal department and other departments familiar with the matters, external advisors and lawyers of the company in order to obtain an explanation of the developments and the reasons that led to the corresponding assessments. In addition, we assessed the underlying documents and minutes as well as the calculations for the respective provisions. We were provided with the legal representatives' assessment of the developments in the aforementioned areas in written form by the company. We also interviewed the legal representatives of the company. As at the balance sheet date, assessments by external lawyers were available on the material proceedings, which support the risk assessment made by the legal representatives.

Where agreement has since been reached on individual matters, we compared the amounts originally estimated with the final obligations to obtain an understanding of the quality of the estimates.

Finally, we assessed the appropriateness of the disclosures on the aforementioned legal proceedings in the notes to the consolidated financial statements and in the combined management report.

Our observations

The judgement-based estimates and assumptions of the legal representatives are appropriate.

Other information

The legal representatives and the Supervisory Board are responsible for the other information. The other information comprises the following elements of the combined management report, the content of which we have not audited:

- the combined declaration of the Company and the Group on corporate management, which is referred to in the combined management report, and

- the disclosures in the combined management report on the appropriateness and effectiveness of the overall internal control system and the risk management system pursuant to the German Corporate Governance Codex marked as extraneous to management reports and unaudited,

- the following disclosures in the combined management report marked as extraneous to management reports and unaudited with regard to the:

  - Energy consumption, CO_2 emissions, waste volumes and water consumption in production (chapter "Environmental concerns"),

  - accident frequency at production sites (chapter "Employee matters"),

– the key figures on the EU taxonomy in the body text and in the tables in the "EU taxonomy" chapter.

In accordance with our engagement, we have performed a separate financial audit of these disclosures. With regard to the nature, scope and results of this assurance engagement, we draw attention to our assurance report dated March 14, 2024.

The other information also includes the remaining parts of the annual report. The other information does not include the annual financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

– is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or

– otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Legal Representatives and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group`s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group`s financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group´s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. 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 consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, 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 opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report 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 these systems.

- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- conclude on the appropriateness of the use by the legal representatives of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group`s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. 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 Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or other legal regulations preclude public disclosure of the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 paragraph 3a HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection „mercedesbenzgroupag-2023-12-31-de.zip" (SHA256-Hashwert: 0a45a843dc53847d4a97e63ad2ccf5b0abbf926a0de13ea0facc21bca504529b) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report

contained in the electronic file and made available for publication purposes complies in all material respects with the requirements of Section 328 paragraph 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and of the combined management report contained in the file and identified above in accordance with Section 317 paragraph 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in accordance with Section 317 paragraph 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Company's legal representatives are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 paragraph 1 sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 paragraph 1 sentence 4 item 2 HGB.

In addition, the Company's representatives are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 paragraph 1 HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 paragraph 1 HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 paragraph 1 HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual Shareholders' Meeting on May 3, 2023. We were engaged by the Supervisory Board on June 21, 2023. We have been the group auditor of Mercedes-Benz Group AG without interruption since the financial year 1998.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (longform audit report).

Other matter – Use of the Auditor's Report

Our auditor´s report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format - including the versions to be entered in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Alexander Bock.

Stuttgart, March 15, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft
Original German version signed by:

Sailer	Bock
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Key Figures

Financial Key Figures for the Mercedes-Benz Group

In millions of euros	**2023**	2022	23/22 % change
Revenue	**153,218**	150,017	2
EBIT	**19,660**	20,458	-4
Adjusted EBIT	**20,004**	20,655	-3
Net profit	**14,531**	14,809	-2
Earnings per share (in euros)[1]	**13.46**	13.55	-1
Dividend per share (in euros)	**5.30**	5.20	2
Free cash flow of the industrial business	**11,316**	8,128	39
Adjusted free cash flow of the industrial business	**11,720**	9,294	26
Net liquidity of the industrial business (31 December)	**31,659**	26,637	19
Investments in property, plant and equipment	**3,745**	3,481	8
Research and development expenditure	**9,996**	8,541	17

1 Based on net profit attributable to shareholders of Mercedes-Benz Group AG.

Financial Key Figures for the Segments

		Mercedes-Benz Cars			Mercedes-Benz Vans	
	2023	2022	23/22	**2023**	2022	23/22
In millions of euros			% change			% change
Revenue	**112,756**	111,601	1	**20,288**	17,217	18
EBIT	**14,224**	16,340	-13	**3,138**	1,897	65
Adjusted EBIT	**14,252**	16,245	-12	**3,063**	1,927	59
Return on sales (in %)	**12.6**	14.6	.	**15.5**	11.0	.
Adjusted return on sales (in %)	**12.6**	14.6	.	**15.1**	11.2	.
CFBIT	**12,336**	10,718	15	**2,817**	1,731	63
Adjusted CFBIT	**12,535**	11,413	10	**3,018**	2,039	48
Adjusted cash conversion rate[1]	**0.9**	0.7	29	**1.0**	1.1	-9
Investments in property, plant and equipment	**3,345**	3,265	2	**351**	199	76
Research and development expenditure	**9,099**	7,986	14	**873**	552	58
thereof capitalized development costs	**3,417**	2,802	22	**349**	137	155

	Mercedes-Benz Mobility		
Revenue	**26,718**	26,954	-1
EBIT	**1,302**	2,428	-46
Adjusted EBIT	**1,695**	2,428	-30
Return on equity (in %)	**9.5**	16.8	.
Adjusted return on equity (in %)	**12.3**	16.8	.
New business	**62,014**	58,031	7
Contract volume (31 December)	**135,027**	132,379	2

1 The adjusted cash conversion rate is the ratio of adjusted CFBIT to adjusted EBIT.

Non-Financial Key Figures

	2023	2022
Environmental issues		
Mercedes-Benz Cars unit sales	**2,044,051**	2,040,719
Share of electrified vehicles, Mercedes-Benz Cars (in %)	**19.7**	16.3
Share of all-electric vehicles, Mercedes-Benz Cars (in %)	**11.8**	7.3
Mercedes-Benz Vans unit sales	**447,790**	415,344
Share of electrified vehicles, Mercedes-Benz Vans (in %)[1]	**5.1**	3.6
CO_2 emissions of the new car fleet in Europe in accordance with WLTP (in g/km)[2, 3]	**109**	115
CO_2 emissions of the new car fleet in the United States (in g CO_2/mi)	**170**[3]	241[4]
Fuel consumption of the new car fleet in China (in l/100km)[5]	**8.5**[3]	8.2[4]
CO_2 emissions of the light commercial vehicle fleet in Europe (in g/km)[3]	**204**	209
CO_2 emissions of the light duty truck fleet in the United States (in g CO_2/mi)	**259**[3]	296[4]
CO_2 emissions in production (Scope 1 and Scope 2) (in 1,000 t)[6]	**511**	539
Energy consumption in production (in GWh)[6]	**4,943**	5,294
Waste volume in production (in 1,000 t)[6]	**565**	584
Water consumption in production (in 1,000 m^3)[6, 7]	**1,913**	-
Employee issues[8]		
Employees, Mercedes-Benz Group	**166,056**	168,815
Employees, Mercedes-Benz Cars	**132,560**	135,400
Employees, Mercedes-Benz Vans	**19,132**	19,137
Employees, Mercedes-Benz Mobility	**9,768**	9,850
Share of women in management positions, Mercedes-Benz Group Level 1 – Level 3 (in %)	**25.7**	24.7
Social issues		
Review of critical raw materials (in %)[9]	**57**	41

1 This figure refers exclusively to all-electric vehicles.
2 Average CO_2 emissions of the new car fleet (CO_2 pool) of newly registered Mercedes-Benz cars in Europe (European Union, Norway and Iceland) in the reporting year as measured on the basis of the WLTP type approval procedure. The Mercedes-Benz CO_2 pool also includes vans that were registered as passenger cars and, since 2023, vehicles from the joint venture smart Automobile Co., Ltd. based on internal data.
3 Internal values.
4 Value confirmed by authorities.
5 Calculation includes off-cycle technologies (technologies for real reductions in CO_2 emissions, the effect of which cannot be measured in the standard cycle).
6 In addition to the production sites of the consolidated subsidiaries, the production sites of the following non-consolidated subsidiaries are included: Star Transmission srl (Cugir, Romania), STARKOM, proizvodnja in trgovina d.o.o. (Maribor, Slovenia) and STARCAM s.r.o. (Most, Czech Republic).
7 This key figure is determined based on the standards of the Global Reporting Initiative and CDP starting from 2023. There is no corresponding figure for the year 2022.
8 Number of active employees including holiday workers as of 31 December 2023. With the implementation of the European Sustainability Reporting Standards as of 2024, the number of employees becomes a further criterion for the inclusion of an entity in the scope of consolidation. The number of active employees of non-consolidated subsidiaries, who will thus be included in the scope of consolidation from 2024, is not included in the above figure.
9 The Mercedes-Benz Group has prioritized 24 high-risk materials that have been reviewed in a raw material assessment. The key figure shows the overall progress of the evaluation process across all 24 raw materials.

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